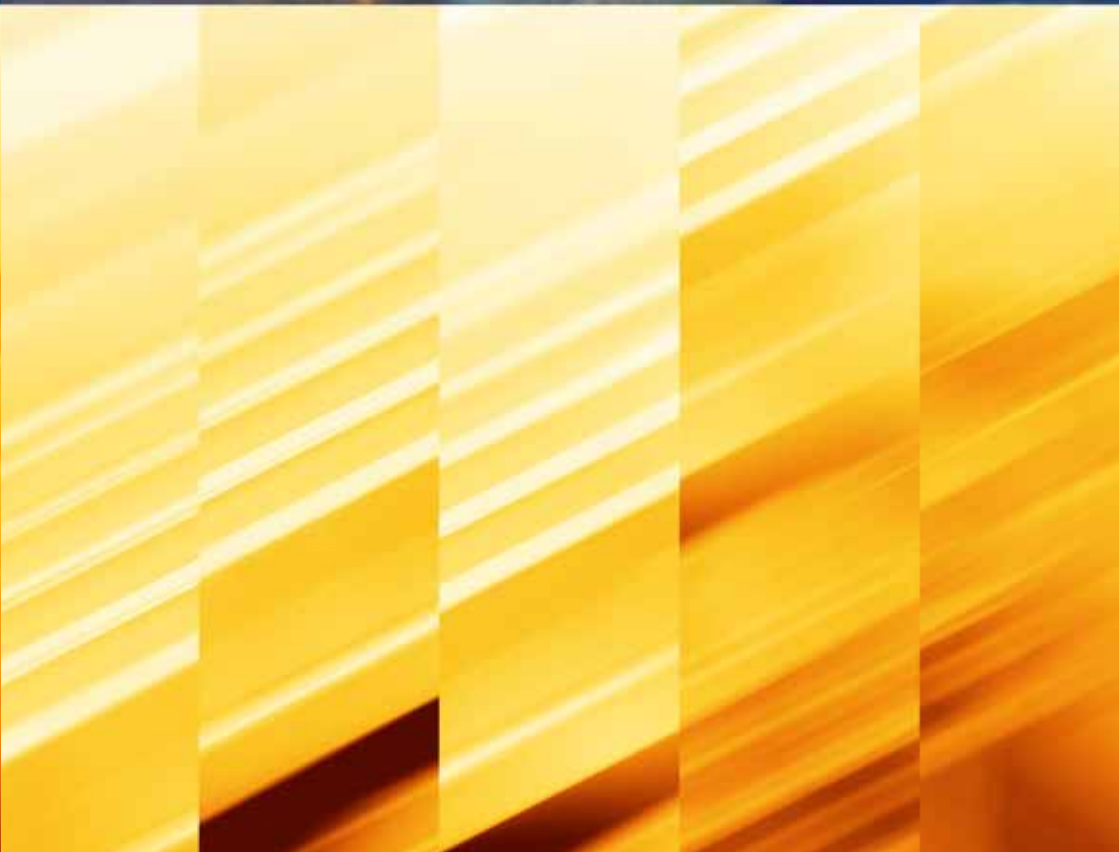




Shenyin Wanguo (H.K.) Limited
申銀萬國(香港)有限公司

(Stock Code : 218)

Interim Report **2009**



RESULTS

The Directors of Shenyin 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 2009 together with comparative figures for the corresponding period of last year.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
	<i>Notes</i>	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
REVENUE	3	134,723	149,553
Other gains	3	605	334
Commission expenses		(41,356)	(44,512)
Employee benefits expenses		(33,747)	(47,672)
Depreciation expenses		(3,292)	(2,787)
Interest expenses for financial services operations		(4)	(913)
Fair value gains on an unlisted financial instrument at fair value through profit or loss		519	23,134
Other expenses, net		(36,582)	(32,928)
Share of profits of associates		–	12,640
PROFIT BEFORE TAX	4	20,866	56,849
Tax	5	(2,865)	(6,446)
PROFIT FOR THE PERIOD		18,001	50,403
Attributable to:			
Equity holders of the Company		18,375	50,427
Minority interests		(374)	(24)
		18,001	50,403
INTERIM DIVIDEND	6	5,308	7,961
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		3.46 cents	9.50 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	18,001	50,403
Other comprehensive income for the period:		
Available-for-sale investments:		
Change in fair value during the period	2,705	(41,902)
Deferred tax	–	7,430
Share of exchange difference on translation of financial statements of overseas associates	–	7,709
Other comprehensive income for the period, net of tax	2,705	(26,763)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	20,706	23,640
Total comprehensive income attributable to:		
Equity holders of the Company	21,080	23,664
Minority interests	(374)	(24)
	20,706	23,640

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,950	9,476
Prepaid land lease payments		1,379	1,399
Stock and Futures Exchange trading rights		4,212	4,212
Other assets		10,426	9,497
Goodwill		57,632	57,632
Financial instruments	8	160,154	156,930
Deferred tax assets		3,037	3,037
Total non-current assets		244,790	242,183
CURRENT ASSETS			
Investments at fair value through profit or loss	8	72,377	65,813
Accounts receivable	9	445,606	183,658
Loans and advances	10	1,701,098	191,159
Prepayments, deposits and other receivables		9,503	7,910
Tax recoverable		9,618	8,739
Bank balances held on behalf of customers		1,409,327	1,355,956
Cash and cash equivalents		337,141	500,303
Total current assets		3,984,670	2,313,538
CURRENT LIABILITIES			
Accounts payable	11	1,943,011	1,503,626
Other payables and accruals		66,488	64,037
Interest-bearing bank borrowings	12	1,248,750	-
Tax payable		3,661	35,906
Total current liabilities		3,261,910	1,603,569
NET CURRENT ASSETS		722,760	709,969
TOTAL ASSETS LESS CURRENT LIABILITIES		967,550	952,152
NON-CURRENT LIABILITIES			
Other payables		2,206	2,206
Net assets		965,344	949,946
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		265,380	265,380
Reserves		691,651	675,879
Proposed/declared dividends		5,308	5,308
Minority interests		962,339	946,567
		3,005	3,379
Total equity		965,344	949,946

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company								
		Issued share capital HK\$ '000	Share premium account HK\$ '000	Capital reserve HK\$ '000	Available- for-sale investment revaluation reserve HK\$ '000	Exchange fluctuation reserve HK\$ '000	General reserve HK\$ '000	Retained profits HK\$ '000	Proposed/ declared dividends HK\$ '000	Total equity HK\$ '000
	<i>Note</i>									
At 1 January 2008 (audited)		265,380	314,740	15	43,407	13,746	138	339,476	47,768	1,024,670
Profit/(loss) for the period (unaudited)		-	-	-	-	-	-	50,427	-	50,403
Other comprehensive income		-	-	-	(34,472)	7,709	-	-	-	(26,763)
Total comprehensive income for the period		-	-	-	(34,472)	7,709	-	50,427	-	23,664
Contribution by a minority shareholder		-	-	-	-	-	-	-	-	2,000
Final and special 2007 dividends declared		-	-	-	-	-	-	-	(47,768)	(47,768)
Interim 2008 dividend declared	6	-	-	-	-	-	-	(7,961)	7,961	-
At 30 June 2008 (unaudited)		265,380	314,740	15	8,935	21,455	138	381,942	7,961	1,000,566
										3,670
										1,004,236

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Attributable to equity holders of the Company										
	Issued share capital	Share premium account	Capital reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	General reserve	Retained profits	Proposed/declared dividends	Total	Minority interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (audited)	265,380	314,740	15	(1,266)	21,648	138	340,604	5,308	946,567	3,379	949,946
Profit/(loss) for the period (unaudited)	-	-	-	-	-	-	18,375	-	18,375	(374)	18,001
Other comprehensive income	-	-	-	2,705	-	-	-	-	2,705	-	2,705
Total comprehensive income for the period	-	-	-	2,705	-	-	18,375	-	21,080	(374)	20,706
Final 2008 dividend declared	-	-	-	-	-	-	-	(5,308)	(5,308)	-	(5,308)
Interim 2009 dividend declared	-	-	-	-	-	-	(5,308)	5,308	-	-	-
At 30 June 2009 (unaudited)	265,380	314,740	15	1,439	21,648	138	353,671	5,308	962,339	3,005	965,344

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2009 (Unaudited) <i>HK\$'000</i>	2008 (Unaudited) <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	(1,404,839)	162,316
Net cash outflow from investing activities	(1,765)	(1,010)
Net cash inflow/(outflow) from financing activities	1,238,692	(107,768)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(167,912)	53,538
Cash and cash equivalents at beginning of period	500,303	51,340
CASH AND CASH EQUIVALENTS AT END OF PERIOD	332,391	104,878
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	284,899	32,044
Time deposits with original maturity of less than three months when acquired	52,242	72,834
Bank overdrafts	(4,750)	-
	332,391	104,878

NOTES TO CONDENSED FINANCIAL STATEMENTS

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 2008, 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) Impact of new and revised Hong Kong Financial Reporting Standards

HKFRS 8 Operating Segments

The adoption of HKFRS 8 has changed the segments that are disclosed in the interim financial statements. Previously, segments were identified based on the strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. Under HKFRS 8, operating segments are identified based on the internal management reporting information which is the measure reported regularly to the chief operating decision maker for the purposes of making decisions about allocating resources to the segments and assessing their performances.

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

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Impact of new and revised Hong Kong Financial Reporting Standards (Cont'd)

HKAS 1 (Revised) *Presentation of Financial Statements*

This revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure.

The adoption of HKAS 1 (Revised) has no effect on the results reported in the Group's consolidated financial statements. However, it results in certain presentational changes in the Group's financial statements, including:

- the presentation of all items of income and expenditure in two statements, the "Income statement" and "Statement of comprehensive income"; and
- the adoption of revised title "Statement of financial position" for the "Balance sheet".

The Group has also adopted the following amendments and interpretations issued by the HKICPA. However, the adoption of these amendments and interpretations has had no material effect on these financial statements.

HKFRSs Amendments	<i>Improvements to HKFRSs</i> * (excluding amendment to HKFRS 5)
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

1. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Impact of 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.

HKFRSs Amendments	<i>Improvements to HKFRS 5¹</i>
HKFRS 3 (Revised)	<i>Business Combinations¹</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements¹</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items¹</i>
HK(IFRIC)-Int 17	<i>Distribution of Non-cash Assets to Owners¹</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers¹</i>

¹ *Effective for annual periods beginning on or after 1 July 2009*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

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

	Securities trading and investment holding		Securities broking and dealing		Securities financing and direct loans		Investment advisory services		Total
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000 (Restated)	
Segment revenue from external customers	7,995	(22,509)	111,304	127,285	11,561	32,490	3,863	12,287	149,553
Segment results	6,210	(140)	11,335	20,482	8,345	21,908	(5,024)	1,959	44,209
Share of profits of associates									12,640
Profit before tax									56,849

An analysis of the Group's assets by operating segments at the date of statement of financial position is set out below:

	Securities trading and investment holding		Securities broking and dealing		Securities financing and direct loans		Investment advisory services		Total
	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000	
Segment assets	302,055	291,572	2,185,477	2,022,527	1,703,235	194,835	19,479	25,756	4,210,246
Unallocated assets:									
Property, plant and equipment							5,706	8,382	
Prepaid land lease payments							1,420	1,440	
Tax recoverable							9,618	8,739	
Unlisted club debentures classified as available-for-sale investments							2,470	2,470	
Total assets							4,229,460	2,555,721	

3. REVENUE AND OTHER GAINS

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

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue		
Financial services:		
Commission and brokerage income	109,545	116,749
Interest income from securities financing and direct loans	11,552	32,441
Net fair value gains/(losses) on securities and futures contracts trading	7,386	(23,309)
Income from rendering of services	2,513	12,961
	130,996	138,842
Others:		
Bank interest income	3,149	10,133
Dividend income from:		
Listed equity investments at fair value through profit or loss	527	507
Others	51	71
	3,727	10,711
	134,723	149,553
Other gains		
Exchange gains, net	605	334

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Charitable donations	50	502
Minimum lease payments under operating leases in respect of land and buildings	12,321	9,421
Net realised losses/(gains) on trading of listed equity investments and futures contracts	(733)	707

5. TAX

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

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	2,862	6,296
Underprovision in prior years	3	150
	2,865	6,446

6. DIVIDEND

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interim dividend – HK1 cent (2008: HK1.5 cents) per ordinary share	5,308	7,961

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share amount is based on the unaudited profit for the period of HK\$18,375,698 (2008: HK\$50,427,760) and 530,759,126 (2008: 530,759,126) ordinary shares in issue during the period.

(b) Diluted earnings per share

No diluted earnings per share has been presented for the current and prior periods because there was no dilutive potential ordinary share in existence during these periods.

8. INVESTMENTS

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Financial instruments		
Available-for-sale investments, at fair value:		
Listed equity investments in Hong Kong	4,410	2,981
Host component of an unlisted hybrid financial instrument	25,520	24,244
Unlisted club debentures	2,470	2,470
	32,400	29,695
Available-for-sale investment, at cost:		
Unlisted equity investment	128,060	128,060
Embedded derivative component of an unlisted hybrid financial instrument, at fair value	(306)	(825)
	160,154	156,930
Investments at fair value through profit or loss		
Listed equity investments in Hong Kong, at fair value	40,627	45,334
Unlisted investment funds, at fair value	31,750	20,479
	72,377	65,813

9. ACCOUNTS RECEIVABLE

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Accounts receivable	467,527	205,579
Less: Impairment	(21,921)	(21,921)
	445,606	183,658

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 at the date of statement of financial position is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 1 month	442,100	173,406
1 to 2 months	628	308
2 to 3 months	170	2,381
Over 3 months	24,629	29,484
	467,527	205,579

Included in the accounts receivable balance as at 30 June 2009 is a broker receivable amount due from the ultimate holding company of the Company of HK\$17,550,904 (31 December 2008: HK\$7,510,926) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement day of the relevant transactions.

10. LOANS AND ADVANCES

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Loans and advances to customers:		
Secured	1,712,059	202,120
Unsecured	2,212	2,212
	1,714,271	204,332
Less: Impairment	(13,173)	(13,173)
	1,701,098	191,159

The maturity profile of the loans and advances to customers at the date of statement of financial position is analysed by the remaining period at date of statement of financial position to the contractual maturity date as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 1 month	1,290,128	–
Repayable on demand	410,816	191,005
Undated	13,327	13,327
	1,714,271	204,332

11. ACCOUNTS PAYABLE

An aged analysis of accounts payable, based on the settlement day of the relevant trades, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 1 month	1,943,011	1,503,626

Included in the accounts payable balance as at 30 June 2009 is a broker payable amount due to the ultimate holding company of the Company of HK\$17,227,747 (31 December 2008: HK\$4,703,508) which arose from securities dealing transactions. This balance is unsecured, interest-free and payable on the settlement day of the relevant transactions.

Included in the accounts payable balance as at 30 June 2009 is segregated client money held on behalf of an intermediate holding company of the Company of HK\$15,893,105 (31 December 2008: HK\$14,834,896) which also arose from securities dealing transactions. This balance is unsecured, bears interest at bank deposit savings rate per annum and is payable on request.

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Bank overdrafts – unsecured	4,750	–
Bank loans – secured	1,244,000	–
	1,248,750	–

13. COMMITMENTS

(a) Capital commitments

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Contracted, but not provided for the purchases of furniture, fixtures and equipment	830	1,219

(b) Operating lease commitments as a lessee

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	21,076	24,252
In the second to fifth years, inclusive	13,833	23,240
	34,909	47,492

14. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the six-month period:

(a) Substantial beneficial shareholders

- (i) The Group paid brokerage commissions totaling HK\$1,813,559 (six months ended 30 June 2008: HK\$2,965,756) to the ultimate holding company of the Company which were based on mutually agreed terms with reference to the commission rate and conditions similar to those offered to other customers by the ultimate holding company.
- (ii) The Group received brokerage commission income totaling HK\$47,504 (six months ended 30 June 2008: HK\$14,426) from an intermediate holding company of the Company which was charged on commission rate and conditions similar to other customers of the Group.

Details of the Group's accounts receivable and accounts payable with the ultimate holding company and an intermediate holding company of the Company are included in notes 9 and 11 to the condensed financial statements, respectively.

(b) Subsidiary of a substantial beneficial shareholder

The Group paid research fees totaling HK\$1,355,000 (six months ended 30 June 2008: HK\$1,075,000) to a subsidiary of the ultimate holding company of the Company which were charged in accordance with the respective agreements signed between the Group and that related company.

(c) Key management personnel compensation

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Short term employee benefits	7,692	7,143
Post-employment benefits	605	638
	8,297	7,781

15. REVIEW OF ACCOUNTS

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009.

INTERIM DIVIDEND

The Board of Directors (the “Board”) has declared an interim dividend of HK1 cent (2008: HK1.5 cents) per ordinary share for the six months ended 30 June 2009, to shareholders whose names appear on the register of members of the Company on 9 October 2009. The dividend will be payable on or about 16 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 October 2009, Monday, to 9 October 2009, 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 2 October 2009, Friday.

MANAGEMENT DISCUSSION AND ANALYSIS OF PERFORMANCE

Review of Market

In the first half of 2009, as a result of implementation of the economic stimulus packages and financial stabilizing measures by the PRC, the USA and other major economies, the global financial system showed signs of resuming order. The recovery of investors’ confidence turned the global stock markets around from the downturn to the uptrend. Given that the sentiment of overseas markets became favorable and the domestic economic figures saw improvement, stocks carrying China concept, namely the shares of state-owned enterprises and the red-chips, have been rebounding since March 2009. Numbers of foreign institutes were confident that the PRC will have the fastest recovery from the global financial crises among the world economies and started increasing their holdings in China concept stocks listed in Hong Kong. As such, the trading volume of the Hong Kong stock market has rejuvenated, leading the Hang Seng Index and H-shares HSCE Index to recently reach new highs. On 4 August 2009, the Hang Seng Index reached a peak of 21197, representing an 86.8% increase over the low of 11345 during the year. Meanwhile, the H-shares HSCE Index has recently reached its peak of 12508, representing a 95.3% increase over the low of 6404. Although time is still needed for full recovery of the real global economies, the market participants widely believe that after a year of volatility, the market has come out from the darkest era of the global financial crisis.

Since the outbreak of the financial crisis, the PRC government has been implementing active financial policies and moderately easy monetary policy. In the first half of 2009, China experienced a considerable economic recovery. According to the latest report announced by the National Bureau of Statistics, for the first half of 2009, the GDP recorded a 7.1% year-on-year increase, and it is expected that the annual growth in GDP can reach the national target of 8%.

Review of Operations

Given that the market was weak in the first quarter this year, the operating income of the Group was not satisfactory. As such, its overall operating results for the first half of the year lagged behind the corresponding period last year. Nonetheless, from the second quarter, the securities broking, investment banking and asset management businesses of the Group were revitalized attributable to the active market activities brought by the favorable sentiment of the overseas markets and the economic recovery in the PRC. The operating results of the Group for the second quarter recorded a remarkable improvement as compared to the corresponding period last year as well as the first quarter this year. The operating income of the Group for the second quarter had a significant increase as compared to the first quarter with strong momentum. As stated in the financial statements, for the first half of the year, the unaudited profit attributable to shareholders of the Company was HK\$18.38 million (2008: HK\$50.43 million), representing a decrease of 64% as compared to the corresponding period in 2008. The turnover of the Group recorded a decrease of approximately HK\$14.83 million to HK\$134.72 million as compared to the corresponding period last year (2008: HK\$149.55 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 China. In the first quarter of 2009, the income from this business was dropped. In light of this, the Group continued its effort to expand the markets of both local retail investors and institutional investors. In line with the revival of market activities since the second quarter, the commission income and the market share in the Hong Kong stock market of the Group's securities broking business showed a notable increase as compared to those of the first quarter.

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. During the first half of 2009, Shenyin Wanguo Capital acted as the sponsor to Hing Lee (HK) Holdings Limited for its listing on the Main Board of the Hong Kong Stock Exchange. It also actively participated in the underwriting of new issues, including that of China Singyes Solar Technologies Holdings Limited, CT Holdings (International) Limited and China Zhongwang Holdings Limited. In addition, Shenyin Wanguo Capital acted as the compliance advisor for Fosun International Limited, Xtep International Holdings Limited and China Zhongwang Holdings Limited and participated in the open offer of Royale Furniture Holdings Limited.

In the first half of 2009, stock markets underwent a strong rally after a sharp decline happened last year. The Group’s asset management team correctly predicted the markets uptrend and delivered outstanding performance for its funds, outperforming their peers. The scale of assets under management for this reporting period enlarged considerably, and at the same time further cooperation with overseas corporations for the Group’s asset management business also showed good progress.

The Group’s securities trading and broking businesses are supported by a securities research team. With the support of its parent company, which is one of the leading securities companies in China, the Group’s securities research team is a specialist in the securities market in China and produces regular reports on the securities market in China covering the macroeconomics, market strategy as well as comments on individual China-related enterprises listed on the Hong Kong, Shanghai and Shenzhen stock exchanges. The Group’s research team also produces detailed company analyses, which are circulated to its clients.

Prospects

Despite the obvious improvement in the worldwide economic and financial environment during the first half of 2009 as well as the momentum of sustained economic growth in Mainland China, it is notable that the economy of the PRC faces difficulties and challenges. Affected by the slowdown in growth of major economies across the world, the pace of export growth of the PRC has yet clawed back, the private sector is reluctant to make investments and the economy lacks impetus to endogenous growth. Uncertainties are also seen in the international economic and financial environment. Recently, the PRC government stressed to maintain the continuity and stability of its macro-economic policy and to persist in implementing its proactive fiscal policy and its moderately easy monetary policy in order to enhance its thrust in stable economic recovery.

Recently, the Ministry of Commerce of the PRC and the Government of HKSAR officially signed the supplementary agreement V and VI to the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (“CEPA”), pursuant to which, among others, the Mainland will further open its service areas such as finance and securities to Hong Kong. It is anticipated that, in the second half of this year, the Hong Kong stock market will be supported by the sustained economic growth in Mainland China and the further enhanced connection among the economies and capital markets between Hong Kong and Mainland China.

Having considered the impacts on the market by the said factors, the Group intends to, building further on the operating results of the first half year, continue to adopt its proactive and practical operational strategy. It will endeavor to grasp the market opportunities, further enhance the service quality to local institutional and retail customers in order to increase operating income through various channels. It will also keep vigorously developing its assets management business, strengthen the exploitation of overseas fund markets and further enlarge the scale of assets management. Despite coming from a foundation of traditional investment banking business, the Group will continue to explore direct investment and cooperate interactively with the Group’s parent company. It will fully utilize the consolidated advantages of the Group’s businesses in both the Mainland and Hong Kong, so as to provide comprehensive and professional services to Mainland enterprises with cross-border business and to companies dually listed in the Mainland and Hong Kong. The Group will also exert its strength in branding itself as a comprehensive service provider. The Group will pay close attention to the supplementary agreements to CEPA in respect of the measures to promote the financial co-operation between Guangdong and Hong Kong and the relevant policies provided in the “Opinions of the State Council on Making Shanghai an International Financial and Shipping Center” in order to strive for new business opportunities.

Capital Structure

During the period, there was no change to the share capital of the Company. As at 30 June 2009, the total number of the issued ordinary shares was 530,759,126 shares and total equity attributable to shareholders was HK\$962 million.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2009, the Group had a cash holding of HK\$337 million and short-term marketable securities of HK\$72 million. As at 30 June 2009, the Group's total unutilised banking facilities amounted to HK\$497 million, of which HK\$182 million could be drawn down without the need of notice nor completion of condition precedent.

As at 30 June 2009, the Group had outstanding short-term bank borrowings amounting to HK\$1,249 million. The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 30 June 2009 were 1.22 and 1.29 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 continued to hold 26.19% interest in The New China Hong Kong Highway Limited, which in turn held a 60% interest in Sichuan Chengmian Expressway Co., Ltd. It was recorded at the carrying value of HK\$128 million as at 30 June 2009.

As at 30 June 2009, the Group held 662,868,061 non-voting convertible redeemable preference shares ("Preference Shares") in Century City International Holdings Limited ("Century City") which were recorded at a fair value of HK\$25 million. The Preference Shares shall be mandatorily converted into 66,286,806 ordinary shares in Century City on the maturity date of 15 December 2009, whereas Century City has the right to redeem any or all Preference Shares at HK\$0.15 per Preference Share before the maturity date.

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 2009.

Risk Management

The Group has properly put in place credit management policies which cover the examination of the approval of clients' trading and credit limits, regular reviews of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

The management closely monitors the market condition so that precautionary measures will be taken to eliminate any risk that the Group may encounter. As at 30 June 2009, the advances to customers included direct loans and margin financing, amounting to HK\$1,290 million (31 December 2008: Nil) and HK\$424 million (31 December 2008: HK\$204 million) respectively. Of which, 3% (31 December 2008: 10%) of the total advances were attributable to corporate customers, whilst the rest was 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 closely monitors its foreign currency positions and takes necessary measures if the situations so justify.

Contingent Liabilities

There were no material contingent liabilities as at 30 June 2009.

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 2009.

Employees and Training

As at 30 June 2009, the total number of full-time employees was 172 (2008: 189). The total staff costs for the period (excluding directors' fees) amounted to approximately HK\$33.5 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 2009 for all licensed staff members.

OTHER INFORMATION

Director's Interests in Shares

As at 30 June 2009, the interests of a director in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in the ordinary shares of the Company

Name of director	Number of ordinary shares directly beneficially owned	Percentage of the Company's issued share capital
Lee Man Chun Tony	1,300,000	0.24

Save as disclosed above, as at 30 June 2009, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial Shareholders' Interests in Shares

As at 30 June 2009, the interests of substantial shareholders, other than directors or chief executive of the Company, in the share capital of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the ordinary shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the Company's issued share capital
Shenyin Wanguo Holdings (B.V.I.) Limited ("SWHBVI")	Directly beneficially owned	268,334,875*	50.56
Venture-Some Investments Limited ("VSI")	Through controlled corporation	268,334,875*	50.56
Shenyin Wanguo (H.K.) Holdings Limited ("SWHKH")	Through controlled corporation Directly beneficially owned	268,334,875* 2,045,000*	50.56 0.38
Shenyin & Wanguo Securities Co., Ltd. ("SWSC")	Through controlled corporation	270,379,875*	50.94

* *SWHBVI was held directly as to 50.51% by VSI. VSI was wholly owned by SWHKH. SWHKH was wholly owned by SWSC. Hence, VSI, SWHKH and SWSC were deemed to be interested in the same parcel of 268,334,875 shares held by SWHBVI under the SFO. SWHKH also held directly 2,045,000 shares of the Company. Hence, SWSC was also deemed to be interested in the same parcel of 2,045,000 shares held by SWHKH.*

Save as disclosed above, as at 30 June 2009, the Company had not been notified of any person had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares 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 Listing Rules during the six months ended 30 June 2009.

Code Provision A.4.1 specifies that non-executive directors should be appointed for a specific term, subject to re-election. Even though non-executive directors 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 has adopted 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 have 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 2009.

DIRECTORS

As at the date of this interim report, the Board of the Company comprises 10 directors, of which Mr. Feng Guorong, Mr. Lu Wenqing, Mr. Lee Man Chun Tony, Mr. Guo Chun and Mr. Ying Niankang are the executive directors, Mr. Chang Pen Tsao and Mr. Huang Gang are the non-executive directors, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin are the independent non-executive directors.

By Order of the Board
Feng Guorong
Chairman

Hong Kong, 11 September 2009