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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

RESULTS

The board of directors (the “Board”) of Shenyin Wanguo (H.K.) Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2008 together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2008 <i>HK\$</i>	2007 <i>HK\$</i>
REVENUE	4	222,881,804	644,603,740
Commission expenses		(65,432,036)	(167,971,003)
Employee benefits expenses		(48,193,878)	(127,351,720)
Depreciation expenses		(5,884,932)	(5,195,375)
Interest expenses for financial services operations		(915,792)	(9,786,301)
Fair value gains/(losses) on available-for-sale investments		(28,916,337)	29,747,489
Fair value gain/(loss) on an unlisted financial instrument at fair value through profit or loss		46,304,649	(29,800,555)
Impairment of an available-for-sale investment		(30,192,357)	-
Other gains		-	2,177,292
Other expenses, net		(80,627,995)	(101,075,332)
Share of profits of associates	9	13,003,124	22,473,494
PROFIT BEFORE TAX	5	22,026,250	257,821,729
Tax	6	(7,945,187)	(32,802,473)
PROFIT FOR THE YEAR		14,081,063	225,019,256
Attributable to:			
Equity holders of the Company		14,396,208	225,324,940
Minority interests		(315,145)	(305,684)
		14,081,063	225,019,256
DIVIDENDS	7	13,268,979	63,691,096
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK2.71 cents	HK42.45 cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	2008 <i>HK\$</i>	2007 <i>HK\$</i>
NON-CURRENT ASSETS			
Property, plant and equipment		9,476,238	7,779,939
Prepaid land lease payments		1,399,125	1,440,075
Stock and Futures Exchange trading rights		4,211,831	4,211,831
Other assets		9,497,048	12,719,191
Interests in associates	9	-	123,293,074
Goodwill		57,632,404	57,632,404
Financial instruments	10	156,929,503	121,066,896
Deferred tax assets		3,036,770	-
Total non-current assets		<u>242,182,919</u>	<u>328,143,410</u>
CURRENT ASSETS			
Investments at fair value through profit or loss		65,813,019	111,265,031
Accounts receivable	11	183,657,637	892,826,316
Loans and advances		191,158,701	722,898,351
Prepayments, deposits, and other receivables		7,909,838	5,895,512
Tax recoverable		8,739,296	6,524,151
Bank balances held on behalf of customers		1,355,956,147	1,959,132,439
Cash and cash equivalents		500,302,699	74,384,377
Total current assets		<u>2,313,537,337</u>	<u>3,772,926,177</u>
CURRENT LIABILITIES			
Accounts payable	12	1,503,625,709	2,725,099,844
Other payables and accruals		64,037,261	141,301,902
Interest-bearing bank borrowings		-	155,044,513
Tax payable		35,906,252	28,362,260
Total current liabilities		<u>1,603,569,222</u>	<u>3,049,808,519</u>
NET CURRENT ASSETS		<u>709,968,115</u>	<u>723,117,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		952,151,034	1,051,261,068
NON-CURRENT LIABILITIES			
Deferred tax liabilities		-	9,200,000
Other payables		2,206,000	15,697,000
Total non-current liabilities		<u>2,206,000</u>	<u>24,897,000</u>
Net assets		<u>949,945,034</u>	<u>1,026,364,068</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		265,379,563	265,379,563
Reserves		675,878,709	711,521,867
Proposed dividends	7	5,307,591	47,768,322
		946,565,863	1,024,669,752
Minority interests		<u>3,379,171</u>	<u>1,694,316</u>
Total equity		<u>949,945,034</u>	<u>1,026,364,068</u>

NOTES:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company is situated at 28th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

The Group was involved in securities trading and investment holding, securities broking and dealing, securities financing and direct loans, and investment advisory services. In addition, the associates of the Group, which were reclassified as an available-for-sale investment during the year, were involved in highway operations.

The Company is a subsidiary of Shenyin Wanguo Holdings (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability. In the opinion of the directors, the ultimate holding company of the Company is Shenyin & Wanguo Securities Co., Ltd., which was established in the People's Republic of China (the "PRC").

2. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance, and are in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(a) Impact of new and revised HKFRSs

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

(b) Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ²
HKFRS 8	<i>Operating Segments</i> ¹

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
HKAS 23 (Revised)	<i>Borrowing Costs</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ²
HKAS 32 and HKAS 1 Amendments	<i>Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items</i> ²
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ³
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i> ¹
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i> ⁴
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners</i> ²
HK(IFRIC)-Int 18	<i>Transfer of Assets from Customers</i> ²
HKFRSs Amendments	<i>Improvements to HKFRSs</i> ⁵

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group's operating businesses are analysed primarily by business segments. The Group's revenue and results by business segments for the year ended 31 December 2008 are as follows:

	Securities trading and investment holding		Securities broking and dealing		Securities financing and direct loans		Investment advisory services		Eliminations		Consolidated	
	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$	2008 HK\$	2007 HK\$
Segment revenue:												
External customers	(54,272,594)	32,242,190	189,141,057	426,957,154	70,093,187	117,013,839	17,920,154	68,390,557	-	-	222,881,804	644,603,740
Intersegment	-	-	-	-	141,804	215,890	3,300,000	6,120,000	(3,441,804)	(6,335,890)	-	-
Total	<u>(54,272,594)</u>	<u>32,242,190</u>	<u>189,141,057</u>	<u>426,957,154</u>	<u>70,234,991</u>	<u>117,229,729</u>	<u>21,220,154</u>	<u>74,510,557</u>	<u>(3,441,804)</u>	<u>(6,335,890)</u>	<u>222,881,804</u>	<u>644,603,740</u>
Segment results	<u>(68,478,363)</u>	<u>26,153,647</u>	<u>20,502,592</u>	<u>90,537,492</u>	<u>56,369,657</u>	<u>87,938,918</u>	<u>6,968,961</u>	<u>54,446,419</u>	<u>-</u>	<u>-</u>	<u>15,362,847</u>	<u>259,076,476</u>
Unallocated expenses											(6,339,721)	(23,728,241)
Share of profits of associates	13,003,124	22,473,494	-	-	-	-	-	-	-	-	<u>13,003,124</u>	<u>22,473,494</u>
Profit before tax											22,026,250	257,821,729
Tax											<u>(7,945,187)</u>	<u>(32,802,473)</u>
Profit for the year											<u>14,081,063</u>	<u>225,019,256</u>

The Group's intersegment sales and transfers are transacted with reference to terms and conditions used for similar transactions with third parties at the then prevailing market prices.

The Group's revenue by geographical segments is as follows:

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
The PRC:		
Hong Kong	210,765,859	624,963,807
Mainland China	11,766,332	19,318,100
Others	349,613	321,833
	<u>222,881,804</u>	<u>644,603,740</u>

4. REVENUE

An analysis of revenue, which is also the Group's turnover, is as follows:

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Financial services:		
Commission and brokerage income	188,991,018	426,734,081
Interest income from securities financing and direct loans	47,315,441	94,624,463
Net fair value gains/(losses) on securities and futures contracts trading	(55,143,030)	32,090,127
Income from rendering of services	17,920,154	68,390,557
	<u>199,083,583</u>	<u>621,839,228</u>
Others:		
Bank interest income	22,777,746	22,389,376
Dividend income from:		
Listed available-for-sale equity investments	134,716	126,746
Listed equity investments at fair value through profit or loss	735,720	25,317
Others	150,039	223,073
	<u>23,798,221</u>	<u>22,764,512</u>
	<u>222,881,804</u>	<u>644,603,740</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Interest expenses for financial services operations on bank loans and overdrafts	915,792	9,786,301
Minimum lease payments under operating leases in respect of land and buildings	23,236,359	11,184,646
Net realised losses/(gains) on trading of listed equity investments and futures contracts	<u>2,886,376</u>	<u>(25,250,671)</u>

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Current – Hong Kong		
Charge for the year	7,757,222	32,802,722
Underprovision in prior years	3,306,059	896
Overprovision in prior years	(81,324)	(1,145)
Deferred	<u>(3,036,770)</u>	<u>-</u>
Total tax charge for the year	<u>7,945,187</u>	<u>32,802,473</u>

7. DIVIDENDS

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Interim – HK1.5 cents (2007: HK3 cents) per ordinary share	7,961,388	15,922,774
Proposed final – HK1 cent (2007: HK3 cents) per ordinary share	5,307,591	15,922,774
Proposed special – Nil (2007: HK6 cents per ordinary share)	<u>-</u>	<u>31,845,548</u>
	<u>13,268,979</u>	<u>63,691,096</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$14,396,208 (2007: HK\$225,324,940) and 530,759,126 (2007: 530,759,126) ordinary shares in issue during the year.

(b) Diluted earnings per share

No diluted earnings per share has been presented for the current and prior years because there was no dilutive potential ordinary share in existence during the years ended 31 December 2008 and 2007.

9. INTERESTS IN ASSOCIATES

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Share of net assets	<u>-</u>	<u>123,293,074</u>

During the year, there was a change of the controlling shareholder of the immediate controlling holding company of the Group's associate, The New China Hong Kong Highway Limited ("NCHK"), resulting in the appointment of new directors of NCHK. As a result of these changes, the new directors of NCHK operate without regard to the views of the Group. Accordingly, the directors of the Company considered that the Group had lost its significant influence over NCHK since then and have reclassified the Group's interests in associates as an available-for-sale investment (note 10) since the date of loss of significant influence. The Group's share of profits of the associates of HK\$13,003,124 (2007: HK\$22,473,494) is included in the consolidated income statement until that date.

10. FINANCIAL INSTRUMENTS

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	2,980,864	9,555,100
Host component of an unlisted hybrid financial instrument *	24,244,399	156,171,715
Unlisted club debentures	2,470,000	2,470,000
	29,695,263	168,196,815
Available-for-sale investment, at cost:		
Unlisted equity investment #	128,059,510	-
Embedded derivative component of an unlisted hybrid financial instrument, at fair value	(825,270)	(47,129,919)
	156,929,503	121,066,896

10. FINANCIAL INSTRUMENTS (Cont'd)

- * There has been a significant decline in the fair value of the host component of an unlisted hybrid financial instrument during the year. The directors consider that such a decline indicates that the host component of an unlisted hybrid financial instrument has been impaired and an impairment loss of HK\$30,192,357 (2007: Nil) has been recognised in the consolidated income statement for the year.
- # During the year, as a result of the loss of significant influence over NCHK (note 9), the Group has reclassified its interests in NCHK at their aggregate carrying amount of HK\$128,059,510 as an available-for-sale investment thereafter.

11. ACCOUNTS RECEIVABLE

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Accounts receivable	205,578,456	914,747,135
Less: Impairment	<u>(21,920,819)</u>	<u>(21,920,819)</u>
	<u>183,657,637</u>	<u>892,826,316</u>

Save for credit period allowed by the Group, the accounts receivable shall be due on the settlement day of the respective securities and futures contracts transactions. In view of the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Overdue accounts receivable from cash clients of HK\$51,050,060 (2007: HK\$149,461,495) bear interest at interest rates with reference to the prime rate.

An aged analysis of accounts receivable, based on the trade day, as at the balance sheet date is as follows:

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Within 1 month	173,406,238	827,574,507
1 to 2 months	308,027	33,690,052
2 to 3 months	2,380,426	22,446,446
Over 3 months	<u>29,483,765</u>	<u>31,036,130</u>
	<u>205,578,456</u>	<u>914,747,135</u>

Included in the accounts receivable balance as at 31 December 2008 is a broker receivable amount due from the ultimate holding company of HK\$7,510,926 (2007: HK\$13,948,404) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement day of the relevant transactions.

12. ACCOUNTS PAYABLE

An aged analysis of accounts payable, based on trade day, as at balance sheet date is as follows:

	2008	2007
	HK\$	HK\$
Within 1 month	<u>1,503,625,709</u>	<u>2,725,099,844</u>

Included in the accounts payable balance as at 31 December 2008 is a broker payable amount due to the ultimate holding company of the Company of HK\$4,703,508 (2007: HK\$18,233,258) which arose from securities dealing transactions. This balance is unsecured, interest-free and payable on the settlement day of the relevant transactions.

Included in the accounts payable balance as at 31 December 2008 is segregated client money held on behalf of an intermediate holding company of the Company of HK\$14,834,896 (2007: HK\$16,758,619) which also arose from securities dealing transactions. This balance is unsecured, bears interest at bank deposit savings rate (2007: bank deposit savings rate) per annum and is payable on request.

Except for the accounts payable to clients of HK\$1,289,268,273 (2007: HK\$1,920,608,077), which bear interest at the bank deposit savings rate (2007: bank deposit savings rate) per annum, the remaining accounts payable are non-interest-bearing.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK1 cent per ordinary share in respect of 2008, to shareholders whose names appear on the register of members of the Company on 15 May 2009. The proposed dividend will be paid on or about 22 May 2009 subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 May 2009 to Friday, 15 May 2009, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Friday, 8 May 2009.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

Review of market in 2008

In 2008, the securities market in Hong Kong experienced severe volatility given the emergence of the global financial crisis stemming from the problems associated with the U.S. sub-prime phenomenon. Hang Seng Index started to slide from the historic high of 31958 points at the beginning of November 2007, it continued to drop since then, and dropped significantly to 10676 points on 27 October 2008, representing a decrease of 66.6% as compared with the historic high. At the same time, China Enterprises Index reached the historic high of 20609 points, and dropped with the market trend. It dropped to 4792 points on 27 October 2008, representing a decrease of 76.7% as compared with the historic high recorded in November 2007. The global financial storm led to a downturn of turnover in the secondary securities market in Hong Kong and a significant decrease in the number of new shares listed and funds raised in the primary market.

In 2008, the PRC economy still recorded relatively rapid growth with an increase of 9% of GDP as compared with the previous year. Since the fourth quarter of last year, with the exacerbation of the global financial storm, the economic growth of China has slowed down significantly. The growth rate of GDP decreased to 6.8% in the fourth quarter, and for the first time since 2001 there was negative growth for foreign exports in December. The PRC securities market also dropped significantly under the impact of the international economy and financial condition. Shanghai Composite Index dropped to 1664 points in November of last year, representing a decrease of more than 72.8% as compared with the peak of 6124 points during this round.

In 2008, as the Board of Directors of the Group was aware of the risks of probable fallout from the US sub-prime phenomenon, at an early stage, it reminded the management team to implement various plans at the beginning of the year. Therefore, the Group maintained prudent business practices in order to ensure the safety of the consumer's assets, as well as financial soundness, assets integrity and stable management amid the financial storm. In 2008, the Group continued to build on its business philosophy of having the PRC as the hinterland and Hong Kong as the foothold when stepping towards the world to expand various businesses in the stringent business environment.

The Group continued to develop local retail brokerage business while progressively expanding the overseas institutional customer market. Meanwhile, the Group took the advantage of its abundant financial resources to enlarge its asset management scale and extended the asset management business to the surrounding overseas markets, the result of which is quite good. In the past year, the Group further strengthened the cooperation with its parent company in various business fields to develop customers of the PRC market, and the business progress was satisfactory. The Group also made progress under its continued dedication in recommending the PRC enterprises to become listed in Hong Kong and providing listed state-owned enterprises with various consultancy services. There was an impairment of an available-for-sale investment of the Group as a result of a significant decline in its fair value amid with the financial crisis, contributed to the decrease of this year's profit. It is believed that this unfavourable factor will be mitigated along with the favourable change in circumstances.

During the previous year, the Group continued to reinforce its corporate governance structure and has strictly enforced the regulations laid down in the Company's Articles of Association and the Group's authorisation and credit policy to reinforce internal control and legal compliance, in order to ensure the efficient operation of the Group under the prerequisite of "legal, compliance and discipline", which safeguard asset security and the sustained business development of the Group.

REVIEW OF OPERATIONS

For the year ended 31 December 2008, the Group recorded a net profit attributable to shareholders of approximately HK\$14.4 million, representing a decrease of 93.6% over 2007. The turnover decreased by 65.4% to approximately HK\$222.9 million (2007: HK\$644.6 million). The basic earnings per share decreased by 93.6% to HK2.71 cents as compared to HK42.45 cents for last year.

Securities Broking

The Group focused its securities broking business on the stocks and futures market in Hong Kong as well as the B-share market in Chinese Mainland. In 2008, the indexes of both the securities markets of Chinese Mainland and Hong Kong were very volatile, turnover dampened. The Hang Seng Index continued to drop at the beginning of the year as the market suffered downturn extensively and fell to 10676 in October 2008, a decrease of 66.6% as compared with historical high in November of the previous year. The average daily turnover of the Hong Kong Stock Exchange also decreased from HK\$87.8 billion to HK\$72.4 billion, a decrease of 17.5%. Being affected by the unfavourable circumstances, both the commission derived from the securities brokerage and the market share decreased. The revenue derived from institutional clients dropped to a large extent, while the transactions from the local retail investors decreased as a result of equity depreciation brought by the financial crisis. Due to the above reasons, the futures and options brokerage commission also declined. The brokerage business for the year recorded an income of HK\$189.0 million, decreased by 55.7% as compared to HK\$426.7 million last year.

Despite of the unfavourable influences of the circumstances, the Group still achieves a steady progress in promoting sales from overseas institutional clients and enlarging the local retail teams, which lay down the foundation for future business development.

Securities Financing

The continuous falling trend of the securities market dampened the demand for margin financing from clients in both primary and secondary market. Moreover, our credit policy has been tightened in response to the turmoil arising from the financial crisis. As a result, turnover of and profit from financing activities decreased significantly as compared with those of 2007. Thanks to our prudent credit policy, no provision for bad debt was required during the year.

The Group recorded an interest income of HK\$70.1 million in 2008, representing an decrease of 40.1%, as compared to HK\$117.0 million of 2007.

The Group will continue to exercise caution in the granting of securities financing to clients, closely monitor its credit policy and perform regular reviews and assessment on the gearing level, investment portfolio and credit record of individual borrowers.

Corporate Finance

Shenyin Wanguo Capital (H.K.) Limited (“Shenyin Wanguo Capital”), a wholly-owned subsidiary of the Company, is mainly engaged in financial consultancy and securities underwriting. During the year of 2008, Shenyin Wanguo Capital provided financial advisory services to a number of listed companies, which included, among others, Shanghai Tonva Petrochemical Co., Ltd., Xiamen International Port Co., Ltd., China Eastern Airlines Corporation Limited and Hong Kong Resources Holdings Limited (formerly Ocean Grand Chemicals Holdings Limited). In addition, Shenyin Wanguo Capital acted as the compliance advisor for Fosun International Limited and Xtep International Holdings Limited and participated in the IPO of China Railway Construction Corporation Limited.

Securities Research

Our securities trading and broking businesses are supported by a securities research team. With the support of our parent company, which is one of the leading securities companies in China, our securities research team is a specialist in the securities market in China and produces regular reports on the securities market in China covering the macroeconomics, market strategy as well as comments on individual China-related enterprises listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. Our research team also produces detailed company analyses, which are circulated to our clients. In 2008, a total of 22 investment analysts from our parent company joined our exchange programs. They familiarised themselves with the local economy and stock market during their visits in Hong Kong. We believe that the exchange programs are beneficial to the collaboration between our parent company and us on the research and investment banking fronts.

Asset Management

Equity markets fell significantly during 2008. China A shares and Hong Kong have been the hardest hit among all major equity markets. Under such adverse market environment, The Group operated its asset management business with a prudent and positive attitude. The Group considered it appropriate and took the opportunity to form a new team to manage our funds. The strategy adopted by the new team was apt for the stock market conditions. After the change of team, our funds outperformed the market.

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 December 2008, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was HK\$947 million.

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2008, the Group had a cash holding of HK\$500 million and short-term marketable securities of HK\$66 million. As at 31 December 2008, the Group's total unutilised banking facilities amounted to HK\$522 million, of which HK\$187 million could be drawn down without the need of notice nor completion of condition precedent.

As at 31 December 2008, the Group had no outstanding bank borrowings and the liquidity ratio (current assets to current liabilities) was 1.44.

The Group has sufficient financial resources for its day to day operations as well as spare capacity to take advantage of any investment opportunities when they arise.

Significant Investment Held, Material Acquisition and Disposal

During the year, the Group continued to hold 26.19% interest in The New China Hong Kong Highway Limited ("NCHK"), which in turn held a 60% interest in Sichuan Chengmian Expressway Co., Ltd. ("SCECL").

During the year, there was a change in the controlling shareholder of the immediate holding company of NCHK resulting in the appointment of new directors of NCHK. As a result of these changes, the new directors of NCHK operate without regard to the views of the Group. Accordingly, the Group had lost its significant influence over NCHK since then and have reclassified the Group's interests in associates at the then carrying value of HK\$128 million as an available-for-sale investment since the date of loss of significant influence.

Early in the year, the Group held 1,325,736,121 non-voting convertible redeemable preference shares ("Preference Shares") in Century City International Holdings Limited ("Century City"). As a result of the consolidation of the ordinary shares in the share capital of Century City effective on 23 October 2008 (on the basis that every 10 then existing issued and unissued ordinary shares of HK\$0.01 each were consolidated into one ordinary share of HK\$0.1 ("Consolidated Ordinary Shares")), the total number of 1,325,736,121 ordinary shares which the Group are entitled to upon conversion of the 1,325,736,121 Preference Shares held by the Group were adjusted to 132,573,612 Consolidated Ordinary Shares. During the year, 662,868,060 Preference Shares were converted into 66,286,806 Consolidated Ordinary Shares and were recorded under the investments at fair value through profit or loss.

As at the balance sheet date, the Group held 662,868,061 Preference Shares which were recorded at a fair value of HK\$23 million. The Preference Shares can be converted into 66,286,806 Consolidated Ordinary Shares at the maturity date of 15 December 2009, whereas Century City has the right to redeem any or all Preference Shares at HK\$0.15 per Preference Share before the maturity date.

During the year, the Group did not have any material acquisition or disposal.

Charges on the Group's Asset

No asset of the Group was subject to any charge as at 31 December 2008.

Risk Management

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to eliminate any risk that the Group may encounter. As at 31 December 2008, all advances to customers were margin financing and amounted to HK\$204 million (2007: HK\$736 million), of which 10% (2007: 10%) was attributable to corporate customers with the rest attributable to individual customers. There were no direct loans as at 31 December 2008 (2007: Nil).

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The Group's exposure to fluctuations in exchange rates arises from its dealings in overseas share markets. Such dealings are entered into on behalf of clients of the Group and accounted for a small portion of the Group's revenue. A material portion of such overseas transactions is denominated in United States dollars. The pegged exchange rate between United States dollars and Hong Kong dollars kept the Group's exchange risk exposure to a minimum and thus, no hedging was required. Exchange gains and/or losses are dealt with in the income statement. The Group has endeavored to closely monitor its foreign currency positions and take necessary measures when the situations so justify.

Contingent Liabilities

There were no material contingent liabilities as at 31 December 2008.

Future Plans for Material Investments or Capital Assets

Except the future plans as disclosed in the paragraph of "Future Plan & Prospects", the Group had no other future plans for material investments or capital assets as at 31 December 2008.

Employees and Training

As at 31 December 2008, the total number of full-time employees was 167 (2007: 173). The total staff costs for the year (excluding directors' fees) amounted to approximately HK\$47.6 million.

The Group is committed to professional training for its employees. In compliance with the relevant requirement of the Securities and Futures Commission, the Group had organized a Continuous Professional Training seminar in September 2008 for all licensed staff members.

FUTURE PLAN & PROSPECTS

In view of the international economy and financial conditions, we expect the international financial market turmoil will continue in 2009. There will be a further slow down of the global economic growth and various uncertainties in respect of the international economy and financial environment will remain. Hong Kong Monetary Authority recently announced to the media that, investors should remain cautious as it believed the second round of the financial crisis was coming. In view of the current economic condition of the PRC, the government announced at the end of last year to use RMB 4000 billion to boost internal demand, and hence the economic growth by adopting ten measures. It also announced that there would be industry-boosting plans for automobiles, ships, electronics and equipment and so on. The various measures carried out by the government will help to maintain the stability of the economic growth of the PRC and provide a drive for the China's stock markets. As the effect of the financial crisis spreads from developed countries in Europe and U.S. to the whole world, there will be a slow down of export growth, decrease in the profit of enterprises, harsh business environment for SMEs and increased unemployment. These adverse factors pose great challenges for the economic growth of the PRC in 2009. People generally consider that, the atmosphere of the securities market in Hong Kong in 2009 should be better than 2008, however, the market is still weak and needs adjustment.

In the coming year, the Group will pay close attention to the evolvement of the global financial crisis and the trend of macro-economics for China and adopt active and prudent business strategies when expanding the asset management business, developing direct investment business, enlarging our institutional customer base through different channels. We will also enlarge our brokerage teams, expand local retail businesses, strengthen the cooperation with our headquarters, develop the business of the China markets and advance

our business in IPO, financing and financial consultancy services provided to the PRC enterprises. The Group will continue to employ the management philosophy of ‘legal, compliance and discipline’. When we strive for developing various businesses, we shall strengthen our risk management, improve corporate governance and promote a corporate culture of progressive and active development. By capitalizing on our unique advantage, the Group will be able to sustain a healthy and steady growth in business. While expanding the businesses and improving the operating income, the Group will pay attention to strengthening risk control in order to ensure asset integrity for the best interests of the shareholders.

Finally, I would like to take this opportunity to thank the Board of Directors and the Group’s staff for their dedication, loyalty and contribution, as well as the Group’s shareholders and customers for their trust and support over the past year.

PURCHASE, REDEMPTION AND SALE OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed shares during the year under review.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 9:00 a.m. on Friday, 15 May 2009 at The Dragon Room, The Hong Kong Bankers Club at 43rd Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting, which will be published and issued to the shareholders in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

To better the Company’s transparency and accountability to the shareholders, the Company is, so far as practicable, committed to maintaining high standard of corporate governance. Save for the deviation from the Code Provision A.4.1 which is explained as below, the Company has met all the code provisions stipulated in Appendix 14, Code on Corporate Governance Practices (the “Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2008.

Code A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election. Even though non-executive directors are not appointed for specific terms, each director must be subject to retirement by rotation at least once every three years. The Company is of the opinion that it conforms with the spirit of the Code.

REVIEW BY AUDIT COMMITTEE

The final results for the year ended 31 December 2008 of the Group have been reviewed by the audit committee.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at <http://www.hkexnews.hk> and the Company’s website at <http://www.sywg.com.hk>. The 2008 annual report will be dispatched to the shareholders and will be available on websites of HKEx and the Company in due course.

On behalf of the Board
Feng Guorong
Chairman

Hong Kong, 13 March 2009

As at the date of this announcement, the Board of the Company comprises 10 directors, of which Mr. Feng Guorong, Mr. Lu Wenqing, Mr. Lee Man Chun Tony, Mr. Guo Chun and Mr. Ying Niankang are the executive directors, Mr. Chang Pen Tsao and Mr. Huang Gang are the non-executive directors, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin are the independent non-executive directors.