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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)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**RESULTS**

The Directors of Shen Yin Wanguo (H.K.) Limited (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 together with comparative figures for the corresponding period of last year.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

		<b>Six months ended 30 June</b>	
		<b>2011</b>	<b>2010</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
REVENUE	3	<b>189,314</b>	162,616
Commission expenses		<b>(44,444)</b>	(44,069)
Employee benefit expenses		<b>(53,769)</b>	(46,309)
Depreciation expenses		<b>(3,566)</b>	(1,998)
Interest expenses for financial services operations		<b>(1,282)</b>	(807)
Impairment of an available-for-sale investment		-	(1,641)
Other gains	3	<b>659</b>	223
Other expenses, net		<b>(57,863)</b>	(32,570)
PROFIT BEFORE TAX	4	<b>29,049</b>	35,445
Income tax expense	5	<b>(2,301)</b>	(5,356)
PROFIT FOR THE PERIOD		<b>26,748</b>	30,089
Attributable to:			
Owners of the Company		<b>26,748</b>	30,103
Non-controlling interests		-	(14)
		<b>26,748</b>	30,089
INTERIM DIVIDEND	6	<b>5,308</b>	5,308
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted		<b>5.04 cents</b>	5.67 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>26,748</u>	<u>30,089</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	940	(2,041)
Transfer of loss to the condensed consolidated income statement		
- impairment loss	-	1,641
Income tax effect	<u>-</u>	<u>66</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>940</u>	<u>(334)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>27,688</u>	<u>29,755</u>
Attributable to:		
Owners of the Company	27,688	29,769
Non-controlling interests	<u>-</u>	<u>(14)</u>
	<u>27,688</u>	<u>29,755</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2011 (Unaudited) HK\$'000</b>	<b>31 December 2010 (Audited) HK\$'000</b>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>20,784</b>	9,634
Stock and Futures Exchange trading rights		<b>4,212</b>	4,212
Other assets		<b>23,974</b>	12,692
Financial instruments	8	<b>17,765</b>	12,820
Deferred tax assets		<b>1,696</b>	1,961
Total non-current assets		<b>68,431</b>	41,319
<b>CURRENT ASSETS</b>			
Investments at fair value through profit or loss		<b>172,859</b>	145,709
Accounts receivable	9	<b>535,522</b>	534,954
Loans and advances		<b>858,877</b>	885,172
Prepayments, deposits and other receivables		<b>12,997</b>	15,168
Tax recoverable		<b>-</b>	54
Bank balances held on behalf of customers		<b>1,820,329</b>	1,906,406
Cash and cash equivalents		<b>133,679</b>	123,999
Total current assets		<b>3,534,263</b>	3,611,462
<b>CURRENT LIABILITIES</b>			
Accounts payable	10	<b>2,302,457</b>	2,312,440
Other payables and accruals		<b>85,902</b>	100,199
Interest-bearing bank borrowings		<b>54,824</b>	62,492
Tax payable		<b>9,630</b>	7,689
Total current liabilities		<b>2,452,813</b>	2,482,820
<b>NET CURRENT ASSETS</b>		<b>1,081,450</b>	1,128,642
Net assets		<b>1,149,881</b>	1,169,961
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital		<b>265,380</b>	265,380
Reserves		<b>876,574</b>	854,194
Proposed/declared dividends		<b>5,308</b>	47,768
		<b>1,147,262</b>	1,167,342
<b>Non-controlling interests</b>		<b>2,619</b>	2,619
Total equity		<b>1,149,881</b>	1,169,961

## NOTES:

### 1. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and are in compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and methods of computation adopted in the preparation of these unaudited condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010, except that in the current period, the Group has adopted certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) as detailed in note (a) below.

#### (a) Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs issued by the HKICPA. However, the adoption of these new and revised HKFRSs has had no material effect on these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs *

\* *Improvements to HKFRSs 2010* contains amendments to HKFRS 1, HKFRS 3, HKFRS 7, HKAS 1, HKAS 27, HKAS 34 and HK(IFRIC)-Int 13.

#### (b) Issued but not yet effective Hong Kong Financial Reporting Standards

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 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> <sup>1</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> <sup>1</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013

# 1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

## (b) Issued but not yet effective Hong Kong Financial Reporting Standards (Cont'd)

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.

# 2. OPERATING SEGMENT INFORMATION

	Securities trading and investment holding HK\$'000	Securities broking and dealing HK\$'000	Securities financing and direct loans HK\$'000	Investment advisory services HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2011 (Unaudited)</b>					
Segment revenue from external customers	<u>(8,822)</u>	<u>137,844</u>	<u>41,165</u>	<u>19,127</u>	<u>189,314</u>
Segment results and profit before tax	<u>(9,736)</u>	<u>4,353</u>	<u>32,356</u>	<u>2,076</u>	<u>29,049</u>
	Securities trading and investment holding HK\$'000	Securities broking and dealing HK\$'000	Securities financing and direct loans HK\$'000	Investment advisory services HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2010 (Unaudited)</b>					
Segment revenue from external customers	<u>(7,883)</u>	<u>126,651</u>	<u>28,932</u>	<u>14,916</u>	<u>162,616</u>
Segment results and profit before tax	<u>(2,160)</u>	<u>11,763</u>	<u>22,899</u>	<u>2,943</u>	<u>35,445</u>

### 3. REVENUE AND OTHER GAINS

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

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Financial services:		
Commission and brokerage income	<b>142,318</b>	132,697
Interest income from securities financing and direct loans	<b>41,159</b>	28,927
Net fair value losses on securities and futures contracts trading	<b>(9,339)</b>	(8,397)
Income from rendering of services	<b>10,569</b>	6,639
	<b><u>184,707</u></b>	<u>159,866</u>
Others:		
Bank interest income	<b>4,212</b>	2,275
Dividend income from:		
Listed equity investments at fair value through profit or loss	<b>344</b>	424
Others	<b>51</b>	51
	<b><u>4,607</u></b>	<u>2,750</u>
	<b><u>189,314</u></b>	<u>162,616</u>
<b>Other gains</b>		
Exchange gains, net	<b>659</b>	223

### 4. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Charitable donations	<b>40</b>	40
Minimum lease payments under operating leases in respect of land and buildings	<b>16,114</b>	12,311
Net realised gains on trading of listed equity investments and futures contracts	<b>(314)</b>	(1,326)

## 5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the jurisdiction in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current – Hong Kong		
Charge for the period	<b>5,724</b>	5,356
Overprovision in prior years	<b>(3,794)</b>	-
Current – Overseas	<b>106</b>	-
Deferred	<b>265</b>	-
Total tax charge for the period	<b><u>2,301</u></b>	<u>5,356</u>

## 6. DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend – HK1 cent (2010: HK1 cent) per ordinary share	<b><u>5,308</u></b>	<u>5,308</u>

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

The calculation of basic earnings per share amount is based on the unaudited profit for the period attributable to ordinary equity holders of the Company of HK\$26,747,742 (2010: HK\$30,102,856) and the 530,759,126 (2010: 530,759,126) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during those periods.

## 8. FINANCIAL INSTRUMENTS

	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	<b>3,643</b>	3,483
Unlisted equity investment	<b>11,652</b>	6,867
Unlisted club debentures	<b>2,470</b>	2,470
	<b><u>17,765</u></b>	<u>12,820</u>

## 9. ACCOUNTS RECEIVABLE

	<b>30 June 2011 (Unaudited) HK\$'000</b>	31 December 2010 (Audited) HK\$'000
Accounts receivable	<b>557,292</b>	556,724
Less: Impairment	<u><b>(21,770)</b></u>	<u>(21,770)</u>
	<u><b>535,522</b></u>	<u>534,954</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.

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

	<b>30 June 2011 (Unaudited) HK\$'000</b>	31 December 2010 (Audited) HK\$'000
Within 1 month	<b>488,565</b>	496,858
1 to 2 months	<b>13,419</b>	17,932
2 to 3 months	<b>10,932</b>	7,592
Over 3 months	<u><b>44,376</b></u>	<u>34,342</u>
	<u><b>557,292</b></u>	<u>556,724</u>

Included in the accounts receivable balance as at 30 June 2011 was a broker receivable amount due from the ultimate holding company of the Company of HK\$5,888,912 (31 December 2010: HK\$19,332,429) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement day of the relevant transactions.

## 10. ACCOUNTS PAYABLE

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

	<b>30 June 2011 (Unaudited) HK\$'000</b>	31 December 2010 (Audited) HK\$'000
Within 1 month	<u><b>2,302,457</b></u>	<u>2,312,440</u>

Included in the accounts payable balance as at 30 June 2011 was a broker payable amount due to the ultimate holding company of the Company of HK\$14,855,506 (31 December 2010: HK\$35,205,996) 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 30 June 2011 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$298,592 (31 December 2010: HK\$21,614,123) which arose from securities dealing transactions. This balance is unsecured, bears interest at bank deposit savings rate and is payable on demand.



## **11. REVIEW OF ACCOUNTS**

The audit committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011.

### **INTERIM DIVIDEND**

The Board of Directors (the “Board”) has declared an interim dividend of HK1 cent (2010: HK1 cent) per ordinary share for the six months ended 30 June 2011, to shareholders whose names appear on the register of members of the Company on 30 September 2011. The dividend will be payable on or about 6 October 2011.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 26 September 2011, Monday, to 30 September 2011, Friday, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for interim 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 23 September 2011, Friday.

## **MANAGEMENT DISCUSSION AND ANALYSIS OF PERFORMANCE**

### **Review of Market**

In the first half of 2011, the Hong Kong market has experienced ups and downs. The external pressure faced by global stock markets generally came from the on-going deterioration in the European sovereign debt crisis as well as the high unemployment rate and debt burden of the United States. In the domestic market, the Chinese Mainland government has implemented a series of tightening macro-economic measures in order to suppress inflation, such as raising interest rates and the deposit reserve ratio of banks. In general, the global and domestic market environments were still complicated and aggravated amid economic uncertainties and disturbances. As a result, the Hong Kong stock market fluctuated amid such surrounding economic condition.

Since the beginning of the year, the Hang Seng Index has dropped gradually from the peak of 24,430 on 19 January 2011 to the bottom of 22,123 on 17 March 2011. Although resumed to 24,300 in early April, the index mostly struggled between 21,000 and 23,000 afterwards. The average daily turnover on the Stock Exchange of Hong Kong from January to June this year amounted to HK\$73.6 billion, which was 15% higher than that of HK\$63.8 billion for the corresponding period last year.

## Review of Operations

During the first half of 2011, the securities broking and investment banking businesses of the Group maintained their strong growth momentum, while the asset management business remained stable and the gain from seed monies invested has been affected by market adjustments. Generally speaking, the operations of the Group has performed normally despite the fact that the operating results have dropped slightly as compared to the corresponding period last year due to severe market competition. As shown in the financial statements, the Group's unaudited profit attributable to the shareholders for the first half of the year was HK\$26.75 million (2010: HK\$30.10 million), dropped by 11% as compared to the corresponding period in 2010. Turnover of the Group increased by approximately HK\$26.69 million to HK\$189.31 million as compared to the corresponding period last year (2010: HK\$162.62 million).

The Group focused its securities broking business on the stocks and futures markets in Hong Kong as well as the B-share market in Chinese Mainland. The market indices in these markets fluctuated in 2011, while the market turnover increased slightly as compared to the corresponding period last year. Through various measures such as actively developing institutional transactions, expanding the brokerage team and improving service quality, the Group has been able to increase its brokerage commission income with a notable surge in trading amount of institutional customers as well as active trading activities of retail customers in Hong Kong as compared to last year. Commission income from futures and options brokerage also increased greatly as compared with that of last year. In the first half of 2011, income from the brokerage business of the Group amounted to HK\$142.32 million, representing a growth of 7% over HK\$132.70 million for the corresponding period last year. With respect to operation developments, the Group achieved satisfactory results in terms of the promotion of sales from overseas institutional customers and the expansion of the local retail team in 2011, and therefore laid a sound foundation for future business growth.

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 January 2011, Shenyin Wanguo Capital acted as the sponsor to KEE Holdings Company Limited for its listing on the Main Board of the Hong Kong Stock Exchange. During the first half of 2011, Shenyin Wanguo Capital participated in a number of financial advisory projects as well as share placements. In addition, Shenyin Wanguo Capital acted as the compliance adviser for eight listed companies during the period.

In 2011, the Group added key people with valuable skills to its asset management team, improving the trading and risk management system of the asset management arm for greater expansion. During the first half of 2011, despite volatility, market indices recorded moderate gains and losses. European and US markets outperformed emerging markets due to greater inflationary pressures on the latter causing investors to be concerned about the latter's growth. Although our funds are mainly invested in markets exposed to inflationary pressures and markets which recorded moderate losses, it is worth mentioning that our funds' performance was better than those of comparable funds managed by other fund houses. During the first half, the Group has also actively pursued the opportunity of launching an authorized fund and related China fund management opportunities. At the same time, we are also collaborating with Korean, Japanese and Taiwanese banks and insurance companies to create new asset management products. At the moment, such products include traditional funds as well as RMB products, wrap accounts, authorized funds, and investment advisory products. With the Group's continued efforts in this area, we hope that some of these products can be launched during the second half of the year expanding both the assets and variety of products under management.

Our securities trading and broking businesses are supported by a securities research team of the Group. With the support of our parent company, which is one of the leading securities companies in Chinese Mainland, the Group has become a specialist in Chinese Mainland securities and produces regular reports on Chinese Mainland securities, also covering macroeconomics, market strategy as well as comments on individual Chinese Mainland companies listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The research team of the Group also produces detailed company analyses, which are circulated to our clients. In the first half of 2011, a total of 83 investment analysts from our parent company joined our annual investment conference in Hong Kong, as well as performed international roadshows to meet with clients in Asia, the US, UK and Europe. We believe that such visits are beneficial to the collaboration between our parent company and us on the research and investment banking fronts.

## **Prospects**

It is generally anticipated that the sovereign debt crisis in several European countries will persist and the global economic recovery will be affected in the second half of 2011. In respect of the economy in Chinese Mainland, the gross domestic product for the first quarter of 2011 amounted to RMB9.6 trillion, representing a year-on-year growth of 9.7%. As the year 2011 marks the beginning of the twelfth Five-Year Plan of Chinese Mainland, a relatively higher growth rate of Chinese Mainland economy for the year can be expected. Since the Chinese Mainland government has implemented measures to curb price hikes, inflation in Chinese Mainland may ease steadily. In general, the Hong Kong stock market may remain volatile under the backdrop of the complicated prevailing global economic and financial landscape in the second half of 2011.

Given that all the above factors are influential to the market, the Group intends to continue with its active and prudent operation strategies in order to capitalize on the fruitful operating results achieved in the first half of the year. Such strategies include the expansion of its institutional sales business, the establishment of online overseas securities trading platforms, the promotion of the international bulk commodity futures trading business and the introduction of a wider variety of trading products and more convenient trading services to local and Chinese Mainland retail investors. Furthermore, a mainland government official recently announced, during his visit to Hong Kong, the possible early roll out of the RQFII program. The Group has contemplated the issuance of public fund products in order to take advantage of the RQFII program. The Group has planned to enlarge its investment in the asset management business and recruit additional professionals with a view to maintaining the Group's competitive strength in the asset management sector. In terms of the investment banking business, apart from focusing on its investment in placing activities, the Group will also be committed to develop the IPO sponsoring operation and actively promote its direct investment business with a view to diversifying both the business and income structures of this business as well as improving its profitability. While aggressively expanding all of its businesses, the Group will also persistently strengthen its risk management and improve its corporate governance mechanism so as to secure a healthy, sustainable and stable growth across the Group's businesses.

## **Capital Structure**

During the period, there was no change to the share capital of the Company. As at 30 June 2011, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was HK\$1,147 million.

## **Liquidity, Financial Resources and Gearing Ratio**

As at 30 June 2011, the Group had a cash holding of HK\$134 million and short-term marketable securities of HK\$173 million. As at 30 June 2011, the Group's total unutilized banking facilities amounted to HK\$548 million, of which HK\$238 million could be drawn down without the need of notice nor completion of condition precedent.

As at 30 June 2011, the Group had outstanding short-term bank borrowings amounting to HK\$55 million. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 30 June 2011 were 1.44 and 0.05 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 period, 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 30 June 2011.

### **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 30 June 2011, all advances to customers were margin financing and amounted to HK\$872 million (31 December 2010: HK\$898 million), of which, 5% (31 December 2010: 5%) was attributable to corporate customers with the rest attributable to individual customers.

### **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 monitors its foreign currency positions and takes necessary measures when the situations so justify.

### **Contingent Liabilities**

There were no material contingent liabilities as at 30 June 2011.

### **Future Plans for Material Investments or Capital Assets**

Except the future plans as disclosed in the paragraph of "Prospects", the Group had no other future plans for material investments or capital assets as at 30 June 2011.

### **Employees and Training**

As at 30 June 2011, the total number of full-time employees was 228 (2010: 215). The total staff costs for the period (excluding directors' fees) amounted to approximately HK\$53.5 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 will organize a Continuous Professional Training seminar in September 2011 for all licensed staff members.

## **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 period.

## **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 ("Listing Rules") during the six months ended 30 June 2011.

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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on replies from the Company's directors on specific enquiry, all the directors complied with required standard set out in the Model Code throughout the period.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The audit committee has reviewed the interim results announcement and interim report of the Company for the six months ended 30 June 2011.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.sywg.com.hk](http://www.sywg.com.hk). The 2011 interim report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

## **DIRECTORS**

As at the date of this announcement, the Board of the Company comprises 10 directors, of which Mr. Chu Xiaoming, 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.

By Order of the Board  
**Chu Xiaoming**  
*Chairman*

Hong Kong, 26 August 2011