I have pleasure in presenting to the shareholders the annual report of Shenyin Wanguo (H.K.) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2000.

REVIEW OF MARKETS IN 2000

Hong Kong

For the first quarter of 2000, the market sentiment was boosted due to the internet craze of the investors. The strong economic data, with the Gross Domestic Product surging 14.1% in real term, also fuelled the surge of the stock market. On 28 March 2000, the Hang Seng Index surged to a record high of 18,302. However, the market experienced a consolidation in the second quarter of the year following the downturn of the US market, the correction of the hi-tech stocks and the renewed cross-strait tension. On 26 May 2000, the Hang Seng Index slid to a low of 13,723. At the beginning of the third quarter of the year, the property related stocks led a rebound to above 17,000 after the government's clarification of the housing policy. The market sentiment of the fourth quarter was soured by the weakness in the US stock market, which was overshadowed by the worsening corporate earnings and the uncertainty in the presidential election.

Shanghai & Shenzhen

In 2000, China's domestic markets performed exceptionally well as compared with other Asian markets. The prolonged economic growth, rising liquidity, aggressive regulatory reforms and improving enterprise quality were the main factors driving up the A Share Indices in Shanghai and Shenzhen by 53.3% and 46.7% respectively. In the hope of an eventual merger with A Share market, the growth of B Share Indices was even more remarkable. Shanghai's B Share Index ended the year up 136% and Shenzhen's 63%.

FINANCIAL RESULT

For the year ended 31 December 2000, the Group's profit attributable to shareholders increased slightly from HK$24.6 million to HK$25.5 million. The turnover surged approximately 170% to HK$509 million (1999: HK$188 million). However, the increase was offset by the increased interest expenses for financial services operation of HK$34.9 million, the increased staff cost of HK$16.4 million and the increased depreciation and amortisation expenses of HK$3.7 mllion. Such increases were largely attributable to the expansion of the business by establishing retail branch offices, the improvements to our trading and settlement systems in response to the launch of AMS/3 and the increased demand of margin funds during the buoyant market in the first half of the year under review. Consequently, the profit from operating activities fell by approximately 44%. However, a growth of approximately 39% in the share of profits of jointly-controlled entities made up for the decrease in profit from operating activities.

The Board of Directors has resolved not to recommend any dividend in respect of the year ended 31 December 2000 (1999: Nil).

FUTURE PLAN & PROSPECTS

The global economy continued to be overshadowed by the US economic slowdown, Japan's stagnant economy and the slower growth in domestic demand in East Asia in the first quarter of 2001. On a brighter side, the stable growth of the European markets, the mainland's imminent accession into the World Trade Organisation, the relatively low unemployment rate, the downtrend in the interest rates and the reduced tension of the international oil market will continue to sustain a moderate economic growth of Hong Kong in 2001.

In 2001, the Group will continue to focus on the local and the mainland's stock markets. The Directors believe that with the China's imminent accession into the World Trade Organisation, the stock market reform and other encouraging economic data, the mainland's stock market will relatively outperform that of Hong Kong in 2001. The reduced role of the PRC government in the mainland's enterprises will lead to more mainland enterprises' fund-raising activities both in the mainland and Hong Kong, which remains a China's leading financial centre in raising capital for enterprises in China. The refocusing on China companies by international investors has led to a recovery of the mainland's stock markets as well as more major PRC corporations listed in Hong Kong. The Group will make extra efforts to tap more opportunities of participating in such fund raising activities by capitalising on our expertise and familiarity with the mainland's stock markets and strengthen its position as a leading player of mainland's shares in Hong Kong.

FUTURE PLAN & PROSPECTS *(continued)*

On the back of our Shanghai-based parent company, the Group will take advantage in the growing collaboration between Hong Kong and Shanghai. As part of our enhanced marketing effort, our research team jointly with our parent company's research team organised in March 2001 a B Share seminar shortly after the mainland's stock regulators announced it would allow PRC investors to invest in B shares. The seminar was warmly received by our clients. To expand our variety of services, the Group is considering developing an interface where we can place B Share trade orders via our parent company's online trading system in the mainland so as to speed up the process for placing orders on behalf of our clients.

The Directors would like to take this opportunity to thank all our staff for their dedication and hard work, and finally our shareholders and clients for their trust and support over the past year.

Jiang Guofang
Chairman

Hong Kong
20 April 2001