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 2011

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 2011 together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2011** ***HK$***	2010 *HK$*
REVENUE	*4*	**383,312,131**	513,699,858
Commission expenses		**(64,701,935)**	(94,535,231)
Employee benefit expenses		**(117,497,668)**	(118,437,426)
Depreciation expenses		**(8,802,207)**	(4,174,939)
Interest expenses for financial services operations		**(1,507,632)**	(1,149,424)
Impairment of an available-for-sale investment		**-**	(1,641,540)
Other gains		**980,464**	1,481,256
Other expenses, net		**(113,974,036)**	(92,682,335)
PROFIT BEFORE TAX	*5*	**77,809,117**	202,560,219
Income tax expense	*6*	**(3,801,137)**	(11,597,862)
PROFIT FOR THE YEAR		**74,007,980**	190,962,357
Attributable to:			
Owners of the Company		**74,003,499**	190,976,711
Non-controlling interests		**4,481**	(14,354)
		74,007,980	190,962,357
DIVIDENDS	*7*	**20,168,847**	53,075,912
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**HK13.94 cents**	HK35.98 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 *HK$*	2010 *HK$*
PROFIT FOR THE YEAR	**74,007,980**	190,962,357
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**(4,166,697)**	(198,192)
Transfer of loss to the consolidated income statement		
- impairment loss	**-**	1,641,540
Income tax effect	**-**	66,030
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(4,166,697)**	1,509,378
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**69,841,283**	192,471,735
Attributable to:		
Owners of the Company	**69,836,802**	192,486,089
Non-controlling interests	**4,481**	(14,354)
	69,841,283	192,471,735

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2011 HK$	31 December 2010 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**17,811,857**	9,633,833
Stock and Futures Exchange trading rights		**4,211,831**	4,211,831
Other assets		**16,989,494**	12,692,220
Available-for-sale investments	*9*	**12,595,080**	12,820,657
Deferred tax assets		**1,437,686**	1,960,700
Total non-current assets		**53,045,948**	41,319,241
CURRENT ASSETS			
Investments at fair value through profit or loss		**136,490,550**	145,709,361
Accounts receivable	*10*	**228,109,841**	534,953,817
Loans and advances		**560,272,894**	885,172,114
Prepayments, deposits and other receivables		**12,928,269**	15,167,792
Tax recoverable		**7,579,700**	53,758
Bank balances held on behalf of customers		**1,981,941,336**	1,906,405,768
Cash and cash equivalents		**392,691,823**	123,999,012
Total current assets		**3,320,014,413**	3,611,461,622
CURRENT LIABILITIES			
Accounts payable	*11*	**2,107,840,448**	2,312,439,777
Other payables and accruals		**75,724,789**	100,198,989
Interest-bearing bank borrowings		**-**	62,491,770
Tax payable		**2,400,066**	7,689,293
Total current liabilities		**2,185,965,303**	2,482,819,829
NET CURRENT ASSETS		**1,134,049,110**	1,128,641,793
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,187,095,058**	1,169,961,034
NON-CURRENT LIABILITY			
Deferred tax liability		**368,653**	-
Net assets		**1,186,726,405**	1,169,961,034
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**265,379,563**	265,379,563
Reserves		**903,861,703**	854,193,748
Proposed dividends	*7*	**14,861,256**	47,768,321
		1,184,102,522	1,167,341,632
Non-controlling interests		**2,623,883**	2,619,402
Total equity		**1,186,726,405**	1,169,961,034

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

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

(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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [4]
HKFRS 9	*Financial Instruments* [6]
HKFRS 10	*Consolidated Financial Statements* [4]
HKFRS 11	*Joint Arrangements* [4]
HKFRS 12	*Disclosure of Interests in Other Entities* [4]
HKFRS 13	*Fair Value Measurement* [4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* [3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [5]
HKAS 19 (2011)	*Employee Benefits* [4]
HKAS 27 (2011)	*Separate Financial Statements* [4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in the income statement, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in the income statement. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to the income statement at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

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 *HK$*	Securities broking and dealing *HK$*	Securities financing and direct loans *HK$*	Investment advisory services *HK$*	Total *HK$*
Year ended 31 December 2011					
Segment revenue from external customers	**43,900,289**	**235,207,309**	**69,920,850**	**34,283,683**	**383,312,131**
Segment results and profit /(loss) before tax	**29,578,080**	**(8,861,472)**	**56,416,039**	**676,470**	**77,809,117**

	Securities trading and investment holding *HK$*	Securities broking and dealing *HK$*	Securities financing and direct loans *HK$*	Investment advisory services *HK$*	Total *HK$*
Year ended 31 December 2010					
Segment revenue from external customers	125,006,292	297,207,121	62,062,018	29,424,427	513,699,858
Segment results and profit before tax	115,554,569	36,006,750	47,391,432	3,607,468	202,560,219

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

	2011 *HK$*	2010 *HK$*
Hong Kong	**364,946,679**	504,075,231
Mainland China	**6,804,442**	8,230,509
United States of America	**9,166,529**	377,027
Other countries	**2,394,481**	1,017,091
	383,312,131	513,699,858

4. REVENUE

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

	2011	2010
	HK$	*HK$*
Financial services:		
Commission and brokerage income	**233,923,507**	306,098,292
Interest income from securities financing and direct loans	**69,901,348**	62,047,852
Net fair value gains/(losses) on securities and futures contracts trading	**(43,220,098)**	4,091,623
Income from the rendering of services	**23,166,942**	13,918,003
	283,771,699	386,155,770
Others:		
Gain on disposal of an available-for-sale investment	**43,186,821**	119,697,916
Bank interest income	**12,739,203**	7,085,895
Dividend income from:		
Unlisted available-for-sale equity investment	**42,798,176**	-
Listed available-for-sale equity investments	**189,524**	89,912
Listed equity investments at fair value through profit or loss	**494,850**	567,205
Others	**131,858**	103,160
	99,540,432	127,544,088
	383,312,131	513,699,858

5. PROFIT BEFORE TAX

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

	2011	2010
	HK$	*HK$*
Interest expenses for financial services operations on bank loans and overdrafts wholly repayable within five years	**1,507,632**	1,149,424
Minimum lease payments under operating leases in respect of land and buildings	**30,713,597**	25,274,029
Net realised gains on trading of listed equity investments and futures contracts	**(2,616,387)**	(4,418,460)

6. 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 year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	2011	2010
	HK$	*HK$*
Current – Hong Kong		
Charge for the year	**6,841,454**	11,699,576
Underprovision in prior years	**7,738**	-
Overprovision in prior years	**(4,114,493)**	(629,896)
Current – Elsewhere	**174,771**	46,112
Deferred	**891,667**	482,070
Total tax charge for the year	**3,801,137**	11,597,862

7. DIVIDENDS

	2011	2010
	HK$	*HK$*
Interim – HK1 cent (2010: HK1 cent) per ordinary share	**5,307,591**	5,307,591
Proposed final – HK2.8 cents (2010: HK2 cents) per ordinary share	**14,861,256**	10,615,183
Proposed special – Nil (2010: HK7 cents) per ordinary share	-	37,153,138
	20,168,847	53,075,912

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

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$74,003,499 (2010: HK$190,976,711) and 530,759,126 (2010: 530,759,126) ordinary shares in issue during the year.

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

9. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	HK$	*HK$*
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	**2,922,464**	3,482,937
Unlisted equity investment	**7,202,616**	6,867,720
Unlisted club debentures	**2,470,000**	2,470,000
	12,595,080	12,820,657

10. ACCOUNTS RECEIVABLE

	2011	2010
	HK$	*HK$*
Accounts receivable	**249,879,724**	556,723,700
Less: Impairment	**(21,769,883)**	(21,769,883)
	228,109,841	534,953,817

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. Although the Group does not hold any collateral or other credit enhancements over its accounts receivable balances, the Group is allowed to dispose of the securities deposited by the customers with the Group to settle any overdue amounts. Overdue accounts receivable from cash clients of HK$111,666,265 (2010: HK$111,601,702) bear interest at interest rates with reference to the prime rate (2010: 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:

	2011	2010
	HK$	*HK$*
Within 1 month	**157,896,391**	496,857,793
1 to 2 months	**52,778,765**	17,931,926
2 to 3 months	**1,034,757**	7,591,899
Over 3 months	**38,169,811**	34,342,082
	249,879,724	556,723,700

Included in the accounts receivable balance as at 31 December 2011 is a broker receivable amount due from the ultimate holding company of HK$2,399,663 (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.

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:

	2011	2010
	HK$	*HK$*
Within 1 month	**2,107,840,448**	2,312,439,777

Included in the accounts payable balance as at 31 December 2011 was a broker payable amount due to the ultimate holding company of the Company of HK$544,126 (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 31 December 2011 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK$288,930 (2010: HK$21,614,123) which arose from securities dealing transactions. This balance is unsecured, bears interest at the bank deposit savings rate and is payable on demand.

Except for the accounts payable to clients of HK$1,830,837,636 (2010: HK$1,770,271,232), which bear interest at the 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 HK2.8 cents per ordinary share in respect of 2011, to shareholders whose names appear on the register of members of the Company on 18 May 2012. The proposed dividend will be paid on or about 30 May 2012 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 for the following periods:

a. from Monday, 7 May 2012 to Friday, 11 May 2012, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2012 Annual General Meeting, 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, 4 May 2012; and

b. from Thursday, 17 May 2012 to Friday, 18 May 2012, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for the proposed final dividends, 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 Wednesday, 16 May 2012.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

REVIEW OF MARKET IN 2011

Since the beginning of 2011, Hong Kong stock market was deeply encumbered by European sovereign debt crisis with Hang Seng Index fluctuated vigorously. From mid-September to October 2011, due to the deterioration of European sovereign debt crisis, global stock market slumped with Hong Kong stock market performed like having a stock crash. On 4 October 2011, Hang Seng Index was down to 16,170, the lowest in two years and compared with the highest level of 24,469 during the year, it represented a decrease of 33.9%. The drop of many stock prices was even worse than the level during the 2008 global financial crisis. Average daily turnover of stock exchange in 2011 was HK$69.7 billion, representing an increase of 0.9% as compared with the average daily turnover of HK$69.1 billion last year. Under the above influence, the trend of Hong Kong stock market was volatile.

In 2011, the economy of Chinese Mainland continued to maintain a stable and rapid growth. According to the statistics from the National Bureau of Statistics, the GNP growth rate of Chinese Mainland was 9.2% as compared with last year due to the increase in domestic consumption and demand in Chinese Mainland, stable investment growth and rejuvenating growth in export trade. In 2011, the Central Government continued to implement relatively prudent monetary policies and measures to curb the real estate market bubbles and escalating inflation. In general, market participants were generally worried about the hard landing of the economy and poor performance of the stock markets in Chinese Mainland, in which it may also bring negative impact to Hong Kong stock market.

The year 2011 saw the decline of securities brokerage, asset management, investment and other businesses of the Group with investment banking and lending businesses still achieved relatively substantial growth as compared with the corresponding period of last year. Notwithstanding affected by negative market factors, net commission income from the securities brokerage businesses of the Group was decreased by 20.5% from last year. Income from asset management fees was dropped by 27.3% as compared with last year. Seed monies invested by the Group recorded a book loss due to significant stock market fluctuation. However, the investment banking business of the Group made good progress and had successfully sponsored ASR Holdings Limited (1803) and RENHENG Enterprise Holdings Limited (8012) to be listed on the Main Board and GEM Board respectively. We also completed several placing and financial advisory projects for different Hong Kong listed companies. Income from investment banking business was increased by 29.6% from last year. In addition, by leveraging on the strength of adequate financial resources, the Group expanded the scale of margin financing, pushing the Group's net interest income growth by 19.3% from last year.

In 2011, the Group actively kept up with the policy changes of the Chinese Mainland Government on business managed by Chinese funded Hong Kong subsidiaries engaging in securities investment in Chinese Mainland as Renminbi Qualified Foreign Institutional Investor ("RQFII"). At the end of last year, the holding company of the Group, Shenyin Wanguo (H.K.) Holdings Limited, obtained the RQFII business qualifications approved by China Securities Regulatory Commission ("CSRC") with a RQFII limit of RMB900 million approved by State Administration of Foreign Exchange, and authorized Shenyin Wanguo Asset Management (Asia) Limited, a subsidiary of our Group, for its operation and management, thereby expanding the scope and size of the Group's asset management business.

In August 2011, the judgment by Hong Kong High Court favoured the Group regarding the legal proceedings between the Group and The New China Hong Kong Group Limited (In Creditors' Voluntary Liquidation) and The New China Hong Kong Development Limited (In Creditors' Voluntary Liquidation) (pursuant to the announcement of the Company dated 18 October 2011), which allowed the Group to successfully retrieve the shares valuing HK$43.18 million together with the respective dividends, totaling HK$85.98 million. After deducting the related expenses, the Group recorded a net gain of approximately HK$ 68.70 million for the year. With this, the historical issue that troubled the Group for many years had been resolved satisfactorily.

REVIEW OF OPERATIONS

For the year ended 31 December 2011, the Group recorded a net profit attributable to shareholders of approximately HK$74 million, representing a decrease of 61% over 2010. The turnover decreased by 25.4% to approximately HK$383 million (2010: HK$514 million). The basic earnings per share decreased by 61% to HK13.94 cents as compared to HK35.98 cents for last year.

Securities Broking

The securities brokerage business of the Group focused on the stock and futures markets in Hong Kong as well as the B-share market in Chinese Mainland. In 2011, market turnover was generally much the same as that of last year amid volatile Hang Seng Index. Affected by the adverse factors in the market, both commission income from and market share of the Group's securities broking business declined as compared with that of last year, and in particular, transactions from local retail investors shrank as compared with that of last year. However, commission income from futures and options brokerage increased as compared with that of last year. In 2011, the brokerage business of the Group recorded a revenue of HK$234 million, down by 23.6% from HK$306 million in last year. Commission income from futures and options brokerage increased by 87.3% as compared with that of last year.

In respect of business expansion, during 2011, the Group made good progresses in promoting sales to overseas institutional clients and expansion of local retail teams, which laid a solid foundation for future business development.

Securities Financing

In 2011, by leveraging on its abundant financial resources, the Group enlarged the scale of its margin loans, and for the whole year of 2011, the Group recorded an interest income of HK$82.64 million, representing a growth of 19.5% as compared to HK$69.13 million for 2010.

The Group will continue as usual to exercise caution in granting securities financing to clients, closely monitor its respective credit policy and perform regular reviews and assessments 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 2011, Shenyin Wanguo Capital acted as the sponsor to ASR Holdings Limited and RENHENG Enterprise Holdings Limited for their respective listings on the Main Board and GEM Board of the Hong Kong Stock Exchange. During 2011, Shenyin Wanguo Capital acted as underwriter for various new issues, participated in a number of share placements, acted as the compliance adviser for nine listed companies and completed a number of financial advisory assignments.

Securities Research

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 key 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. During 2011, a total of 48 investment analysts from our parent company came to Hong Kong. They performed roadshows to meet with international clients in Hong Kong, and some joined our annual investment conference in Hong Kong. We believe that such visits are beneficial to the collaboration between our parent company and us on the research and investment banking fronts.

Asset Management

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 year, the global capital markets were highly volatile and the European sovereign debt problem remained challenging to resolve, funds of the Group drew back along with indices while the performance was better than those of comparable funds managed by other fund houses. When approaching the year end, the asset management team acquired the authorization of RQFII with Shenyin Wanguo (H.K.) Holdings Limited, the holding company of the Group, from the CSRC and the authorization of two public mutual funds from the Securities and Futures Commission of Hong Kong. At the same time, the asset management team is also collaborating with Korean, Japanese and Taiwanese banks, insurance companies and fund houses to create new asset management products. At the moment, such products include traditional funds as well as RMB products, wrap accounts, authorised funds, and investment advisory products. The Group launched two new mutual fund products in the first quarter of 2012, to illustrate its continued effort in asset management.

Mr. Ying Niankang was appointed as the executive director of the Company in August 1997 and retired in March 2012. During Mr. Ying's tenure of service as executive director of the Group, it was the time that Hong Kong suffering from a number of bursting of financial asset bubbles, with Mr. Ying's expertise and extensive experience, he made valuable contribution towards the Group in navigating through these difficulties as well as its long term development. On behalf of the Board and all staff of the Group, I would like to express our gratitude and respect to Mr. Ying for his contribution towards the Group.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31 December 2011, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was HK$1,184 million.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2011, the Group had a cash holding of HK$393 million and short-term marketable securities of HK$136 million. As at 31 December 2011, the Group's total unutilised banking facilities amounted to HK$761 million, of which HK$288 million could be drawn down without the need of notice nor completion of condition precedent.

As at 31 December 2011, the Group had no outstanding bank borrowings and the liquidity ratio (current assets to current liabilities) was 1.52.

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 did not hold any significant investment and 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 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 31 December 2011, all advances to customers were margin financing and amounted to HK$573 million (2010: HK$898 million), of which 9% (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 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 2011.

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 2011.

EMPLOYEES AND TRAINING

As at 31 December 2011, the total number of full-time employees was 233 (2010: 227). The total staff costs for the year (excluding directors' fees) amounted to approximately HK$115 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 organised a Continuous Professional Training seminar in September 2011 for all licensed staff members.

FUTURE PLAN & PROSPECTS

In 2012, the global economy will continue to be threatened by national debt crisis in the Eurozone. The US economy recovery trend is picking up, but certain problems like high unemployment rate, sluggish real estate market and lack of confidence of consumers and enterprises have no obvious sign of improvement. The global financial market continues to face a turbulent and unstable situation. As affected by the above, it is expected that it will still take time to restore the market sentiment in the Hong Kong securities market.

From the economy of Chinese Mainland perspective, the price index has fallen back recently, which has indicated that the inflation trend is under control to a certain extent. According to the mindset of the Central Economic Work Conference, in 2012, the Central Government will continue to implement a proactive fiscal policy and prudent monetary policy to maintain the continuity and stability of the macro economy policy. It can be expected that economy of Chinese Mainland will maintain a relatively steady growth, which will give a positive support for the securities market in Hong Kong in 2012. In general, the securities market in Hong Kong will probably continue to rally with occasional corrections in 2012.

In the coming year, in order to match with the development vision and objective proposed in the five-year plan by the parent company, the Group will employ a working principle of intensifying transformation, strengthening foundation, creative innovation and enhancing quality to continue the development of its securities broking business through further adjustment and expansion of institutional sales team. It is hoped that the growth momentum for institutional sales in the coming year will be fully restored. For the retail business, the Group will co-operate with the relevant departments of parent company to actively explore new channel for development in the domestic Chinese Mainland market through the parent company's various platforms, such as investment consultants, wealth management and institutional marketing. At the same time, by fully leveraged on its strengths in adequate financial resources, standard management and complete back office system, the Group will attract valuable talents and professional teams to cope with the transformation and innovative development of the Company. In 2012, the Group will promote vigorously the online trading business in which it will take it as an important means to increase trading volume, improve market share and expand commission income. For the assets management business, the Group intends to step on the opportunities of obtaining the RQFII qualifications to actively promote the issuance of Shenyin Wanguo China Policy Focus Fund and Shenyin Wanguo RMB Mainland Investment Fund to enhance its product marketing ability in assets management business. At the same time, the Group will continue to expand its assets management business in the nearby overseas market, such as South Korea, Japan, Singapore and Taiwan etc. 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 with a view to diversifying the income structure 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.

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, 11 May 2012 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 2011.

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 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 2011 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 2011 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
Chu Xiaoming
Chairman

Hong Kong, 9 March 2012

As at the date of this announcement, the Board of the Company comprises 9 directors, of which Mr. Chu Xiaoming, Mr. Lu Wenqing, Mr. Guo Chun and Mr. Lee Man Chun Tony 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.