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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 2009

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 2009 together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2009 HK\$	2008 HK\$
REVENUE	4	355,242,738	222,881,804
Commission expenses		(91,920,767)	(65,432,036)
Employee benefit expenses		(85,979,793)	(48,193,878)
Depreciation expenses		(6,153,109)	(5,884,932)
Interest expenses for financial services operations		(352,328)	(915,792)
Fair value gains/(losses) on available-for-sale investments		8,874,201	(28,916,337)
Fair value gain on an unlisted financial instrument at fair value through profit or loss		825,270	46,304,649
Impairment of an available-for-sale investment		-	(30,192,357)
Other gains		1,319,074	-
Other expenses, net		(96,005,267)	(80,627,995)
Share of profits of associates		-	13,003,124
PROFIT BEFORE TAX	5	85,850,019	22,026,250
Income tax expense	6	(11,720,185)	(7,945,187)
PROFIT FOR THE YEAR		<u>74,129,834</u>	<u>14,081,063</u>
Attributable to:			
Owners of the Company		74,875,249	14,396,208
Minority interests		(745,415)	(315,145)
		<u>74,129,834</u>	<u>14,081,063</u>
DIVIDENDS	7	<u>15,922,774</u>	<u>13,268,979</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK14.11 cents</u>	<u>HK2.71 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009 HK\$	2008 HK\$
PROFIT FOR THE YEAR	<u>74,129,834</u>	<u>14,081,063</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Change in fair value	10,540,388	(112,981,131)
Transfer of losses/(gains) to the consolidated income statement		
- loss/(gain) on disposal	(8,874,201)	28,916,337
- impairment losses	-	30,192,357
Income tax effect	<u>(66,030)</u>	<u>9,200,000</u>
	1,600,157	(44,672,437)
Exchange differences on translation of foreign operations	<u>-</u>	<u>7,902,050</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>1,600,157</u>	<u>(36,770,387)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>75,729,991</u>	<u>(22,689,324)</u>
Attributable to:		
Owners of the Company	76,475,406	(22,374,179)
Minority interests	<u>(745,415)</u>	<u>(315,145)</u>
	<u>75,729,991</u>	<u>(22,689,324)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
NON-CURRENT ASSETS			
Property, plant and equipment		7,415,136	9,476,238
Prepaid land lease payments		1,358,175	1,399,125
Stock and Futures Exchange trading rights		4,211,831	4,211,831
Other assets		11,920,307	9,497,048
Goodwill		57,632,404	57,632,404
Financial instruments	9	135,093,358	156,929,503
Deferred tax assets		2,442,770	3,036,770
Total non-current assets		<u>220,073,981</u>	<u>242,182,919</u>
CURRENT ASSETS			
Investments at fair value through profit or loss		177,837,092	65,813,019
Accounts receivable	10	624,146,678	183,657,637
Loans and advances		685,695,396	191,158,701
Prepayments, deposits and other receivables		10,869,304	7,909,838
Tax recoverable		368,549	8,739,296
Bank balances held on behalf of customers		1,939,341,239	1,355,956,147
Cash and cash equivalents		85,054,776	500,302,699
Total current assets		<u>3,523,313,034</u>	<u>2,313,537,337</u>
CURRENT LIABILITIES			
Accounts payable	11	2,508,232,995	1,503,625,709
Other payables and accruals		71,386,274	64,037,261
Interest-bearing bank borrowings		134,290,445	-
Tax payable		7,480,043	35,906,252
Total current liabilities		<u>2,721,389,757</u>	<u>1,603,569,222</u>
NET CURRENT ASSETS		<u>801,923,277</u>	<u>709,968,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,021,997,258</u>	<u>952,151,034</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		66,030	-
Other payables		6,871,385	2,206,000
Total non-current liabilities		<u>6,937,415</u>	<u>2,206,000</u>
Net assets		<u>1,015,059,843</u>	<u>949,945,034</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		265,379,563	265,379,563
Reserves		736,431,341	675,878,709
Proposed final dividend	7	10,615,183	5,307,591
		<u>1,012,426,087</u>	<u>946,565,863</u>
Minority interests		<u>2,633,756</u>	<u>3,379,171</u>
Total equity		<u>1,015,059,843</u>	<u>949,945,034</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.

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 (the "HKICPA"), 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) Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's 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>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendments*	Amendments to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>

HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) *Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) *HKFRS 8 Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

Comparative segment information is revised to conform with the new requirements.

(c) *HKAS 1 (Revised) Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) 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 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ¹
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i> ²
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i> ²
HKFRS 3 (Revised)	<i>Business Combinations</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁶
HKAS 24 (Revised)	<i>Related Party Disclosures</i> ⁵
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ¹
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i> ³
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i> ¹
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement</i> ⁵
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i> ¹
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ⁴
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i> ¹
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i> ²

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2010
- ³ Effective for annual periods beginning on or after 1 February 2010
- ⁴ Effective for annual periods beginning on or after 1 July 2010
- ⁵ Effective for annual periods beginning on or after 1 January 2011
- ⁶ Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that 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

An analysis of the Group's reportable segment results before tax for the year is as follows:

	Securities trading and investment holding <i>HK\$</i>	Securities broking and dealing <i>HK\$</i>	Securities financing and direct loans <i>HK\$</i>	Investment advisory services <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 December 2009					
Segment revenue from external customers:	<u>39,494,145</u>	<u>262,273,001</u>	<u>41,800,670</u>	<u>11,674,922</u>	<u>355,242,738</u>
Segment results and profit before tax:	<u>26,690,479</u>	<u>36,096,860</u>	<u>31,783,049</u>	<u>(8,720,369)</u>	<u>85,850,019</u>

	Securities trading and investment holding <i>HK\$</i>	Securities broking and dealing <i>HK\$</i>	Securities financing and direct loans <i>HK\$</i>	Investment advisory services <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 December 2008					
Segment revenue from external customers:	<u>(53,853,206)</u>	<u>210,714,396</u>	<u>47,397,018</u>	<u>18,623,596</u>	<u>222,881,804</u>
Segment results and profit before tax:	<u>(47,091,747)</u>	<u>26,561,375</u>	<u>41,997,660</u>	<u>558,962</u>	<u>22,026,250</u>

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

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Hong Kong	344,939,703	210,765,859
Mainland China	9,427,503	11,766,332
Other countries	875,532	349,613
	<u>355,242,738</u>	<u>222,881,804</u>

4. REVENUE

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

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Financial services:		
Commission and brokerage income	260,593,055	188,991,018
Interest income from securities financing and direct loans	41,788,000	47,315,441
Net fair value gains/(losses) on securities and futures contracts trading	38,392,879	(55,143,030)
Income from the rendering of services	8,157,898	17,920,154
	<u>348,931,832</u>	<u>199,083,583</u>
Others:		
Bank interest income	5,385,990	22,777,746
Dividend income from:		
Listed available-for-sale equity investments	91,492	134,716
Listed equity investments at fair value through profit or loss	729,918	735,720
Others	103,506	150,039
	<u>6,310,906</u>	<u>23,798,221</u>
	<u>355,242,738</u>	<u>222,881,804</u>

5. PROFIT BEFORE TAX

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

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Interest expenses for financial services operations on bank loans and overdrafts wholly repayable within five years	352,328	915,792
Minimum lease payments under operating leases in respect of land and buildings	25,605,982	23,236,359
Net realised losses/(gains) on trading of listed equity investments and futures contracts	(9,545,209)	2,886,376
	<u>(9,545,209)</u>	<u>2,886,376</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Current – Hong Kong		
Charge for the year	11,412,480	7,757,222
Underprovision in prior years	3,393	3,306,059
Overprovision in prior years	(289,688)	(81,324)
Deferred	594,000	(3,036,770)
	<u>11,720,185</u>	<u>7,945,187</u>
Total tax charge for the year	<u>11,720,185</u>	<u>7,945,187</u>

7. DIVIDENDS

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Interim – HK1 cent (2008: HK1.5 cents) per ordinary share	5,307,591	7,961,388
Proposed final – HK2 cents (2008: HK1 cent) per ordinary share	10,615,183	5,307,591
	<u>15,922,774</u>	<u>13,268,979</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\$74,875,249 (2008: HK\$14,396,208) and the 530,759,126 (2008: 530,759,126) ordinary shares in issue during the year.

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. FINANCIAL INSTRUMENTS

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	4,563,848	2,980,864
Host component of an unlisted hybrid financial instrument *	-	24,244,399
Unlisted club debentures	2,470,000	2,470,000
	7,033,848	29,695,263
Available-for-sale investment, at cost:		
Unlisted equity investment #	128,059,510	128,059,510
Embedded derivative component of an unlisted hybrid financial instrument, at fair value *	-	(825,270)
	135,093,358	156,929,503

* During the year ended 31 December 2008, there had been a significant decline in the fair value of the host component of an unlisted hybrid financial instrument. The directors considered that such a decline indicated that the host component of an unlisted hybrid financial instrument had been impaired and an impairment loss of HK\$30,192,357, which included a transfer from the available-for-sale investment revaluation reserve of HK\$30,192,357, had been recognised in the consolidated income statement for the year ended 31 December 2008.

During the year ended 31 December 2008, there was a change of the controlling shareholder of the immediate controlling holding company of The New China Hong Kong Highway Limited ("NCHK"), a then associate of the Group, which resulted in the appointment of new directors of NCHK. As a result of these changes, the new directors of NCHK operate NCHK 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 NCHK at its aggregate carrying amount of HK\$128,059,510 as an available-for-sale investment thereafter. The Group's share of profits of the associate up to the date of reclassifying the associate as an available-for-sale investment included in the consolidated income statement for the year ended 31 December 2008 was HK\$13,003,124.

As at 31 December 2009, the carrying amount of this unlisted equity investment of HK\$128,059,510 (2008: HK\$128,059,510) was stated at cost because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

10. ACCOUNTS RECEIVABLE

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Accounts receivable	646,067,497	205,578,456
Less: Impairment	(21,920,819)	(21,920,819)
	624,146,678	183,657,637

Save for the 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\$79,199,057 (2008: HK\$51,050,060) bear interest at interest rates with reference to the prime rate.

An aged analysis of accounts receivable as at the end of the reporting period, based on the trade day, is as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Within 1 month	607,473,618	173,406,238
1 to 2 months	8,284,129	308,027
2 to 3 months	2,597,441	2,380,426
Over 3 months	<u>27,712,309</u>	<u>29,483,765</u>
	<u>646,067,497</u>	<u>205,578,456</u>

Included in the accounts receivable balance as at 31 December 2009 is a broker receivable amount due from the ultimate holding company of HK\$5,955,027 (2008: HK\$7,510,926) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement day of the relevant transactions.

11. ACCOUNTS PAYABLE

An aged analysis of accounts payable, based on the trade day, as at the end of the reporting period is as follows:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Within 1 month	<u>2,508,232,995</u>	<u>1,503,625,709</u>

Included in the accounts payable balance as at 31 December 2009 was a broker payable amount due to the ultimate holding company of the Company of HK\$51,031,736 (2008: HK\$4,703,508) 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 2009 represented the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$16,847,778 (2008: HK\$14,834,896) which also arose from securities dealing transactions. This balance is unsecured, bears interest at the bank deposit savings rate (2008: bank deposit savings rate) per annum and is payable on request.

Except for the accounts payable to clients of HK\$1,825,906,934 (2008: HK\$1,289,268,273), which bear interest at the bank deposit savings rate (2008: 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 HK2 cents per ordinary share in respect of 2009, to shareholders whose names appear on the register of members of the Company on 14 May 2010. The proposed dividend will be paid on or about 20 May 2010 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, 10 May 2010 to Friday, 14 May 2010, 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, 7 May 2010.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

REVIEW OF MARKET IN 2009

In 2009, Chinese Mainland introduced various policies and measures to stimulate the economy, including a GDP growth target of no less than 8% under the macro-economic regulation and control, a two-year investment scheme involving RMB 4 trillion and intensive proposals to bolster industrial and regional development. The successful implementation of the said measures helped the Chinese Mainland's economy to recover quickest from the global financial crisis. Latest statistics from the State Statistical Bureau showed that the Chinese Mainland's GDP for 2009 reached RMB 33.5 trillion, grew by 8.7% from the previous year and achieved the GDP growth target of over 8% under the macro-economic regulation and control. In December last year, Chinese Mainland's exports experienced a remarkable rebound with a year-on-year increase of 17.7%. This ended the negative growth trend of 13 consecutive months of Chinese Mainland's exports and marked an upturn in the Chinese Mainland's economy.

Regarding the global economic environment, as the measures of the US and European governments to stimulate economy and restore stability to the financial markets started to take effect, the global financial system was stabilizing with investors' confidence picking up and the global stock market generally revealed signs of a rally. During the fourth quarter last year, the US attained a year-on-year increase in GDP of 5.7%, which was the highest single-quarter GDP growth in six years. The upswing of the mainland economy and the improving neighbouring markets contributed to the revival of trading in the Hong Kong securities market in 2009, pushing the Hang Seng Index and the H-share index upwards, albeit amid strong fluctuations. On 17 November 2009, the Hang Seng Index reached 23,000 points, up 102.7% from the one-year low of 11,345 points. The recent highest close of the H-share index was 13,863 points, up by 116.5% from the one-year low of 6,404 points. In the second half of 2009, the primary market showed strong evidence of recovery with increasing capital-raising exercises and accelerating the listing of newly-issued equity.

In 2009, the Group took advantage of various market opportunities and devoted extra resources to promote business development, and we recorded growth in our businesses of brokerage, investment banking and investment. During the year, the Group's brokerage business captured a markedly higher market share, and there was a surge in commission income from the corresponding period in 2008 despite the drop in trading transaction amount as compared to the previous year. With its financial strength, the Group expanded its areas of fund investment and asset management by consolidating its investment and asset management businesses and reported satisfactory profits from its self-invested and -managed funds under the overall favourable market condition. During the year, the Group continued its efforts in strengthening cooperation with the parent company in various business areas and, in particular, there was a satisfactory progress in developing the institutional client base in overseas markets and the client base in the mainland market. The Group also strived to recommend PRC enterprises to become listed in Hong Kong and provide listed state-owned enterprises with various consultancy services. The successful listing of Hing Lee (HK) Holdings Limited (0396) on the Main Board of the Hong Kong Stock Exchange was one of the achievements of the Group during the year and the market performance of the company was satisfactory. In addition, the fair value of the Group's available-for-sale investments recovered notably in 2009 as compared with the previous year, contributed to the rise in this year's profit.

REVIEW OF OPERATIONS

For the year ended 31 December 2009, the Group recorded a net profit attributable to shareholders of approximately HK\$74.88 million, representing an increase of 420% over 2008. The turnover increased by 59.4% to approximately HK\$355.2 million (2008: HK\$222.9 million). The basic earnings per share increased by 420% to HK14.11 cents as compared to HK2.71 cents for last year.

Securities Broking

The Group focused its securities broking business on the stock and futures markets in Hong Kong as well as the B-share market in Chinese Mainland. The indexes of both the securities markets of Chinese Mainland and Hong Kong have shown resumption of growth since March 2009. Though the average daily turnover amount of the Hong Kong Stock Exchange dropped 13.5% as compared with that of last year, the soaring of the Hang Seng Index during the year boosted the market sentiment. Both the securities brokerage commission and the market share of the Group attained a considerable growth as compared with that of last year. A notable revival was seen in the transaction amount from institutional clients, while the transactions from the local retail investors were more active as compared with that of last year. The futures and options brokerage commission also increased as compared with that of last year. In 2009, the brokerage business of the Group recorded an income of HK\$260.6 million, increased by 37.9% from HK\$189 million last year.

In respect of business expansion, during 2009, the Group continued to make good progress in promoting sales to overseas institutional clients and expanding the local retail teams, which laid a solid foundation for future business development.

Securities Financing

During the first half of 2009, in light of the uncertainties caused by the financial turmoil, the Group continued its policy to moderately tighten credits and the demand for margin financing from clients declined, resulting in a lower interest income from loan. In addition, Hong Kong inter-bank rate has stayed low since early 2009, which led to a substantial decline in spread income in the Group as compared with last year. In the second half of 2009, the uptrend of the Hong Kong Hang Seng Index and China Enterprise Index, the further revival in market turnover, coupled with the increase in new share issuance in the primary market, the average balance of margin loans from the Group had picked up month by month. Thanks to our prudent credit policy, no provision for bad debt was required during the year.

For the year of 2009, the Group recorded an interest income of HK\$47.17 million, representing a decrease of 32.7% as compared to HK\$70.1 million of 2008.

The Group will continue to exercise caution in granting 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. In 2009, Shenyin Wanguo Capital acted as the sponsor to Hing Lee (HK) Holdings Limited for its listing on the Main Board of the Hong Kong Stock Exchange. It also actively participated in the underwriting of new issues, including that of China Singyes Solar Technologies Holdings Limited, China Zhongwang Holdings Limited, Sinopharm Group Co. Ltd., Evergrande Real Estate Group Ltd. and China Pacific Insurance (Group) Co., Ltd., as well as in the placing of shares of Kam Hing International Holdings Limited and the open offer of Royale Furniture Holdings Limited. In addition, Shenyin Wanguo Capital acted as the compliance adviser for Fosun International Limited, Xtep International Holdings Limited, China Zhongwang Holdings Limited, Hing Lee (HK) Holdings Limited and TravelSky Technology Limited during the year. With regard to corporate advisory work, Shenyin Wanguo Capital was appointed as independent financial adviser to several listed companies including Angang Steel Co., Ltd., Modern Beauty Salon Holdings Limited and Uni-President China Holdings Limited in relation to their respective connected transactions.

Securities Research

Our securities trading and broking businesses are supported by securities research members of the Group. With the support of our parent company, which is one of the leading securities companies in Chinese Mainland, the Group became a specialist in the securities market in Chinese Mainland and produces regular reports on the securities market in Chinese Mainland covering the macroeconomics, market strategy as well as comments on individual Chinese Mainland related enterprises which listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The research members of the Group also produce detailed company analyses, which are circulated to our clients. In 2009, a total of 20 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

In 2009, stock markets underwent a strong rally after the sharp decline in 2008. The Group's asset management team correctly predicted the markets' uptrend and delivered good performance for funds under management. The scale of assets under management for this reporting period had increased considerably. At the same time further cooperation with overseas corporations for the Group's asset management business also showed good progress, and plans for new funds to be launched are underway.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31 December 2009, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was HK\$1,012 million.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2009, the Group had a cash holding of HK\$85 million and short-term marketable securities of HK\$178 million. As at 31 December 2009, the Group's total unutilized banking facilities amounted to HK\$367 million, of which HK\$134 million could be drawn down without the need of notice nor completion of condition precedent.

As at 31 December 2009, the Group had outstanding short-term bank borrowings amounting to HK\$134 million. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2009 were 1.29 and 0.13 respectively.

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, which in turn held a 60% interest in Sichuan Chengmian Expressway Co., Ltd. It was recorded at the carrying value of HK\$128 million as at 31 December 2009.

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 2009.

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 2009, all advances to customers were margin financing and amounted to HK\$699 million (2008: HK\$204 million), of which 4% (2008: 10%) was attributable to corporate customers with the rest attributable to individual customers. There were no direct loans as at 31 December 2009 (2008: 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 2009.

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 2009.

EMPLOYEES AND TRAINING

As at 31 December 2009, the total number of full-time employees was 189 (2008: 167). The total staff costs for the year (excluding directors' fees) amounted to approximately HK\$85.5 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 2009 for all licensed staff members.

FUTURE PLAN & PROSPECTS

At the Central Economic Work Conference held at the end of 2009, the central government decided that while maintaining a proactive fiscal policy and a moderately relaxed monetary policy, stepping up economic restructuring and managing inflation expectations would be the focus of the macro-economic regulation and control. Some analysts pointed out that the foundation for economic upturn in Chinese Mainland was not stable and many concerns remain, such as the lack of momentum in domestic economic growth, weak private investment and overcapacity.

From an external perspective, evidences show that global economic recovery is just a slow and complicated process. Shrinkage in global trade, high unemployment in major economies, huge fiscal deficit and, in particular, the recent Dubai's default in sovereign debt and Greece debt crisis further created market uncertainties about another plunge of the global economy (the so-called "double dip" scenario). Nevertheless, the market generally holds the view that investors are still confident in prospects of the mainland economy and expects a continuing growth in 2010. It is believed that the Chinese Mainland concept stocks such as State-owned enterprises and red chips will continue to be the market focus and the Hong Kong securities market will resume its uptrend.

In the coming year, the Group will adopt active and prudent business approach by further expanding the neighbouring overseas markets, enhancing the development of overseas institutional client base, expanding the scale of asset management business, developing direct investment business and balancing the growth of the brokerage, investment banking and asset management businesses. Furthermore, the Group will expand its brokerage teams, further enlarge its share in the local retail market, strengthen the cooperation with the headquarters in developing the mainland business and advancing our business in IPO, financing and financial consultancy services provided to PRC enterprises. With its knowledge of the mainland capital market, the Group will grasp the strategic opportunities offered by the "two-way opening" of the Chinese Mainland capital market and strive to expand into the new business areas in QDII and QFII, cross-border financing and merger and acquisition by foreign investors. The Group will continue to employ the management philosophy of "in conformity with law, regulations and standards" by strengthening our risk management, improving corporate governance and promoting a corporate culture of progressive and active development while devoting effort to business development. By capitalizing on our unique advantage, the Group will be able to sustain a healthy and steady growth in business.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 9:00 a.m. on Friday, 14 May 2010 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 2009.

Code Provision A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election. Even though non-executive directors of the Company 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 2009 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 2009 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, 12 March 2010

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.