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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 2014

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 2014 together with comparative figures for the previous financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
REVENUE	4	473,291	354,045
Exchange gain/(loss), net		(246)	3,288
Impairment loss of an available-for-sale investment		-	(2,623)
Commission expenses		(103,838)	(70,397)
Employee benefit expenses		(150,214)	(114,263)
Depreciation expenses		(5,884)	(9,066)
Interest expenses for financial services operations		(14,273)	(10,531)
Other expenses, net		(97,342)	(98,025)
PROFIT BEFORE TAX	5	101,494	52,428
Income tax expense	6	(7,567)	(5,185)
PROFIT FOR THE YEAR		93,927	47,243
Attributable to:			
Ordinary equity holders of the Company		93,934	47,239
Non-controlling interests		(7)	4
		93,927	47,243
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (BASIC AND DILUTED)	7	HK17.7 cents	HK8.9 cents
DIVIDEND PER SHARE	8	HK5 cents	HK4 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	<u>93,927</u>	<u>47,243</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to the consolidated statement of profit or loss on subsequent periods		
Available-for-sale investments:		
Changes in fair value – gain/(loss)	(2,314)	369
Reclassification adjustments for loss/(gain) included in the consolidated statement of profit or loss		
- gain on disposal	-	(920)
- impairment loss	-	2,623
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>(2,314)</u>	<u>2,072</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>91,613</u>	<u>49,315</u>
Attributable to:		
Ordinary equity holders of the Company	91,620	49,311
Non-controlling interests	<u>(7)</u>	<u>4</u>
	<u>91,613</u>	<u>49,315</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 December 2014 HK\$'000	31 December 2013 HK\$'000
<u>NON-CURRENT ASSETS</u>			
Property, plant and equipment		13,259	10,809
Stock and Futures Exchange trading rights		4,212	4,212
Other assets		43,983	30,757
Available-for-sale investments	9	7,610	9,924
Deferred tax assets		236	223
Total non-current assets		69,300	55,925
<u>CURRENT ASSETS</u>			
Investments at fair value through profit or loss		199,879	138,321
Accounts receivable	10	1,140,380	546,474
Loans and advances		1,717,634	1,518,457
Prepayments, deposits and other receivables		24,442	17,180
Tax recoverable		148	386
Bank balances held on behalf of clients		2,664,938	2,510,756
Cash and bank balances		272,413	277,726
Total current assets		6,019,834	5,009,300
<u>CURRENT LIABILITIES</u>			
Accounts payable	11	3,653,108	2,943,689
Other payables and accruals		105,370	62,718
Interest-bearing bank borrowings		1,009,097	809,381
Tax payable		4,793	2,818
Total current liabilities		4,772,368	3,818,606
<i>NET CURRENT ASSETS</i>		1,247,466	1,190,694
TOTAL ASSETS LESS CURRENT LIABILITIES		1,316,766	1,246,619
<u>NON-CURRENT LIABILITY</u>			
Deferred tax liability		270	506
NET ASSETS		1,316,496	1,246,113
<u>EQUITY</u>			
Equity attributable to ordinary equity holders of the Company:			
Share capital		580,120	265,380
Share premium		-	314,740
Other reserves		733,745	663,355
		1,313,865	1,243,475
Non-controlling interests		2,631	2,638
TOTAL EQUITY		1,316,496	1,246,113

NOTES:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company is situated at Level 19, 28 Hennessy Road, Hong Kong.

The Group was involved in brokerage business, corporate finance business, asset management business, financing and loans business, and investment and other business.

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 Shenwan Hongyuan Group Co., Ltd., (formerly known as Shenyin & Wanguo Securities Co., Ltd.), which was established in the People's Republic of China (the "PRC") and listed in Shenzhen Stock Exchange (stock code: 000166).

2. PRINCIPAL ACCOUNTING POLICIES

These consolidated 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") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

Changes in accounting policy and disclosures

The Group has adopted the following revised standards and a new interpretation issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies
HKFRS 2 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle – Definition of Vesting Condition
HKFRS 3 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle – Accounting for Contingent Consideration in a Business Combination
HKFRS 13 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle – Short-term Receivables and Payables

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKFRS 1 Amendment included in Annual Improvements 2011-2013 Cycle	Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle – Meaning of Effective HKFRSs
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The adoption of these revised standards and a new interpretation has had no significant effect on these consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

	Brokerage business HK\$'000	Corporate finance business HK\$'000	Asset management business HK\$'000	Financing and loans business HK\$'000	Investment and other business HK\$'000	Total HK\$'000
Year ended 31 December 2014						
Segment revenue from external customers	<u>262,899</u>	<u>59,281</u>	<u>11,475</u>	<u>123,961</u>	<u>15,675</u>	<u>473,291</u>
Segment results and profit/(loss) before tax	<u>41,939</u>	<u>18,294</u>	<u>366</u>	<u>47,941</u>	<u>(7,046)</u>	<u>101,494</u>
	Brokerage business HK\$'000 (restated)	Corporate finance business HK\$'000 (restated)	Asset management business HK\$'000 (restated)	Financing and loans business HK\$'000 (restated)	Investment and other business HK\$'000 (restated)	Total HK\$'000 (restated)
Year ended 31 December 2013						
Segment revenue from external customers	<u>208,050</u>	<u>22,915</u>	<u>9,261</u>	<u>95,689</u>	<u>18,130</u>	<u>354,045</u>
Segment results and profit/(loss) before tax	<u>11,066</u>	<u>(3,620)</u>	<u>(2,644)</u>	<u>39,928</u>	<u>7,698</u>	<u>52,428</u>

Certain comparative amounts have been reclassified to conform with the current year's presentation.

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:

	2014 HK\$'000	2013 HK\$'000
<u>Brokerage business:</u>		
Commission on securities dealing		
- Hong Kong securities	196,560	152,586
- Other than Hong Kong securities	24,184	18,616
Commission on futures and options contracts dealing	31,790	28,031
Handling fee income	4,875	4,605
Research fee income and others	5,490	4,212
	<u>262,899</u>	<u>208,050</u>
<u>Corporate finance business:</u>		
Initial public offering, placing, underwriting and sub-underwriting commission	37,787	12,416
Financial advisory, compliance advisory, sponsorship fee income and others	21,494	10,499
	<u>59,281</u>	<u>22,915</u>
<u>Asset management business:</u>		
Management fee and investment advisory fee income	11,331	9,261
Performance fee income	144	-
	<u>11,475</u>	<u>9,261</u>
<u>Financing and loans business:</u>		
Interest income from loans to cash clients and margin clients	95,021	73,798
Interest income from initial public offering loans	4,940	2,903
Interest income from banks and others	24,000	18,988
	<u>123,961</u>	<u>95,689</u>
<u>Investment and other business:</u>		
Net realised and unrealised gains on financial assets:		
- Listed investments	1,417	1,991
- Unlisted investments	7,682	9,371
Dividend income and interest income:		
- Listed investments	866	532
- Unlisted investments	5,710	6,236
	<u>15,675</u>	<u>18,130</u>
	<u>473,291</u>	<u>354,045</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2014 HK\$'000	2013 HK\$'000
Interest expenses on bank loans and overdrafts wholly repayable within five years	14,273	10,531
Minimum lease payments under operating leases in respect of land and buildings	29,104	31,251

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 HK\$'000	2013 HK\$'000
Current – Hong Kong		
Charge for the year	8,388	5,466
Overprovision in prior years	(960)	(932)
Current – Elsewhere	388	73
Deferred	(249)	578
Total tax charge for the year	7,567	5,185

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

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$93,933,833 (2013: HK\$47,238,994) and 530,759,126 (2013: 530,759,126) ordinary shares in issue during the year.

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

On 19 January 2015, the Company completed the rights issue by issuing 265,379,563 new shares. Please refer to the Company's related announcements and listing documents for details.

8. DIVIDEND

	2014 HK\$'000	2013 HK\$'000
Proposed final – HK5 cents (2013: HK4 cents) per ordinary share	39,807	21,230

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Available-for-sale investments, at fair value:		
Unlisted equity investment	5,140	7,454
Unlisted club debentures	2,470	2,470
	<u>7,610</u>	<u>9,924</u>

The Group's unlisted equity investment was wholly invested in a single company, which was wound-up on 15 January 2015, and the Group has fully recovered such investment's carrying cost.

10. ACCOUNTS RECEIVABLE

	2014 HK\$'000	2013 HK\$'000
Accounts receivable before provision for impairment	1,140,380	568,244
Less: Provision for impairment	-	(21,770)
Accounts receivable	<u>1,140,380</u>	<u>546,474</u>

The movements in provision for impairment of accounts receivable are as follows:

	2014 HK\$'000	2013 HK\$'000
As at 1 January	21,770	21,770
Amount written off as uncollectible	<u>(21,770)</u>	<u>-</u>
As at 31 December	<u>-</u>	<u>21,770</u>

Save for the credit period allowed by the Group, the accounts receivable shall be due on the settlement date of the respective securities and futures contracts transactions. In view of the fact that the Group's accounts receivable relates 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\$76,936,108 (2013: HK\$87,117,669) bear interest at interest rates with reference to Hong Kong prime rate (2013: with reference to the Hong Kong prime rate).

10. ACCOUNTS RECEIVABLE (continued)

An aged analysis of accounts receivable before provision for impairment based on the trade date are as follows:

	2014	2013
	HK\$'000	HK\$'000
Within 1 month	1,111,263	513,918
1 to 2 months	12,002	5,475
2 to 3 months	3,116	2,599
Over 3 months	13,999	46,252
	<u>1,140,380</u>	<u>568,244</u>

Included in the accounts receivable balance as at 31 December 2014 is a broker receivable due from the ultimate holding company of HK\$14,246,741 (2013: HK\$11,022,157) which arose from securities dealing transactions. This balance is unsecured, interest-free and repayable on the settlement date of the relevant transactions.

11. ACCOUNTS PAYABLE

An aged analysis of accounts payable based on the trade date are as follows:

	2014	2013
	HK\$'000	HK\$'000
Within 1 month	<u>3,653,108</u>	<u>2,943,689</u>

Included in the accounts payable balance as at 31 December 2014 was a broker payable to the ultimate holding company of the Company of HK\$22,525,252 (2013: HK\$6,762,623) which arose from securities dealing transactions. This balance is unsecured, interest-free and payable on the settlement date of the relevant transactions.

Included in the accounts payable balance as at 31 December 2014 was the amount of segregated client money held on behalf of an intermediate holding company of the Company of HK\$29,352,094 (2013: HK\$26,756,392) which arose from securities dealing transactions. This balance is unsecured, bears interest at the bank deposit rate and is payable on demand.

Except for the accounts payable to clients of HK\$2,307,722,870 (2013: HK\$2,256,791,503) and to an intermediate holding company of the Company of HK\$29,352,094 (2013: HK\$26,756,392) which bear interest at the bank deposit 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 HK5 cents per ordinary share in respect of 2014, to shareholders whose names appear on the register of members of the Company on 22 May 2015. The proposed dividend will be paid on or about 3 June 2015 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, 11 May 2015 to Friday, 15 May 2015, 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 2015 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 8 May 2015; and
- b. from Thursday, 21 May 2015 to Friday, 22 May 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 20 May 2015.

MANAGEMENT DISCUSSION & ANALYSIS OF PERFORMANCE

2014 MARKET REVIEW

In 2014, the biggest black swan incident was the plunge in crude oil price. It triggered geopolitical crisis coupled with the covetous deflation risk, they fueled increasing uncertainty to the global economic recovery. The pulling out of the quantitative easing (QE) by the U.S. Federal Reserve Board as scheduled did not affect the demand growth of the U.S. real estate market. Meanwhile, the employment market continued to show substantial improvements. However, domestic U.S. inflation held its emergence due to sluggish bulk commodity price. Furthermore, the U.S. Federal Reserve Board also started to show concern about the possible negative impact on domestic economy due to overseas deflation risk. Therefore, investors had lowered the expectation of raising interest rate by the U.S. Federal Reserve Board in mid-2015. Meanwhile, as low crude oil price had escalated domestic deflation risk, both Japan and Europe began to exert quantitative easing (QE) measures. The new Japanese Government also planned to implement economic structural reform to eradicate the negative growth curse in Japan over the past decade, with the markets still observing. The situation in Europe was also not promising. Despite core countries like Germany and France had recorded strong economic growth, the debt issuance costs in the peripheral countries began to rise and the debt crisis phantom emerged in Europe once again. Apart from purchasing national debts of the European countries to reduce borrowing costs, European Central Bank must also cope with the debt default risks that might be caused by leadership changes in various national governments. The performance of emerging markets was fragmented, of which, the reforms in India revealed optimistic prospect with its stock market growth outclassed the world. Russia was deeply trapped by geopolitical turbulence and the sharp fall in crude oil price had added fuel to the burning Russian economy with its currency substantially depreciated and debt credit rating dropped successively. As net exporters of resources, Brazil and South Africa were negatively affected due to sluggish bulk commodity prices, and their economic prospects lacked lustre.

After experiencing a downturn in first three quarters, with the first-ever reduction in Central Bank interest rate, the Chinese Mainland domestic economy showed signs of stability by the end of the year. Real estate sales and medium and long term bank loans had recorded strong growth, indicating that the end demand was improving. At the same time, the reforms of the Chinese Mainland underwent remarkable progresses, with financial reform, state-owned enterprise reform, land reform, resource factors price reform all progressing steadily. Of which, financial reform is of most praiseworthy. The loosening regulations in insurance and securities industries, the official launch of Shanghai-Hong Kong Stock Connect, RMB internationalization and interest rate marketization were moving forward orderly and had injected vitality to the Chinese Mainland stock market. Under this impact, Hang Seng Index, from its trough of 21,137 on 20 March 2014, after four months of shocking adjustments, started to rebound hastily for four months, reaching 25,362 on 4 September, representing an increase of roughly 20%. Thereafter, with the escalating geopolitical risks in Russia, investors took profits and Hang Seng Index trembled down to 23,605 by the end of December. In 2014, with Hong Kong Stock Exchange average daily turnover amounted to HK\$69.5 billion, it represented an increase of 11% as compared with the average daily turnover of HK\$62.6 billion in 2013.

REVIEW OF OPERATIONS

In 2014, the overall results of the Group achieved a remarkable growth with a turnover of HK\$473.3 million (2013: HK\$354.0 million), representing a year-on-year increase of 34%. Profit before tax exceeded HK\$100.0 million, representing an increase of 94% to HK\$101.5 million in 2014 from HK\$52.4 million in 2013. Profit attributable to shareholders increased by 99% to HK\$93.9 million from HK\$47.2 million in 2013. Revenue from corporate finance business achieved a higher growth, which was mainly due to a substantial increase in the amounts and number of placement projects. Revenue from brokerage business, financing and loans business and asset management business also achieved excellent performance with a satisfactory year-on-year growth.

For brokerage business, with the double-digit increase in stock market's average daily turnover and an increase of the Group's market share, revenue increased by 26% to HK\$262.9 million in 2014 from HK\$208.1 million in 2013. For corporate finance business, apart from the considerable revenue generated from placement projects, we successfully completed the sponsoring/lead placing agent of 3 IPO projects, including the listings of Hung Fook Tong Group Holdings Limited (1446) and EGL Holdings Company Limited (6882) on the Main Board and the listing of Medicskin Holdings Limited (8307) on the GEM Board. In 2014, revenue from corporate finance business achieved HK\$59.3 million, representing an increase of 159% as compared with that in 2013. The numbers of sponsor sponsoring/lead placing agent, underwriting participation/placement and financial advisory projects are 3, 10 and 23 respectively. Revenue from asset management business in 2014 achieved HK\$11.5 million, representing an increase of 24% as compared with HK\$9.3 million in 2013. For financing and loans business, we achieved revenue of HK\$124.0 million, representing an increase of 30% as compared with HK\$95.7 million in 2013 with average margin loan balance in 2014 reached nearly HK\$1.5 billion.

Brokerage business

The brokerage business of the Group focused on the stock and futures markets in Hong Kong, and the Group expanded actively its commission income from markets outside Hong Kong to drive the overall transformation of its revenue composition. In the second half of 2014, the Group successfully became one of the first batch participants in the Shanghai-Hong Kong Stock Connect of HKEx, and provided comprehensive trading services for Shanghai securities on the first trading day of the Shanghai-Hong Kong Stock Connect. With active trading of Hong Kong securities, especially a substantial surge in trading amount in the second half of 2014, the average daily turnover of Hong Kong stock market, increased by 11% to HK\$69.5 billion in 2014 from HK\$62.6 billion in 2013. The Group seized the opportunities brought by the robust market sentiment to actively direct customers to participate in Hong Kong securities trading, vigorously promoted its securities business and achieved good result with our trading volume up by 33%. Commission income from Hong Kong securities increased by 29% to HK\$196.6 million from HK\$152.6 million in 2013. Income from brokerage business other than commission income from Hong Kong securities also achieved good performance, increased by 20% to HK\$66.3 million in 2014 from HK\$55.5 million in 2013.

For the institutional brokerage business, the Group even integrated its overseas offices and sales teams further to unify its management and joint marketing, and actively expanded the comprehensive institutional business, which included share placement and RQFII products marketing. At the same time, for business development, the Group's wholly-owned Singapore-incorporated subsidiary officially commenced its operation, and the Group introduced the equity capital markets team to actively develop large transactions from institutional clients and placement business and generated good performance. The percentage of trading volume in Hong Kong securities of our institutional sales team to the Group was 25% in 2014.

Financing and loans business

In 2014, the Group expanded and obtained more loans facilities through negotiations with a number of banks and signed bilateral agreements to support the development of various businesses. The Group also grasped the market opportunities brought by the intensive issue of new shares in the Hong Kong market and the active trading of the stock market, and under the premise of controllable risks, we promptly expanded the credit scale to complement the development of retail brokerage business of Hong Kong securities. For financing and loans business, we achieved a revenue of HK\$124.0 million with the average margin loan balance reached HK\$1.491 billion in 2014, representing an increase of 30% and 19% respectively as compared with last year.

Corporate finance business

Shenyin Wanguo Capital (H.K.) Limited (“Shenyin Wanguo Capital”), a wholly-owned subsidiary of the Group, is mainly engaged in the sponsor, financial advisory and securities underwriting businesses. In 2014, apart from the aforementioned 3 IPO sponsoring/lead placing agent projects, the Group successfully participated in 10 underwriting/placement projects, including Poly Culture Group Corporation Limited (3636), Harbin Bank Co., Ltd. (6138), New Concepts Holdings Limited (2221), CW Group Holdings Ltd. (1322), China NT Pharma Group Company Limited (1011) and China Electronics Corporation Holdings Company Limited (85). Shenyin Wanguo Capital also provided over 20 projects of financial advisory services for various listed companies, including the independent financial advisor clients like Fosun International Limited (656), Guangzhou Shipyard International Company Limited (317), Hao Wen Holdings Limited (8019), Tonly Electronics Holdings Limited (1249), Highlight China IoT International Limited (formerly known as Ford Glory Group Holdings Limited) (1682) and China Eastern Airlines Corporation Limited (670), etc.; the compliance advisors like DYNAM JAPAN HOLDINGS Co., Ltd.(6889), Goldpac Group Limited (3315), Joy City Property Limited (formerly known as COFCO Land Holdings Limited) (207), Fu Shou Yuan International Group Limited (1448), Opes Asia Development Limited (810), Poly Culture Group Corporation Limited (3636) and Beijing Digital Telecom Co., Ltd. (6188), etc.

Securities research business

Our securities trading and brokerage businesses are professionally 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 the Chinese Mainland, the Group has become a specialist in the research of the Chinese Mainland securities and prepares detailed company analytical reports for circulation to our clients. In 2014, the securities research team of the Group had issued a total of over 2,000 research reports, covering macroeconomics, market strategy and different industries, providing thorough and incisive analysis of Hong Kong stock and A Shares in China for clients. After developing Shanghai-Hong Kong Stock Connect, the research service needs offered by the Group for clients are further improved.

In 2014, a total of 33 analysts either in person or invited Hong Kong listed companies to meet with our clients from Hong Kong and Asia and had completed the holding of 104 international roadshows for the whole year. We believe that such excursions were beneficial to the collaboration between our parent company and us and posed positive impact on the research and investment banking fronts.

Asset management business

In 2014, the demand for cross-border investment products in both Chinese Mainland and Hong Kong were still very strong, Shenyin Wanguo Asset Management (Asia) Limited (“SWAM”), a subsidiary of the Group, is engaged in asset management business. SWAM fully elaborated on RQFII innovative policy to vigorously conduct cross-border asset management business, and successfully launched a new public fund “Shenyin Wanguo RQFII PRC Government Bond Fund” in 2014, with a size of HK\$1.2 billion. With the total amount of RQFII quota continues to increase constantly, the assets under management reached HK\$5.506 billion by the end of 2014, which represented an increase of 84% over the corresponding period of 2013. We achieved business revenue of HK\$11.5 million, which represented an increase of 24% as compared with that in 2013, thereby maintaining a dual growth momentum in both assets under management and revenue.

CAPITAL STRUCTURE

During the year, there was no change to the share capital of the Company. As at 31 December 2014, the total number of the issued ordinary shares was 530,759,126 shares (2013: 530,759,126) and total equity attributable to shareholders was approximately HK\$1,313.9 million (2013: HK\$1,243.5 million).

On 19 January 2015, the Company completed the rights issue by issuing 265,379,563 new shares. Please refer to the Company’s related announcements and listing documents for details.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2014, the Group had a cash holding of HK\$272.4 million (2013: HK\$277.7 million) and short-term marketable securities of HK\$199.9 million (2013: HK\$138.3 million). As at 31 December 2014, the Group's total unutilised banking facilities amounted to HK\$836.9 million (2013: HK\$844.0 million), of which HK\$245.8 million (2013: HK\$436.0 million) could be drawn down without the need of notice period nor completion of condition precedent.

As at 31 December 2014, the Group had outstanding short-term bank borrowings amounting to HK\$1,009.1 million (2013: HK\$809.4 million). The liquidity ratio (current assets to current liabilities) and gearing ratio (borrowings to net asset value) as at 31 December 2014 were 126% (2013: 131%) and 77% (2013: 65%) 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 2014.

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 2014, all advances to customers were margin financing and the balance before impairment provision amounted to HK\$1,717.6 million (2013: HK\$1,531.6 million), of which 14% (2013: 20%) 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 statement of profit or loss. 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 2014.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except the future plans as disclosed in the paragraph of “Future Prospects & Plan”, the Group had no other future plans for material investments or capital assets as at 31 December 2014.

EMPLOYEES AND TRAINING

As at 31 December 2014, the total number of full-time employees was 248 (2013: 219). The total staff costs for the year amounted to approximately HK\$150.2 million (2013: HK\$114.3 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 total of 13 Continuous Professional Training seminars for all licensed staff members for the year ended 31 December 2014 (2013: 11).

FUTURE PROSPECTS & PLAN

The market generally expects that the U.S. economy will continue to recover and that the U.S. Federal Reserve Board will start to raise interest rate in the second half of 2015 or in early 2016. Meanwhile, the quantitative easing policies of Japan and Europe will still continue but the economic growth and inflationary trend of these two economies remain to be observed. We think that the Chinese Mainland’s economic transformation will enter into a “new normal state”, and correspondingly, its monetary policy and fiscal policy will continue to be stable. It is expected that there will be many occasions of interest rate reduction and Reserve Requirement Ratio cuts, and the governments will increase investments in railway and infrastructure construction during the year. The 2015 GDP is expected to reach the growth target of over 7%. At the same time, financial market reform, state-owned enterprise reform, resource factors price reform and environmental governance will continue to contribute reform benefits in pushing the continuing economic transformation. Under the current valuation standard, the Chinese Mainland assets remain very attractive. Along with the scale expanding Shanghai-Hong Kong Stock Connect and the implementation of Shenzhen-Hong Kong Stock Connect, it is expected that large blue chips and emerging small and middle caps stocks will show better investment opportunities in 2015.

The reorganization and merger of the parent company was completed and Shenwan Hongyuan Group Co., Ltd., the subject entity, was listed on the Shenzhen Stock Exchange on 26 January 2015. In 2015, the Group plans to firmly grasp the market opportunities from the launching of RMB internationalization and cross-border policy to continue improving and enhancing the business capacity of the four cross-border business platforms in retailing, institutions, corporate finance and assets management products. We will perfect and strengthen the Asia Pacific region layouts, using our Singapore subsidiary to focus on wealth management and assets management businesses and at the same time, prudently expand the European and U.S. markets.

On 28 November 2014, the Company announced a proposed rights issue on the basis of one rights share for every two existing shares held at a price of HK\$2.342 per rights share. The rights issue was oversubscribed and the Company allotted and issued a total 265,379,563 rights shares, with actual net proceeds of approximately HK\$620.3 million. The net proceeds would be used (a) to further develop the financing and loans business; and (b) as general working capital. The rights issue will not only let all Shareholders the opportunities to participate in the future development of the Group, but will also strengthen the Group’s capital base and enhance its financial position. Accordingly, the rights issue is in the interests of the Company and the Shareholders as a whole.

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 on Friday, 15 May 2015. 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.6.7 which is explained as below, the Company has met all the code provisions stipulated in Appendix 14, Corporate Governance Code and Corporate Governance Report (the "Code"), of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2014.

Code Provision A.6.7 specifies that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other engagements, a non-executive director was unable to attend the annual general meeting of the Company held on 15 April 2014.

REVIEW BY AUDIT COMMITTEE

The final results for the year ended 31 December 2014 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 2014 annual report will be dispatched to the shareholders and will be published on the websites of HKEx and the Company in due course.

On behalf of the Board
Chu Xiaoming
Chairman

Hong Kong, 6 March 2015

As at the date of this announcement, the Board of the Company comprises 8 directors, of which Mr. Chu Xiaoming, Mr. Lu Wenqing, Mr. Guo Chun and Mr. Lee Man Chun Tony are the executive directors, Mr. Zhang Lei is the non-executive director, Mr. Ng Wing Hang Patrick, Mr. Kwok Lam Kwong Larry and Mr. Zhuo Fumin are the independent non-executive directors.