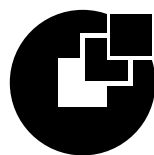


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SHENYIN WANGUO (H.K.) LIMITED

申銀萬國（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 218)

CONTINUING CONNECTED TRANSACTIONS

The Directors are pleased to announce that on 20 June 2007, the Company entered into the SWSC MOU and the SW Research MOU with SWSC and SW Research respectively to replace the 2004 MOU.

As SWSC is deemed to be beneficially interested in approximately 50.94% of the issued share capital of the Company and a substantial shareholder of the Company and SW Research is a 90% owned subsidiary of SWSC, each of SWSC and SW Research is a connected person of the Company under the Listing Rules. As such, the SWSC Transactions and the SW Research Transactions carried out under the SWSC MOU and the SW Research MOU respectively constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors expect the maximum aggregate annual amount of the transactions contemplated under the SWSC MOU and the SW Research MOU to be more than HK\$1 million but less than HK\$10 million and the highest relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Continuing Connected Transactions will, on an annual basis, be more than 2.5% but less than 25% for each of the three financial years ending 31 December 2009 and the five months ending 31 May 2010. Therefore, the SWSC Transactions and the SW Research Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

BACKGROUND

On 20 June 2007, the Company entered into the SWSC MOU and the SW Research MOU with SWSC and SW Research respectively to replace the 2004 MOU which had a term of three years from 5 July 2004.

THE SWSC MOU

Date : 20 June 2007

Parties : (a) the Company

(b) SWSC

Services : SWSC and the Group would cooperate and provide services to each other in the following areas: (i) broking and securities underwriting services; (ii) corporate finance projects; (iii) mergers and acquisitions projects; and (iv) financial advisory projects

Term : Commencing on 20 June 2007 and ending on 31 May 2010

THE SW RESEARCH MOU

Date : 20 June 2007

Parties : (a) the Company

(b) SW Research

Services : SW Research would provide general research support to the Group covering economic analysis, market and industry analysis, project and company analysis

Term : Commencing on 20 June 2007 and ending on 31 May 2010

FEES AND PAYMENTS

The fees chargeable by SWSC or SW Research or the Group in respect of the SWSC Transactions or the SW Research Transactions, if any, will be determined on a case by case basis and negotiated on an arm's length basis according to the nature and resources deployed with reference to the market rate for such work or services. The payment terms of the fees will be similarly determined on a case by case basis.

HISTORICAL FIGURES FOR THE CONTINUING CONNECTED TRANSACTIONS

As stated in the 2004 Announcement, the Company had set the Historical Annual Cap at HK\$9.8 million (comprising HK\$8.3 million for the SWSC Transactions and HK\$1.5 million for the SW Research Transactions).

Set out below are (i) the Historical SWSC Cap and the Historical SW Research Cap; and (ii) the actual amounts of the SWSC Transactions and the SW Research Transactions for the three years ended 31 December 2006 for comparison purpose:

	Year ended 31 December		
	2004	2005	2006
	HK\$	HK\$	HK\$
	(Audited)	(Audited)	(Audited)
Historical SWSC Cap	8,300,000	8,300,000	8,300,000
Actual amount of the SWSC Transactions	2,506,121	1,970,072	2,709,852
Historical SW Research Cap	1,500,000	1,500,000	1,500,000
Actual amount of the SW Research Transactions	500,000	1,200,000	1,350,691

During the period from 1 January 2007 to the date of this announcement, the SWSC Transactions and the SW Research Transactions under the 2004 MOU amounted to approximately HK\$3,064,991 and HK\$755,000 respectively. Under Rules 14A.35 and 14A.45 to 14A.47 of the Listing Rules, such SWSC Transactions and the SW Research Transactions for the period from 1 January 2007 to the date of this announcement are subject to the reporting and announcement requirements. However, the Historical Annual Cap was set for each of the three financial years ended 31 December 2006 only and the Company did not renew the Historical Annual Cap for the period from 1 January 2007 to the expiry of 2004 MOU in time. Therefore, Rule 14A.35(2) and the announcement requirements under Rule 14A.47 of the Listing Rules were not complied with. The Company has appointed a designated officer from its Compliance Department in working with the Finance Department to closely monitor all connected transactions to ensure compliance with the requirements set out in Chapter 14A of the Listing Rules.

NEW ANNUAL CAP

The Directors consider that the recent relaxation of limitations on offshore investments through the Qualified Domestic Institutional Investor Scheme in 2007 is likely to induce more capital inflow to Hong Kong from PRC. Moreover, in January 2007, the Hong Kong government published the “China’s 11th Five-Year Plan and the Development of Hong Kong” and proposed action agenda. In particular, the Report of the Focus Group on Financial Services recommended Hong Kong to develop into the international financial centre of PRC to enable more PRC companies to have their shares listed in Hong Kong. In view of the above, the Directors believe that Hong Kong’s role as PRC’s global investment platform will be enhanced and the cooperation between the financial markets in PRC and Hong Kong will be further strengthened. As such, the Directors anticipate that there will be more opportunities for cooperation among the Group, SWSC and SW Research in respect of the financial services to be provided under the SWSC MOU and the SW Research MOU.

Having considered (i) the continuous increase in the business activities between the financial markets in PRC and Hong Kong as mentioned above; and (ii) the scope and nature of cooperation envisaged under the SWSC MOU and the SW Research MOU among the parties, the Company has set the New Annual Cap, comprising the New SWSC Cap and the New SW Research Cap, as follows:

	Year ending		Five months	
	31 December		ending	
	2007	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$
New SWSC Cap comprising:	4,800,000	7,900,000	7,900,000	3,500,000
(i) Cap for services received by the Group	4,700,000	7,700,000	7,700,000	3,300,000
(ii) Cap for services provided by the Group	100,000	200,000	200,000	200,000
New SW Research Cap	1,200,000	2,000,000	2,000,000	1,000,000
New Annual Cap	6,000,000	9,900,000	9,900,000	4,500,000

The Directors consider that the bases of setting the New Annual Cap are fair and reasonable.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors believe that the SWSC MOU and the SW Research MOU will serve as a platform for more extensive cooperation with SWSC and SW Research. The Company, SWSC and SW Research would benefit through efficient use of their respective clientele and resources, and a synergy effect is expected to be created as a result of the cooperation. The Directors also believe that the service quality to the clients of the Group will be enhanced through the provision of cross-border financial intermediary services. Therefore, the Directors consider that the entering into of the SWSC MOU and the SW Research MOU is in the interests of the shareholders of the Company as a whole.

The terms of the SWSC MOU and the SW Research MOU were arrived at after arm's length negotiations between the Company and SWSC or SW Research (as the case may be). The Directors (including the independent non-executive Directors) consider that the terms of the SWSC MOU and the SW Research MOU are normal commercial terms and are fair and reasonable and are in the interest of the Company and shareholders as a whole. The SWSC Transactions and the SW Research Transactions would be carried out in the ordinary and usual course of business of the Group. The Directors further consider that the New Annual Cap, comprising the New SWSC Cap and the New SW Research Cap, as reasonable.

INFORMATION ON THE GROUP, SWSC AND SW RESEARCH

The Group is principally engaged in the provision of securities broking services, securities financing services, corporate finance services, securities research services and asset management services. SWSC is principally engaged in securities trading, securities broking and dealing, and the provision of investment banking and financial advisory services in PRC. SW Research is principally engaged in securities research business covering PRC and Hong Kong.

GENERAL

As SWSC is deemed to be beneficially interested in approximately 50.94% of the issued share capital of the Company and a substantial shareholder of the Company and SW Research is a 90% owned subsidiary of SWSC, each of SWSC and SW Research is a connected person of the Company under the Listing Rules. As such, the SWSC Transactions and the SW Research Transactions carried out under the SWSC MOU and the SW Research MOU respectively constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors expect the maximum aggregate annual amount of the transactions contemplated under the SWSC MOU and the SW Research MOU to be more than HK\$1 million but less than HK\$10 million and the highest relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the Continuing Connected Transactions will, on an annual basis, be more than 2.5% but less than 25% for each of the three financial years ending 31 December 2009 and the five months ending 31 May 2010. Therefore, the SWSC Transactions and the SW Research Transactions contemplated under the SWSC MOU and the SW Research MOU are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules but are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Company will continuously monitor and review the amounts of the Continuing Connected Transactions and will comply with the requirements set out in Chapter 14A of the Listing Rules.

DEFINITIONS

“2004 Announcement”	the announcement of the Company dated 24 November 2004 in relation to the Continuing Connected Transactions
“2004 MOU”	a tri-party memorandum of understanding entered into among the Company, SWSC and SW Research on 5 July 2004 in relation to the Continuing Connected Transactions, details of which were set out in the 2004 Announcement
“Board”	the board of Directors
“Company”	Shenyin Wanguo (H.K.) Limited
“Continuing Connected Transactions”	the SWSC Transactions and SW Research Transactions
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Historical Annual Cap”	the maximum aggregate annual value of various payments receivable from, or payable to SWSC and/or SW Research arising from the Continuing Connected Transactions under the 2004 MOU for each of the three financial years ended 31 December 2006, being HK\$9.8 million
“Historical SW Research Cap”	the maximum annual amount relating to the SW Research Transactions under the 2004 MOU, being HK\$1.5 million
“Historical SWSC Cap”	the maximum annual amount relating to the SWSC Transactions under the 2004 MOU, being HK\$8.3 million

“Hong Kong”	the Hong Kong Special Administration Region of PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Annual Cap”	the aggregate value of the New SWSC Cap and the New SW Research Cap for each of the three financial years ending 31 December 2009 and the five months ending 31 May 2010, being HK\$6 million, HK\$9.9 million, HK\$9.9 million and HK\$4.5 million respectively
“New SW Research Cap”	the maximum amount of the SW Research Transactions under the SW Research MOU for each of the three financial years ending 31 December 2009 and the five months ending 31 May 2010, being HK\$1.2 million, HK\$2 million, HK\$2 million and HK\$1 million respectively
“New SWSC Cap”	the maximum amount of the SWSC Transactions under the SWSC MOU for each of the three financial years ending 31 December 2009 and the five months ending 31 May 2010, being HK\$4.8 million, HK\$7.9 million, HK\$7.9 million and HK\$3.5 million respectively
“PRC”	The People’s Republic Of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administration Region of PRC and Taiwan
“SW Research”	Shanghai Shenyin Wanguo Research & Consulting Company Limited
“SW Research Transactions”	general research support, including project work, provided or to be provided by SW Research to the Group
“SW Research MOU”	the memorandum of understanding entered into between the Company and SW Research on 20 June 2007
“SWSC”	Shenyin & Wanguo Securities Company Limited

“SWSC Transactions”	transactions arising from the cooperation between SWSC and the Group in areas including (i) securities underwriting and broking services; (ii) corporate finance projects; (iii) mergers and acquisitions projects; and (iv) financial advisory projects
“SWSC MOU”	the memorandum of understanding entered into between the Company and SWSC on 20 June 2007
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date of this announcement, the Board comprises five executive Directors namely Mr. Feng Guorong (Chairman), Mr. Lee Man Chun Tony (Chief Executive Officer), Mr. Lu Wenqing, Mr. Guo Chun and Mr. Ying Niankang; two non-executive Directors namely Mr. Chang Pen Tsao and Mr. Huang Gang; and three independent non-executive Directors namely Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin.

Hong Kong, 20 June 2007.

By order of the Board
Shenyin Wanguo (H.K.) Limited
Feng Guorong
Chairman

Please also refer to the published version of this announcement in The Standard.