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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 2012

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 2012 together with comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	2012 HK\$	2011 HK\$
REVENUE	4	293,991,742	383,312,131
Commission expenses		(48,569,149)	(64,701,935)
Employee benefit expenses		(111,133,312)	(117,497,668)
Depreciation expenses		(9,361,278)	(8,802,207)
Interest expenses for financial services operations		(441,857)	(1,507,632)
Impairment loss of an available-for-sale investment		(2,330,221)	-
Other gains		3,682,510	980,464
Other expenses, net		(94,028,435)	(113,974,036)
PROFIT BEFORE TAX	5	31,810,000	77,809,117
Income tax expense	6	(1,648,515)	(3,801,137)
PROFIT FOR THE YEAR		30,161,485	74,007,980
Attributable to:			
Owners of the Company		30,151,847	74,003,499
Non-controlling interests		9,638	4,481
		30,161,485	74,007,980
DIVIDENDS	7	7,961,387	20,168,847
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK5.68 cents	HK13.94 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
PROFIT FOR THE YEAR	<u>30,161,485</u>	<u>74,007,980</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	546,897	(4,166,697)
Reclassification adjustments for loss/(gain) included in the consolidated income statement		
- gain on disposal	(144,587)	-
- impairment loss	2,330,221	-
Income tax effect	<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>2,732,531</u>	<u>(4,166,697)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>32,894,016</u>	<u>69,841,283</u>
Attributable to:		
Owners of the Company	32,884,378	69,836,802
Non-controlling interests	<u>9,638</u>	<u>4,481</u>
	<u>32,894,016</u>	<u>69,841,283</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2012 HK\$	31 December 2011 HK\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		17,047,853	17,811,857
Stock and Futures Exchange trading rights		4,211,831	4,211,831
Other assets		16,282,236	16,989,494
Available-for-sale investments	9	12,624,430	12,595,080
Deferred tax assets		877,503	1,437,686
Total non-current assets		<u>51,043,853</u>	<u>53,045,948</u>
CURRENT ASSETS			
Investments at fair value through profit or loss		360,020,854	136,490,550
Accounts receivable	10	478,246,702	228,109,841
Loans and advances		1,138,486,758	560,272,894
Prepayments, deposits and other receivables		15,886,779	12,928,269
Tax recoverable		5,225,274	7,579,700
Bank balances held on behalf of customers		2,335,223,269	1,981,941,336
Cash and cash equivalents		193,914,276	392,691,823
Total current assets		<u>4,527,003,912</u>	<u>3,320,014,413</u>
CURRENT LIABILITIES			
Accounts payable	11	2,692,540,606	2,107,840,448
Other payables and accruals		63,648,116	75,724,789
Interest-bearing bank borrowings		614,697,682	-
Tax payable		1,819,397	2,400,066
Total current liabilities		<u>3,372,705,801</u>	<u>2,185,965,303</u>
NET CURRENT ASSETS		<u>1,154,298,111</u>	<u>1,134,049,110</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,205,341,964</u>	<u>1,187,095,058</u>
NON-CURRENT LIABILITY			
Deferred tax liability		582,799	368,653
Net assets		<u>1,204,759,165</u>	<u>1,186,726,405</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		265,379,563	265,379,563
Reserves		928,784,694	903,861,703
Proposed final dividends	7	7,961,387	14,861,256
Non-controlling interests		<u>1,202,125,644</u>	<u>1,184,102,522</u>
		<u>2,633,521</u>	<u>2,623,883</u>
Total equity		<u>1,204,759,165</u>	<u>1,186,726,405</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, corporate finance and asset management.

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.

Changes in accounting policy and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

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>	Corporate finance and asset management <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 December 2012					
Segment revenue from external customers	<u>9,231,808</u>	<u>164,989,293</u>	<u>75,873,519</u>	<u>43,897,122</u>	<u>293,991,742</u>
Segment results and profit before tax	<u>(51,741,682)</u>	<u>18,883,379</u>	<u>62,279,384</u>	<u>2,388,919</u>	<u>31,810,000</u>
	Securities trading and investment holding <i>HK\$</i>	Securities broking and dealing <i>HK\$</i>	Securities financing and direct loans <i>HK\$</i>	Corporate finance and asset management <i>HK\$</i>	Total <i>HK\$</i>
Year ended 31 December 2011					
Segment revenue from external customers	<u>43,900,289</u>	<u>235,207,309</u>	<u>69,920,850</u>	<u>34,283,683</u>	<u>383,312,131</u>
Segment results and profit before tax	<u>29,578,080</u>	<u>(8,861,472)</u>	<u>56,416,039</u>	<u>676,470</u>	<u>77,809,117</u>

Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no further analysis of geographical information is presented.

4. REVENUE

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

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Financial services:		
Commission and brokerage income	186,535,948	233,923,507
Interest income from securities financing and direct loans	50,759,722	69,901,348
Net fair value gains/(losses) on securities and futures contracts trading	6,175,743	(43,220,098)
Income from the rendering of services	23,814,935	23,166,942
	<u>267,286,348</u>	<u>283,771,699</u>
Others:		
Gain on disposal of an unlisted available-for-sale investment	-	43,186,821
Gain on disposal of a listed available-for-sale investment	144,587	-
Bank interest income	25,113,797	12,739,203
Dividend income from:		
Unlisted available-for-sale equity investment	-	42,798,176
Listed available-for-sale equity investments	140,303	189,524
Listed equity investments at fair value through profit or loss	1,083,792	494,850
Others	222,915	131,858
	<u>26,705,394</u>	<u>99,540,432</u>
	<u>293,991,742</u>	<u>383,312,131</u>

5. PROFIT BEFORE TAX

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

	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Interest expenses for financial services operations on bank loans and overdrafts wholly repayable within five years	441,857	1,507,632
Minimum lease payments under operating leases in respect of land and buildings	30,061,040	30,713,597
Net realised losses/(gains) on trading of listed equity investments and futures contracts	638,597	(2,616,387)
	<u>638,597</u>	<u>(2,616,387)</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Current – Hong Kong		
Charge for the year	1,574,285	6,841,454
Underprovision in prior years	-	7,738
Overprovision in prior years	(897,708)	(4,114,493)
Current – Elsewhere	197,609	174,771
Deferred	774,329	891,667
	<u>1,648,515</u>	<u>3,801,137</u>

7. DIVIDENDS

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Interim – Nil (2011: HK1 cent per ordinary share)	-	5,307,591
Proposed final – HK1.5 cents (2011: HK2.8 cents) per ordinary share	7,961,387	14,861,256
	<u>7,961,387</u>	<u>20,168,847</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

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\$30,151,847 (2011: HK\$74,003,499) and 530,759,126 (2011: 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

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	2,558,532	2,922,464
Unlisted equity investment	7,595,898	7,202,616
Unlisted club debentures	2,470,000	2,470,000
	<u>12,624,430</u>	<u>12,595,080</u>

10. ACCOUNTS RECEIVABLE

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Accounts receivable	500,016,585	249,879,724
Less: Impairment	<u>(21,769,883)</u>	<u>(21,769,883)</u>
	<u>478,246,702</u>	<u>228,109,841</u>

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\$96,299,771 (2011: HK\$111,666,265) bear interest at interest rates with reference to the prime rate (2011: 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:

	2012 <i>HK\$</i>	2011 <i>HK\$</i>
Within 1 month	421,491,715	157,896,391
1 to 2 months	4,084,693	52,778,765
2 to 3 months	1,603,466	1,034,757
Over 3 months	72,836,711	38,169,811
	<u>500,016,585</u>	<u>249,879,724</u>

Included in the accounts receivable balance as at 31 December 2012 is a broker receivable amount due from the ultimate holding company of HK\$12,887,538 (2011: HK\$2,399,663) 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:

	2012	2011
	HK\$	HK\$
Within 1 month	<u>2,692,540,606</u>	<u>2,107,840,448</u>

Included in the accounts payable balance as at 31 December 2012 was a broker payable amount due to the ultimate holding company of the Company of HK\$12,213,668 (2011: HK\$544,126) 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 2012 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$164,183 (2011: HK\$288,930) 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\$2,005,969,578 (2011: HK\$1,830,837,636), 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 HK1.5 cents per ordinary share in respect of 2012, to shareholders whose names appear on the register of members of the Company on 20 May 2013. The proposed dividend will be paid on or about 30 May 2013 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, 6 May 2013 to Friday, 10 May 2013, 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 2013 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, 3 May 2013; and
- b. from Thursday, 16 May 2013 to Monday, 20 May 2013, 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 Wednesday, 15 May 2013.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

REVIEW OF MARKET IN 2012

Since the beginning of 2012, the Hong Kong market was deeply encumbered by the European debt crisis, along with the impact of economic growth slowdown in Chinese Mainland and the significant fluctuation trend of Hang Seng Index. In the first quarter, Hang Seng Index reached its high of 21,760 from 18,877. However, since the second quarter, with the deepening European debt crisis and the dipping of GDP growth in Chinese Mainland, the Hang Seng Index experienced a volatile downward trend and plunged into its low of 18,056 for the year on 4 June. In the third quarter, Hang Seng Index rebounded to its high of 20,896 in September from its low of 18,711 in July. Stimulated from many favourable factors like the launching of QE3 by the US Federal Reserve, the mitigation of the European debt crisis and market expectation on the bottoming out of the Chinese Mainland economy growth rate, Hang Seng Index picked up its upward trend again in the third quarter. In the fourth quarter, with promising market expectation and the influx of tremendous amount of international hot money into Hong Kong, the Hong Kong market continued its upward trend from the previous quarter with Hang Seng Index reaching its annual high of 22,150 in mid-November. Entering into December, Hang Seng Index maintained its high level of above 22,000 in most of the trading days, and reached its record high of 22,719 towards the end of the year. Based on the market trading volume, the average daily turnover of the Hong Kong Stock Exchange in 2012 was HK\$53.9 billion, representing a decrease of 23% as compared with the average daily turnover of HK\$69.7 billion in 2011.

In 2012, the overall economic growth of Chinese Mainland showed a slowing down trend. According to the information released by the National Bureau of Statistics, the annual growth rate of Chinese Mainland GDP was 7.8%. As compared with the two digits long-term growth rate in the past three decades, the Chinese Mainland economic growth rate recorded its lowest level in the past 11 years. In 2012, the Central Government implemented a proactive fiscal policy and a prudent monetary policy, actively took various measures to expand the domestic consumption demand, maintained a stable growth in investment, and facilitated a recovery growth in foreign trade export. In November last year, with the holding of the Eighteenth National Congress of the CPC, the replacement of collective leadership was completed smoothly. The market expected that the Chinese Mainland economy had bottomed out in the third quarter of last year. Affected by the above, the booming sentiment also returned to the Hong Kong stock market in the fourth quarter of last year.

In 2012, net commission income and net interest income of the Group were decreased, whereas income from asset management and investment income from seed monies invested by the Group recorded a significant increase. As the turnover of Hong Kong stock market was shrunk in 2012, net commission income of the Group from the secondary market was decreased by 16.55% as compared with that of the previous year. Last year, the Hong Kong stock market was lack lustre with the reduced numbers of new listings, thus resulting in a decline of the margin loan business of the Group, with net interest income decreased by 7.03% as compared with that of the previous year. However, the investment banking business of the Group made good progress and had successfully sponsored DYNAM JAPAN HOLDINGS Co., Ltd., a Japanese company, listed on the Main Board. We also completed several placing and financial advisory projects for different Hong Kong listed companies. Income from investment banking business represented a slight increase from last year.

In 2012, the Group facilitated its business transformation according to market changes as well as the development strategy of its parent company. We established a wealth management centre for promoting various financial products including bonds, funds, overseas stocks and commodity futures to clients, thereby expanding its sources of income. Shenyin Wanguo (H.K.) Holdings Limited, the holding company of the Group, obtained the RQFII business qualifications approved by China Securities Regulatory Commission with a RQFII quota of RMB900 million approved by State Administration of Foreign Exchange, and it authorised Shenyin Wanguo Asset Management (Asia) Limited, a subsidiary of our Group, for its operation and management. After nearly a year of operation, our RQFII business was progressing well, and the size of the Group's asset management business had significantly expanded as compared with the previous year. In 2012, the Group completed the new online trading for U.S. stocks, Australian stocks and U.K. stocks, and increased many global bulk commodity futures trading product categories. Currently, the online trading platform of the Group has covered not only the spot and futures markets in Hong Kong, but the major stock markets in the United States, United Kingdom, and Australia. It also radiates into the world's major commodity futures markets with trading commodities categories including various bulk commodities such as precious metals, non-ferrous metals, energy and agricultural products, and soft commodities; and engages in cross-border, cross-market and cross-spot and

futures comprehensive trade businesses. In 2012, the Group further integrated its institutional trading service platform, and the proportion of institutional trading services was further increased with satisfactory development and progress in such businesses.

In 2012, the Group established its new business operating processes to cope with its risk management needs for new businesses, and reviewed, amended and supplemented its corresponding internal control systems, of which it included bond trading, bond financing, and products sales etc. With a positive and serious attitude, the Group responded to the Securities and Futures Commission of Hong Kong in respect of the various issues relating to the monitoring and internal review aspects against the 4 licensed subsidiaries of the Company that were raised up during its routine inspection on such subsidiaries; and under the recommendations of the Securities and Futures Commission of Hong Kong, the Group took various measures to strengthen and improve its internal control systems, enhance its risk management and level of its internal control for compliance.

REVIEW OF OPERATIONS

For the year ended 31 December 2012, the Group recorded a net profit attributable to shareholders of approximately HK\$30 million, representing a decrease of 59.3% over 2011. The turnover decreased by 23.3% to approximately HK\$294 million (2011: HK\$383 million). The basic earnings per share decreased by 59.3% to HK5.68 cents as compared to HK13.94 cents for last year.

Securities Broking

The securities brokerage business of the Group covered the stock and futures markets in Hong Kong, the B-share market in Chinese Mainland and other major stock markets like U.S., United Kingdom, Australia and Japan, as well as global major commodity futures markets. In 2012, the market turnover was generally light amid volatile Hang Seng Index. The average daily turnover of the Stock Exchange was decreased by 23% as compared with that of last year. Affected by the adverse factors in the market, the Group recorded a commission and brokerage income of HK\$187 million from the primary and secondary markets in 2012, decreased by 20.1% as compared with HK\$234 million of last year. Commission income from futures and options brokerage decreased by 20.9% as compared with that of last year. In respect of business expansion, during 2012, the Group made good progresses in promoting sales to overseas institutional clients with the proportion of institutional sales increasing, and the market share of the Group rose as compared with that of last year. The Group actively commenced its wealth management business and promoted the transformation of the brokerage business and achieved certain results.

Securities Financing

In 2012, by leveraging on its abundant financial resources, the Group commenced the margin loan business and actively expanded new businesses such as bond financing and B-share financing. However, as affected by the significant decline in both the trading volume of the Stock Exchange in 2012 and the raising of funds from the IPO, the Group recorded a net interest income of HK\$75.43 million, representing a reduction of 7.03% as compared to HK\$81.13 million for 2011.

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 January and August 2012, Shenyin Wanguo Capital acted as the sponsor to ASR Holdings Limited and DYNAM JAPAN HOLDINGS Co., Ltd. for their respective listings on the Main Board of the Hong Kong Stock Exchange. Moreover, during 2012, Shenyin Wanguo Capital acted as the underwriter for various new issues and open offers, participated in a number of share placements, and was engaged as various financial advisers for 16 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. A securities research team of the Group provides professional support for our securities trading and broking businesses and produces regular reports on Hong Kong and Chinese Mainland securities markets. The reports also cover macroeconomics, market strategy as well as analyses on the key Chinese Mainland companies listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The research team of the Group also prepares detailed industry and company analytical reports for circulation to our clients.

During 2012, together with our parent company, we invited about 30 investment analysts to participate in a total of 107 international roadshows organised by the Group and met with our clients in Asia, the U.S. and U.K. We believe that such activities were beneficial to the collaboration between our parent company and us and posed positive impact on the research and investment banking fronts.

Asset Management

Shenyin Wanguo Asset Management (Asia) Limited (“SWAM”), a subsidiary of the Group, is engaged in asset management business. In March 2012, SWAM successfully launched two Hong Kong public mutual funds: “Shenyin Wanguo RMB Mainland Investment Fund” (RQFII Fund) and “Shenyin Wanguo China Policy Focus Fund” (CPF Fund). Despite great challenges in the financial market environment, the RQFII Fund of SWAM outperformed not only the benchmark index but also the average standard of comparable funds. By the end of 2012, the size of RQFII Fund has reached more than 90% of the approved RQFII quota. CPF Fund also demonstrated an outstanding performance. Not only had CPF Fund outperformed the benchmark index, it had also surpassed various competitors in the sector. A Taiwan public fund managed by SWAM as consultant also achieved outstanding performance in 2012.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31 December 2012, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was approximately HK\$1.2 billion.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2012, the Group had a cash holding of HK\$194 million and short-term marketable securities of HK\$360 million. As at 31 December 2012, the Group’s total unutilised banking facilities amounted to HK\$536 million, of which HK\$296 million could be drawn down without the need of notice nor completion of condition precedent.

As at 31 December 2012, the Group had outstanding short-term bank borrowings amounting to HK\$615 million. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2012 were 1.34 and 0.51 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 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 2012.

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 2012, all advances to customers were margin financing and amounted to HK\$1,152 million (2011: HK\$573 million), of which 6 % (2011: 9%) 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 2012.

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 2012.

EMPLOYEES AND TRAINING

As at 31 December 2012, the total number of full-time employees was 219 (2011: 233). The total staff costs for the year (excluding directors' fees) amounted to approximately HK\$111 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 October 2012 for all licensed staff members.

FUTURE PLAN & PROSPECTS

In 2013, the global economy will continue to be threatened by the national debt crisis in the Eurozone. The U.S. deficit issue is yet to be solved. In addition, certain problems like high unemployment rate, sluggish real estate market and lack of confidence of consumers and enterprises will continue to perplex the U.S. economy. The global financial market will continue to encounter a great deal of uncertainties in which they will exert pressure on the Hong Kong securities market.

From the economy of Chinese Mainland's perspective, the recent revival of A-share market had reflected that the overall economic bottoming out sign is confirmed by the market. The domestic market participants expect that, after the Chinese government session changes in March 2013, a new round of economic stimulating measures may be introduced in the future. By judging from its trend, the fast-growing period of Chinese Mainland economy is basically over, and economic structural adjustment will become the fundamental key of Chinese Mainland economic works during the next few years. According to the mindset of the Central Economic Work Conference, in 2013, the Central Government will continue to implement a proactive fiscal policy and a prudent monetary policy to maintain the continuity and stability of the macroeconomic policy. It can be expected that the economy of Chinese Mainland will maintain a relatively steady growth in which it will give a positive support for the securities market in Hong Kong in 2013. In general, the securities market in Hong Kong will probably continue to rally with occasional corrections in 2013.

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 adopt an operation principle of "accelerating transformation and innovation, improving system and mechanism, enhancing profitability and cultivating sustainable development competitiveness", pay close attention to changes in the most recent cross-border securities regulation policies from the CSRC, accelerate to promote the transformation of the three main businesses in securities brokerage, investment banking and asset management, make stable progress according to the new changes in Hong Kong market and the new trends of competition from counterparts, actively and positively explore new business model and profit model with emphasis on increasing operating income, enhancing net income level and improving profitability, thereby promoting the synergetic development of various businesses. For the retail business, the Group will continue to explore local market potential while co-operating with the parent company to develop the Chinese Mainland market businesses and proactively expand the wealth management business, develop various kinds of financial products such as fixed income products, overseas stocks and commodity futures. The Group will vigorously develop institutional sales business and further integrate and enhance overseas sales team to increase the proportion of institutional trade. For the assets management business, the Group intends to continue to apply new RQFII quota and issue new RQFII products to enhance its assets management product marketing capability. 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 10:00 a.m. on Friday, 10 May 2013 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 deviations from the Code Provisions A.4.1 and A.6.7 which are explained as below, the Company has met all the code provisions of Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1 January 2012 to 31 March 2012, and all the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the period from 1 April 2012 to 31 December 2012.

Code Provision A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election. In the first four months of 2012, the non-executive directors (including independent non-executive directors) of the Company were not appointed for specific terms, but each director is subject to retirement by rotation at least once every three years. In May 2012, the Company issued formal letter of appointment to each director (including non-executive director and independent non-executive director) pursuant to which each of them is appointed for a specific term, subject to retirement by rotation at least once every three years.

Code Provision A.6.7 specifies that independent non-executive directors and other non-executive directors should attend general meetings of the company and develop a balanced understanding of the views of shareholders. Due to other business engagements, a non-executive director and an independent non-executive director were unable to attend the annual general meeting of the Company held on 11 May 2012.

REVIEW BY AUDIT COMMITTEE

The final results for the year ended 31 December 2012 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 2012 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, 8 March 2013

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. Zhang Lei 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.