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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)

DISCLOSEABLE TRANSACTION

After arm's length negotiations between NCHK(CM), an indirect wholly-owned subsidiary of the Company, and BVL, the two parties agreed to settle the Proceedings. On 27 August 2010, NCHK(CM) entered into the Agreement with the Purchaser and BVL pursuant to which (i) NCHK(CM) and BVL agreed to settle all claims in the Proceedings and the appeal therefrom; and (ii) NCHK(CM) agreed to sell, and the Purchaser agreed to purchase and BVL agreed to procure the Purchaser to purchase, the Sale Shares at a consideration of HK\$284,206,560.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Rule 14.34 of the Listing Rules.

BACKGROUND

NCHK(CM) is an investment holding company which is an indirect wholly-owned subsidiary of the Company. Prior to the completion of the Agreement, NCHK(CM) held approximately 26.19% of the issued share capital of NCHK, which in turn holds 60% equity interest in SCECL. During the year ended 31 December 2008, there was a change of the controlling shareholder of TransGlobal, the immediate holding company of BVL, which resulted in the appointment of new directors of NCHK. It is the view of the Group that the new directors of NCHK operate NCHK without regard to the views of the Group. Accordingly, the Directors considered that the Group had lost its significant influence over NCHK since then and have reclassified the Group's interests in NCHK and SCECL as an available-for-sale investment in the Group's accounts thereafter. NCHK(CM) and the Previous NCHK Minority Shareholder commenced the Proceedings against, inter alios, NCHK and BVL in September 2009 to seek relief and compensation arising from the unfairly prejudicial conduct of the new directors of NCHK, or alternatively, the winding up of NCHK. BVL approached the Group to initiate discussions regarding the possible settlement of the Proceedings and the appeal therefrom on terms including but not limited to the disposal of the Sale Shares. After arm's length negotiations between

NCHK(CM) and BVL, the two parties agreed to settle the Proceedings and the appeal therefrom and BVL agreed to procure the Purchaser to purchase the Sale Shares from NCHK(CM), subject to and on the terms and conditions of the Agreement.

THE AGREEMENT

Date 27 August 2010

Parties

- (1) NCHK(CM), as the vendor
- (2) Mega Speedy Investments Limited, as the purchaser
- (3) BVL, as a party to procure the Purchaser to purchase the Sale Shares

Each of the Purchaser and BVL is an investment holding company wholly owned by TransGlobal. The principal activities of TransGlobal and its subsidiaries are the construction, operation and toll collection of highways, expressways and bridges in the PRC. As at the date of the Agreement, BVL owned approximately 69.68% of the issued share capital of NCHK.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser, BVL and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons within the meaning of the Listing Rules.

Principal terms

Pursuant to the Agreement, (i) NCHK(CM) and BVL agreed to settle all claims in the Proceedings and the appeal therefrom; and (ii) NCHK(CM) agreed to sell, and the Purchaser agreed to purchase and BVL agreed to procure the Purchaser to purchase, the Sale Shares.

Prior to the completion of the Agreement, NCHK(CM) and BVL owned approximately 26.19% and 69.68% of the issued share capital of NCHK, respectively. Immediately upon completion of the Agreement, the Purchaser and BVL own 26.19% and 69.68% of the issued share capital of NCHK, respectively. As at the date of this announcement, the Stakeheld NCHK Shares, representing approximately 4.13% of the issued share capital of NCHK, are held by stakeholders pursuant to undertakings given to the Court of Final Appeal of Hong Kong. Pursuant to the Agreement, BVL and/or the Purchaser have agreed to extend a written offer to the stakeholders to purchase the Stakeheld NCHK Shares at HK\$228 per share.

Consideration

Pursuant to the Agreement, the consideration is HK\$284,206,560 (being HK\$228 per NCHK Share) payable by way of a cashier order made payable to the Company upon completion. The consideration was arrived at after arm's length negotiations between NCHK(CM) and BVL taking into account, among other things, the unaudited consolidated net asset value of NCHK as at 30 June 2010. The Company has engaged an independent valuer to prepare a valuation report on the fair value of the Sale Shares as at 31 July 2010 to serve as a reference for the Directors to assess the consideration for the Disposal.

The Directors consider that the terms of the Agreement are fair and reasonable, and the Disposal is in the interests of the Company and its shareholders as a whole.

Conditions precedent

Completion of the Agreement is subject to and conditional upon the satisfaction or (as the case may be) waiver of, among others, the following conditions:

- (a) the obtaining of approval of the Board in respect of the Agreement and the transaction contemplated thereunder;
- (b) the obtaining of approval of the board of directors of NCHK(CM) in respect of the Agreement and the transaction contemplated thereunder; and
- (c) the obtaining of all necessary corporate and regulatory approval for or in respect of the Agreement and the transaction contemplated thereunder, including those required under the Listing Rules.

Completion

The completion of the Agreement took place on 27 August 2010.

INFORMATION ON NCHK

NCHK is an investment holding company and has not carried on any business since its incorporation other than the formation of SCECL with its joint venture partner and holding of 60% equity interest in SCECL. SCECL operates the Chengmian Expressway and a section of Dajian Road of 25.4 kilometres long in Sichuan province, PRC.

Set out below is certain consolidated financial information of NCHK prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2009:

	For the year ended 31 December 2008		For the year ended 31 December 2009	
	<i>(audited)</i>		<i>(unaudited)</i>	
	<i>(approximately US\$'000)</i>	<i>(equivalent to approximately HK\$'000)</i>	<i>(approximately US\$'000)</i>	<i>(equivalent to approximately HK\$'000)</i>
Net profit before taxation and extraordinary items	24,866	193,333	49,897	387,949
Net profit after taxation and extraordinary items	18,790	146,092	42,446	330,018

According to the unaudited consolidated accounts of NCHK for the six months ended 30 June 2010, the net asset value attributable to equity holders of NCHK amounted to approximately US\$105.4 million (equivalent to approximately HK\$819.5 million) as at 30 June 2010.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As stated under the section headed “Background” above, NCHK(CM) and BVL agreed to settle the Proceedings and the appeal therefrom and BVL agreed to procure the Purchaser to purchase the Sale Shares from NCHK(CM), subject to and on the terms and conditions of the Agreement.

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. The business carried on by NCHK and SCECL does not form part of the Group’s core business. The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment in NCHK and for NCHK(CM) to settle the Proceedings and the appeal therefrom. It is currently intended that the proceeds from the Disposal will be used as general working capital of the Group and for other investment opportunities.

Taking into the account (a) the excess of the consideration for the Disposal over (i) the carrying value of the interests of the Group in NCHK as at 30 June 2010 comprised in the unaudited consolidated accounts of the Company for the six months ended 30 June 2010, consisting of the carrying values of the available-for-sale investment of the Group in

NCHK and goodwill of approximately of HK\$128.1 million and HK\$57.6 million respectively; and (ii) the estimated costs and expenses in relation to the Disposal; and (b) the exchange reserve of approximately HK\$21.6 million previously recognised in the Group's equity up to 30 June 2010 being released to the Group's income statement and recognised as part of the gain on the Disposal, it is expected that the Group would recognise a gain on disposal (before taxation) of approximately HK\$119.7 million.

LISTING RULES IMPLICATIONS

The Group's interests in NCHK and SCECL are classified as available-for-sale investment in the Group's accounts. As stated above, the Directors considered that the Group had lost its significant influence over NCHK since 2008. Moreover, the business carried on by NCHK and SCECL does not form part of the Group's core business. Under such circumstances, pursuant to Rule 14.20 of the Listing Rules, the Company has submitted and the Stock Exchange has agreed that the Company may adopt alternative size tests, at which the profits ratio and revenue ratio are calculated with reference to the dividend declared by NCHK and the dividend policy established by NCHK. As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Rule 14.34 of the Listing Rules.

GENERAL

In April 2010, the Liquidators of the Plaintiffs commenced legal proceedings, inter alia, to challenge the validity of the transactions pertinent to the sale of the entire issued share capital of NCHK(CM) by the Plaintiffs in 1998 to Evercheer, a then indirect wholly-owned subsidiary of a party independent of the Group. In 1999, Crux Assets, a wholly-owned subsidiary of the Company, acquired the entire issued share capital of Evercheer. The Company, Evercheer, NCHK(CM) and Crux Assets have been named among others as the defendants in the said legal proceedings. On 20 August 2010, the Plaintiffs issued a summons against the Company, Evercheer, NCHK(CM) and Crux Assets with the High Court for an order, inter alia, that:

1. certain number of NCHK Shares in the name of NCHK(CM) and all dividends received by NCHK(CM) in relation to such NCHK Shares be placed into the High Court pending the determination of the legal proceedings or further order of the High Court or agreement of the parties; and
2. there be undertakings from the Company, NCHK(CM) and Crux Assets not to dispose of any of NCHK(CM)'s shareholding in NCHK until the determination of the legal proceedings or further order of the High Court or agreement of the parties.

The Company has been advised by its legal advisers that the Plaintiffs' claims against the Company, Evercheer, NCHK(CM) and Crux Assets are unsustainable. The Company, Evercheer, NCHK(CM) and Crux Assets, having sought legal advice on the matter, issued

a summons on 23 August 2010 with the High Court for an order to strike out the Plaintiffs' claims and to dismiss the whole action against the Company, Evercheer, NCHK(CM) and Crux Assets. Please refer to the announcements of the Company made on 30 April 2010, 12 July 2010, 22 July 2010 and 24 August 2010 for more details. Up to the date of this announcement, both the Plaintiffs' application and the Group's application as stated above have not yet been heard by the High Court.

DEFINITIONS

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

“Agreement”	the share sale and purchase agreement dated 27 August 2010 entered into between NCHK(CM), the Purchaser and BVL
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BVL”	Bantam Ventures Limited, a limited liability company incorporated in BVI holding approximately 69.68% of the issued share capital of NCHK and a wholly-owned subsidiary of TransGlobal
“Company”	Shenyin Wanguo (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Crux Assets”	Crux Assets Limited, a limited liability company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by NCHK(CM) pursuant to the Agreement
“Evercheer”	Evercheer Holdings Limited, a limited liability company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“High Court”	High Court of Hong Kong

“Hong Kong”	the Hong Kong Special Administration Region of PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NCHK”	The New China Hong Kong Highway Limited, a limited liability company incorporated in BVI
“NCHK Shares”	ordinary shares of US\$0.01 each in the share capital of NCHK
“NCHK(CM)”	The NCHK Highway (Chengdu Mianyang) Limited, a limited liability company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Plaintiffs”	The New China Hong Kong Group Limited (In Creditors’ Voluntary Liquidation) and The New China Hong Kong Development Limited (In Creditors’ Voluntary Liquidation)
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administration Region of the PRC and Taiwan
“Previous NCHK Minority Shareholder”	a party, which was independent of the Group, holding approximately 12% of the issued share capital of NCHK at the commencement of the Proceedings; and which did not have any shareholding in NCHK as at the date of the Agreement
“Proceedings”	the legal proceedings commenced by NCHK(CM) and the Previous NCHK Minority Shareholder in 2009 at the High Court against BVL and others applying, inter alia, for winding up order against NCHK
“Purchaser”	Mega Speedy Investments Limited, a limited liability company incorporated in BVI and a wholly-owned subsidiary of TransGlobal
“Sale Shares”	1,246,520 NCHK Shares (representing approximately 26.19% of the issued share capital of NCHK as at the date of the Agreement)
“SCECL”	Sichuan Chengmian Expressway Co., Ltd., a sino-foreign joint venture established in the PRC

“Stakeheld NCHK Shares”	196,436 NCHK Shares, representing approximately 4.13% of the issued share capital of NCHK, being held by stakeholders pursuant to undertakings given to the Court of Final Appeal of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TransGlobal”	TransGlobal (Asia) Holdings Limited, a limited liability company incorporated in the Cayman Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of illustration only, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.775. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

By order of the Board
Shenyin Wanguo (H.K.) Limited
Wong Che Keung Leslie
Company Secretary

Hong Kong, 27 August 2010

As at the date of this announcement, the Board comprises ten 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.