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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)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS

The Supplemental SWSC MOU and the Supplemental SW Research MOU

The Board is pleased to announce that on 3 April 2008, the Company entered into the Supplemental SWSC MOU and the Supplemental SW Research MOU with SWSC and SW Research respectively to further broaden the scope of cooperation in providing financial services between the two parties. Both the Supplemental SWSC MOU and the Supplemental SW Research MOU are effective from 3 April 2008 and expiring on 31 May 2010 which coincides with the expiry date of both the SWSC MOU and the SW Research MOU.

Pursuant to the Supplemental SWSC MOU, SWSC agrees to provide the Group with a new type of services, namely the SWSC Supporting Services, for the Group's proposed securities trading through-train operations in the PRC and the Group will provide services relating to SWHK Brokerage Transactions, in addition to the existing connected person under the SWSC MOU, to SWSC and its associates when they launch their overseas investment operations in connection with the QDII programs.

Pursuant to the Supplemental SW Research MOU, the SW Research will provide additional research materials and services covering dual-listed PRC companies by SW Research's newly set up research team.

The new cap amounts for SWSC Supporting Services

The Group expects the maximum amounts that will be paid by the Group to SWSC in respect of the SWSC Supporting Services for each of the two years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 will not exceed HK\$5,800,000, HK\$12,300,000 and HK\$6,400,000, respectively. Hence, the aforesaid amounts for each of the two years ending 31 December 2008 and 2009 and the five month ending 31 May 2010 are set as the new annual cap amounts for the SWSC Supporting Services.

The proposed revision of existing annual caps

(i) SWHK Brokerage Transactions

In view of the potential additional brokerage services to be provided by the Group to SWSC and its associates, under the Supplemental SWSC MOU, for their proposed overseas investment operations in connection with the QDII programs, the Directors expect the existing cap amounts for the services provided by the Group relating to SWHK Brokerage Transactions may not be sufficient. Therefore, the Board proposes to revise the annual cap amounts for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 as follows:

	Year ending 31 December		Five months
	2008	2009	ending 31 May
	<i>HK\$</i>	<i>HK\$</i>	<i>2010</i>
			<i>HK\$</i>
Proposed revised cap amounts for services provided by the Group relating to the SWHK Brokerage Transactions:	5,600,000	10,600,000	5,300,000

(ii) SW Research Transactions

As SW Research will provide additional research materials and services under the Supplemental SW Research MOU, the Directors expect the existing cap amounts in respect of the SW Research Transactions may not be sufficient. Therefore the Board proposes to revise the annual cap amounts for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 as follows:

	Year ending 31 December		Five months
	2008	2009	ending 31 May
	<i>HK\$</i>	<i>HK\$</i>	<i>2010</i>
			<i>HK\$</i>
Proposed revised cap amounts for SW Research Transactions:	3,700,000	6,200,000	3,100,000

(iii) SWSC Brokerage Transactions

In view of the exponential increase in trading volume of B-share market in the PRC in the past two years and the potential B-share brokerage business form new Asian based institutional clients, the Directors expect the existing cap amounts in respect of services received by the Group relating to the SWSC Brokerage Transactions may not be sufficient. Therefore the Board proposes to revise the annual cap amounts for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 as follows:

	Year ending 31 December		Five months ending 31 May
	2008	2009	2010
	HK\$	HK\$	HK\$
Proposed revised cap amounts for services received by the Group relating to the SWSC Brokerage Transactions:	10,200,000	14,300,000	8,300,000

Listing rules implications

As SWSC is deemed to be beneficially interested in approximately 50.9% 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 Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Notwithstanding that the applicable relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of SW Research Transactions are, on an annual basis, more than 0.1% but less than 2.5% for each of the two years ending 31 December 2009 and the five months ending 31 May 2010, taking into account SWSC and SW Research are parties associated with each other, the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions are aggregated. The Directors expect that, on an aggregate level, the maximum annual amount for such services to be more than HK\$10,000,000 for each of the two years ending 31 December 2009 and the five months ending 31 May 2010; and the applicable relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) are, on an annual basis, more than 2.5% but less than 25%. Therefore, the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company has been formed to advise the Independent Shareholders on the terms of the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions and the relevant proposed annual cap amounts in relation thereto for the two years ending 31 December 2009 and the five months ending 31 May 2010. An independent financial adviser has been appointed to advise the independent board committee and the Independent Shareholders as to whether the terms of the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

A circular containing, among other things, further information on the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions and on the relevant proposed annual cap amounts of such transactions for the two years ending 31 December 2009 and the five months ending 31 May 2010, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee and the Independent Shareholders, together with a notice to convene the EGM will be despatched to the shareholders of the Company as soon as practicable.

BACKGROUND

Reference is made to the announcements of the Company dated 20 June 2007 and 11 October 2007.

On 20 June 2007, the Company entered into the SWSC MOU and the SW Research MOU with SWSC and SW Research respectively, outlining the cooperation between the Group and each of SWSC and SW Research for the provision of cross-border financial intermediary services in respect of the SWHK Brokerage Transactions, SWSC Brokerage Transactions and the SW Research Transactions. Pursuant to the SWSC MOU, SWSC Brokerage Transactions mainly consist of provision of B-share brokerage services by SWSC to the Group, and the SWHK Brokerage Transactions mainly consist of provision of brokerage services by the Group to SWSC. Pursuant to the SW Research MOU, SW Research Transactions mainly consists of provision of research supports and services by SW Research to the Group. Both the SWSC MOU and the SW Research MOU are effective for the period from 20 June 2007 to 31 May 2010 and the existing cap amounts for the relevant services under the SWSC MOU and the SW Research MOU during this period are as followings:

	Year ending 31 December			Five months ending 31 May
	2007	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$
Existing cap amounts for services under the SWSC MOU comprising:	4,800,000	7,900,000	7,900,000	3,500,000
(i) <i>Existing cap amounts for services received by the Group relating to the SWSC Brokerage Transactions:</i>	4,500,000	7,300,000	7,300,000	3,200,000
(ii) <i>Existing cap amounts for services provided by the Group relating to the SWHK Brokerage Transactions:</i>	300,000	600,000	600,000	300,000

Existing cap amounts for the SW Research Transactions:	1,200,000	2,000,000	2,000,000	1,000,000
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Existing annual cap amounts:	6,000,000	9,900,000	9,900,000	4,500,000
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In view of the opportunities presented by the increasing business activities between the PRC stock market and the Hong Kong stock market, such as dual-listing of PRC companies, the QDII scheme and the anticipated introduction of securities trading through-train scheme, on 3 April 2008, the Company entered into the Supplemental SWSC MOU and the Supplemental SW Research MOU with SWSC and SW Research respectively to expand the services under the SWHK Brokerage Transactions and SW Research Transactions, as well as to introduce a new type of services provided by SWSC to the Group, namely the SWSC Supporting Services. Both the Supplemental SWSC MOU and the Supplemental SW Research MOU are effective from 3 April 2008 and expiring on 31 May 2010 which coincides with the expiry date of both the SWSC MOU and the SW Research MOU.

THE SUPPLEMENTAL SWSC MOU

Reasons for and benefits of entering into of the Supplemental SWSC MOU

Recently, the Group has pursued business opportunities brought about by the anticipated introduction of securities trading through-train scheme. The Group intends to act as a designated broker for the PRC citizens to invest in securities traded on the Hong Kong stock market. SWSC is a well established financial institution in the PRC. The Directors consider that it would be cost effective and less time consuming to engage SWSC in provision of certain supporting services to the Group's proposed securities trading through-train operations and, therefore, the Company and SWSC entered into the Supplemental SWSC MOU in respect of, among other things, provision of the SWSC Supporting Services. In addition, the Directors understand that SWSC and its associates are developing their anticipated overseas investment operations, particularly in connection with the QDII programs. In this regard, the Group will have the opportunity to provide brokerage services to SWSC and its associates in carrying out such operations. As such, the Company and SWSC agrees, under the Supplemental SWSC MOU, to extend services relating to the SWHK Brokerage Transactions to SWSC and its associates when they launch their anticipated overseas investment operations in connection with the QDII programs.

Services under the Supplemental SWSC MOU

A. SWSC Supporting Services provided by SWSC to the Group

SWSC will provide network facilities, labour services and administration and marketing services in the PRC to the Group to support the Group's operations

under the securities trading through-train scheme, if the approvals are granted. As the SWSC Supporting Services constitute a new category of continuing connected transactions of the Company, the Directors propose to set new cap amounts for such services for the years ending 31 December 2008 and 2009 and the five months ending 30 May 2010.

B. Services relating to the SWHK Brokerage Transactions provided by the Group to SWSC

Under the SWSC MOU, services relating to the SWHK Brokerage Transactions are provided to a connected person beneficially owned by SWSC. Pursuant to the Supplemental SWSC MOU, services relating to the SWHK Brokerage Transactions will be provided to, in addition to the above mentioned connected person, SWSC and its associates to support their anticipated overseas investment operations. As amount of services relating to the SWHK Brokerage Transactions will be expanded and will exceed the existing cap amounts, the Board proposes to revise the relevant cap amounts for the years ending 31 December 2008 and 2009 and the five months ending 30 May 2010.

New cap amounts for SWSC Supporting Services and rationale

With the Group seeking to become a designated broker under the anticipated securities trading through-train scheme, the Directors consider it cost effective and less time consuming to engage SWSC in the provision of certain supporting services as follows:

1. Provision of network facilities for setting up data centres in Shanghai. The rates for charge of provision of such services will be determined with reference to the prevailing market rate;
2. Provision of labour services to manpower approximate 50 client service centres in the PRC to handle account opening and client enquiries. The rate for charge of provision of such services is determined with reference to the personnel costs; and
3. Provision of administrative and marketing services, which include personnel training, logistic support, office administrative work, market promotion, legal support and personnel training. The aggregate maximum fees charged for such services are HK\$150,000 per month. The fees are determined with reference to the estimated costs to be incurred in connection with provision of such services by SWSC.

The Directors expect that there will be an approximate 25% increase in fees payable by the Group in each year over the preceding year during the term of the Supplemental SWSC MOU. The increase is mainly attributable to the expected rise in demand for such services from the Group and the increase in costs due to inflation. In this regard, the Group expects the maximum amounts that will be paid by the Group to SWSC in respect of the SWSC Supporting Services for each of the two years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 will not exceed HK\$5,800,000,

HK\$12,300,000 and HK\$6,400,000, respectively. Hence, the aforesaid amounts for each of the two years ending 31 December 2008 and 2009 and the five month ending 31 May 2010 are set as the new annual cap amounts for the SWSC Supporting Services. The Directors consider that the bases of determination of the cap amounts are on normal commercial terms.

Proposed revised cap amounts for SWHK Brokerage Transactions and rationale

The existing cap amounts

The existing cap amounts for SWHK Brokerage Transactions under the SWSC MOU for each of the three years ending 31 December 2009 and the five months ending 31 May 2010 are as follows:

	Year ending 31 December			Five months ending 31 May
	2007	2008	2009	2010
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<i>Existing cap amounts for services provided by the Group relating to the SWHK Brokerage Transactions under the SWSC MOU:</i>	<i>300,000</i>	<i>600,000</i>	<i>600,000</i>	<i>300,000</i>

Rationale for revising the cap amounts and the revised cap amounts

Under the SWSC MOU, services relating to the SWHK Brokerage Transactions are mainly provided by the Group to a connected person beneficially owned by SWSC. The brokerage fees charged by the Group are determined with reference to the prevailing market rates charged by the Group to its existing clients.

During the period from 20 June 2007 to 31 December 2007, being the effective period of the SWSC MOU in 2007, the aggregate brokerage fees received by the Group from SWSC under the SWSC MOU amounted to approximately HK\$158,000, representing approximately 53% of the relevant cap amount.

As mentioned above, the Directors understand that SWSC and its associates are developing their anticipated overseas investment operations, particularly in connection with the QDII programs and the Group would be one of the designated brokers for SWSC and its associates to provide brokerage services. As such, the amount of services relating to the SWHK Brokerage Transactions is expected to increase. Under the Supplemental SWSC MOU, in rendering the services relating to the SWHK Brokerage Transactions, the Group will charge SWSC and its associates brokerage fees which will be determined with reference to the prevailing market rates charged by the Group to its existing clients.

In view of the potential increase in demand for the brokerage services provided by the Group as mentioned above, the Board considers the existing cap amounts for the services provided by the Group in respect of the SWHK Brokerage Transactions may not be sufficient, and therefore proposes to revise the existing cap amounts for such services for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 as follows:

	Year ending 31 December		Five months ending 31 May
	2008	2009	2010
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Proposed revised cap amounts for services provided by the Group relating to the SWHK Brokerage Transactions:	5,600,000	10,600,000	5,300,000

THE SUPPLEMENTAL SW RESEARCH MOU

Reasons for and benefits of entering into of the Supplemental SW Research MOU

Under the SW Research MOU, SW Research provides the Group, on a regular basis, with various research materials, which include, amongst others, PRC listed company research reports, industry sector reports, investment strategy reports, daily market review notes, and macro economic analysis reports. In addition, SW Research is required to delegate relevant research analysts to attend analyst meetings as required by the Group.

Recently, in view of the increasing number of dual-listed PRC companies listed on both the Hong Kong and PRC markets, and the growing interest of the Group's foreign clients in investing in PRC related securities, the Directors foresee the demand for research materials covering these dual-listed PRC companies is expected to continue to grow. Headquartered in Shanghai, the PRC, SW Research is principally engaged in securities research business, primarily covering PRC listed companies. With such a significant and meaningful research capability in existence at SW Research, the Directors consider it natural that the Group would utilize these resources for better productivity, and thus engage SW Research to provide such products. The Directors are of the view that SW Research possesses sufficient expertise and knowledge to compile necessary research materials on these dual listed PRC companies for the Group's foreign clients, as SW Research has been providing research reports on PRC-listed companies to its domestic institutional investors. In addition, from both logistical and commercial standpoints, the Directors view research coverage on these dual-listed PRC companies is better to be physically performed in the PRC, than in Hong Kong. In this regard, the Group and SW Research entered into the Supplemental SW Research MOU.

Services under the Supplemental SW Research MOU

Pursuant to the Supplemental SW Research MOU, SW Research will provide additional research materials covering dual-listed PRC companies by its newly set up research team. This designated research team will also participate in investor meetings organised by the Group.

Proposed revised caps for the SW Research Transactions and rationale

The existing cap amounts

The existing cap amounts for the service fee for the SW Research Transactions under the SW Research MOU for each of the three years ending 31 December 2009 and the five months ending 31 May 2010 is as following:

	Year ending 31 December			Five months ending 31 May
	2007	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$
<i>Existing cap amounts for SW Research Transactions under the SW Research MOU:</i>	1,200,000	2,000,000	2,000,000	1,000,000

Rationale for revising the cap amounts and the revised caps

For the year ended 31 December 2007, SW Research provided the Group with over 3,000 pieces of research reports / newsletters covering PRC listed companies, the mainland economy and the stock market in general. During the period from 20 June 2007 to 31 December 2007, being the effective period of the SW Research MOU in 2007, the actual amount of fee paid by the Group under the SW Research MOU amounted to approximately HK\$1,175,000 representing approximately 97.9% of the relevant cap. Such service fee was determined on mutually agreed terms with reference to the estimated operating costs for the provision of such research materials and services. The Directors consider, due to continues growth in qualified foreign institutional investors' interest in investing PRC listed companies, demand for research materials towards listed companies in the PRC A-share market will continue to rise. The Directors expect that there will be an approximate 25% annual increase in fees payable by the Group in each year over the preceding year during the term of the SW Research MOU. The increase is mainly attributable to the expected rise in demand for such services from the Group and the increase in costs due to inflation. Therefore, the Board proposes to revise the existing cap amounts for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 to HK\$2,500,000, HK\$3,200,000 and HK\$1,600,000, respectively.

Pursuant to the Supplemental SW Research MOU, the Group will pay SW Research a service fee for obtaining additional research support services in particular relating to dual-listed PRC companies. Such service fee will be determined with reference to the

estimated operating costs of setting up the designated research team as mutually agreed by the Group and SW Research. The Directors expect that there will be an approximate 25% increase in fees payable by the Group in each year over the preceding year during the term of the Supplemental SW Research MOU. The increase is mainly attributable to the expected rise in demand for such services from the Group and the increase in costs due to inflation. However, the Group expects the maximum amounts that will be paid by the Group to SW Research in respect of this additional service for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 will not exceed HK\$1,200,000, HK\$3,000,000 and HK\$1,500,000, respectively.

In view of the above, the Directors consider that the amounts of the SW Research Transactions for the years ending 31 December 2008, 2009 and the five months ending 31 May 2010 may exceed the existing cap amounts, and therefore propose to revise the existing cap amounts as follows:

	Year ending 31 December		Five months ending 31 May
	2008	2009	2010
	HK\$	HK\$	HK\$
<i>Revised cap amounts under the SW Research MOU</i>	2,500,000	3,200,000	1,600,000
<i>Revised cap amounts under the Supplemental SW Research MOU</i>	1,200,000	3,000,000	1,500,000
Proposed revised cap amounts for SW Research Transactions:	3,700,000	6,200,000	3,100,000

PROPOSED REVISED CAP AMOUNTS FOR THE SWSC BROKERAGE TRANSACTIONS AND RATIONALE

Background

Pursuant to the SWSC MOU, the SWSC Brokerage Transactions mainly consist of B-share brokerage services provided by SWSC to the Group. The brokerage fees charged by SWSC to the Group are determined with reference to the prevailing market rates charged by SWSC to its existing clients. The Directors are of the view that the brokerage fees charged by SWSC are in line with those charged by other securities houses in the PRC.

The existing cap amounts

The existing cap amounts in respect of services received by the Group for the SWSC Brokerage Transactions for each of the three years ending 31 December 2009 and the five months ending 31 May 2010 are as follows:

	Year ending 31 December			Five months ending 31 May
	2007	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$
<i>Existing cap amounts for services received by the Group relating to the SWSC Brokerage Transactions under the SWSC MOU:</i>	4,500,000	7,300,000	7,300,000	3,200,000

Rationale for revising the cap amounts and the revised cap amounts

During the period from 20 June 2007 to 31 December 2007, being the effective period of the SWSC MOU in 2007, the actual amount of the SWSC Brokerage Transactions amounted to approximately HK\$4,160,000, representing approximately 92.4% of the relevant cap.

The B-share market has been quite volatile in the last few years. The total annual turnover of the Shanghai and Shenzhen B-share markets increased from approximately RMB56.3 billion in 2005 to approximately RMB578.3 billion, representing an increase of over 9 times. In addition, the Group is currently actively exploring overseas business opportunities, in particular, to attract Asian based institutional clients to invest in the Hong Kong and B-share stock markets. Given the exponential increase in trading volume of B-share market in the PRC in the past two years and the potential B-share brokerage business from new Asian based institutional clients, the Board considers that the existing cap amounts in respect of the SWSC Brokerage Transactions may not be sufficient, and therefore proposes to revise the existing cap amounts for such services for the years ending 31 December 2008 and 2009 and the five months ending 31 May 2010 as follows:

	Year ending 31 December		Five months ending 31 May
	2008	2009	2010
	HK\$	HK\$	HK\$
Proposed revised cap amounts for services received by the Group relating to the SWSC Brokerage Transactions:	10,200,000	14,300,000	8,300,000

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 provision of investment banking and financial advisory services in the PRC. SW Research is principally engaged in securities research business covering the PRC and Hong Kong.

LISTING RULES IMPLICATIONS

As SWSC is deemed to be beneficially interested in approximately 50.9% 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 Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Notwithstanding that the applicable relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of SW Research Transactions are, on an annual basis, more than 0.1% but less than 2.5% for each of the two years ending 31 December 2009 and the five months ending 31 May 2010, taking into account SWSC and SW Research are parties associated with each other, the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions are aggregated. The Directors expect that, on an aggregate level, the maximum annual amount for such services to be more than HK\$10,000,000 for each of the two years ending 31 December 2009 and the five months ending 31 May 2010; and the applicable relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) are, on an annual basis, more than 2.5% but less than 25%. Therefore, the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The terms of the SWSC MOU, the Supplemental SWSC MOU, the SW Research MOU and the Supplemental 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 consider that the terms of the SWSC MOU, the Supplemental SWSC MOU, and the SW Research MOU and the Supplemental 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 Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions would be carried out in the ordinary and usual course of business of the Group. The Directors further consider that the proposed relevant annual cap amounts in respect of such services as reasonable.

The Company proposes to seek approval from the Independent Shareholders in respect of each of the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions and the relevant proposed annual cap amounts for the two years ending 31 December 2009 and the five months ending 2010 at the upcoming EGM by separate resolutions. SWSC and its respective

Associates will abstain from voting at the EGM in respect of the SWSC Transactions and the relevant proposed revised annual caps. The proposed resolutions will be passed by way of ordinary resolutions and voting will be by way of poll in accordance with the requirements of the Listing Rules.

An independent board committee of the Company, comprising the independent non-executive Directors, namely Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin, has been formed to advise the Independent Shareholders on the terms of the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions and the relevant proposed annual cap amounts in relation thereto for the two years ending 31 December 2009 and the five months ending 31 May 2010. An independent financial adviser has been appointed to advise the independent board committee and the Independent Shareholders as to whether the terms of the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

A circular containing, among other things, further information on the SWSC Supporting Services, the SWHK Brokerage Transactions, the SW Research Transactions and the SWSC Brokerage Transactions and on the relevant proposed annual cap amounts of such transactions for the two years ending 31 December 2009 and the five months ending 31 May 2010, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee and the Independent Shareholders, together with a notice to convene the EGM will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

In this announcement, the following terms shall have the following meanings unless the context otherwise requires:

“Associate”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Company”	Shenyin Wanguo (H.K.) Limited
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 10:00 am on 16 May 2008 at the Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong for the purpose of approving, inter alia, the SWSC MOU, the Supplemental SWSC MOU, the SW Research MOU

		and the Supplemental SW Research MOU and the transactions contemplated thereunder as well as the relevant annual caps for the two year ending 31 December 2009 and the five months ending 31 May 2010
“Group”		the Company and its subsidiaries
“Hong Kong”		the Hong Kong Special Administration Region of PRC
“Independent Shareholders”		any shareholder of the Company that is not required to abstain from voting on the relevant matters at the EGM
“Listing Rules”		Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“QDII”		the qualified domestic institutional investors
“Supplemental MOU”	SWSC	the supplemental memorandum of understanding entered into between the Company and SWSC on 3 April 2008 which forms part of the SWSC MOU
“Supplemental Research MOU”	SW	the supplemental memorandum of understanding entered into between the Company and SW Research on 3 April 2008 which forms part of the SW Research MOU
“SWHK Transactions”	Brokerage	provision of brokerage services by the Group to SWSC and its associates pursuant to the SWSC MOU and the Supplemental SWSC MOU
“SW Research”		Shanghai Shenyin Wanguo Research & Consulting Company Limited
“SW Research MOU”		the memorandum of understanding entered into between the Company and SW Research on 20 June 2007
“SW Transactions”	Research	transactions arising from the cooperation between SW Research and the Group pursuant to the SW Research MOU and the Supplemental SW Research MOU

“SWSC”		Shenyin & Wanguo Securities Company Limited
“SWSC Transactions”	Brokerage	provision of B-share brokerage services by SWSC to the Group pursuant to the SWSC MOU and the Supplemental SWSC MOU
“SWSC MOU”		the memorandum of understanding entered into between the Company and SWSC on 20 June 2007
“SWSC Services”	Supporting	provision of certain supporting services by SWSC to the Group pursuant to the Supplemental SWSC MOU
“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, 3 April 2008.

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

Website: <http://www.sywg.com.hk>