建聯集團有限公司
Chinney Alliance Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 385)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 and the condensed consolidated balance sheet of the Group as at 31 December 2007 together with comparative figures in 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**1,546,750**	1,468,521
Cost of sales/services provided		**(1,414,937)**	(1,363,055)
Gross profit		**131,813**	105,466
Other income	*3*	**10,428**	7,589
Selling and distribution costs		**(14,918)**	(11,707)
Administrative expenses		**(100,365)**	(74,567)
Other operating income, net		**7,117**	6,711
Surplus arising from revaluation of land and buildings		**1,369**	4,477
Changes in fair value of investment properties		**5,595**	3,880
Excess over the cost of business combinations		**39,684**	–
Loss on disposal of an assoicate		**–**	(6,180)
Finance costs	*4*	**(13,367)**	(12,981)
Share of losses of associates		**(477)**	(1,619)
PROFIT BEFORE TAX	*5*	**66,879**	21,069
Tax	*6*	**(2,159)**	(4,038)
PROFIT FOR THE YEAR		**64,720**	17,031
Attributable to:			
Equity holders of the Company		**66,452**	16,997
Minority interests		**(1,732)**	34
		64,720	17,031
DIVIDEND – proposed final	*7*	**5,949**	3,966
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**16.76 cents**	8.18 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**241,090**	26,988
Investment properties		**25,425**	19,830
Interests in an associate		**1,488**	1,429
Interest in a jointly-controlled entity		**–**	–
Goodwill		**8,018**	8,922
Deferred tax assets		**635**	679
Other assets		**282**	282
Retention monies receivables over one year		**3,654**	17,548
Total non-current assets		**280,592**	75,678
CURRENT ASSETS			
Inventories		**60,591**	66,813
Gross amount due from contract customers		**121,714**	41,508
Trade and bills receivables	9	**295,243**	388,523
Retention monies receivables		**79,289**	13,818
Amounts due from related companies		**15,570**	8,381
Amount due from a jointly-controlled entity		**249**	–
Prepayments, deposits and other receivables		**55,240**	31,223
Equity investments at fair value through profit or loss		**16,834**	12,030
Tax recoverable		**2,609**	3,223
Pledged time deposits		**26,425**	26,800
Cash and cash equivalents		**84,315**	178,865
Total current assets		**758,079**	771,184
CURRENT LIABILITIES			
Gross amount due to contract customers		**105,025**	76,067
Trade and bills payables	10	**183,930**	115,195
Trust receipt loans		**130,950**	209,400
Retention monies payables		**34,766**	24,126
Amounts due to related companies		**11,548**	531
Loan from a minority shareholder of a subsidiary		**5,980**	–
Other payables and accruals		**56,011**	120,683
Tax payable		**1,555**	1,418
Obligations under finance leases		**6,082**	–
Interest-bearing bank borrowings		**108,181**	39,208
Total current liabilities		**644,028**	586,628
NET CURRENT ASSETS		**114,051**	184,556
TOTAL ASSETS LESS CURRENT LIABILITIES		**394,643**	260,234

	Notes	As at 31 December 2007 HK$'000	2006 HK$'000
NON-CURRENT LIABILITIES			
Obligations under finance leases		**11,525**	–
Interest-bearing bank borrowings		**14,000**	8,000
Promissory note		**38,789**	–
Loan from a minority shareholder of a subsidiary		**–**	6,900
Deferred tax liabilities		**30,113**	2,572
Total non-current liabilities		**94,427**	17,472
Net assets		**300,216**	242,762
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**39,660**	39,660
Reserves		**253,818**	188,332
Proposed final dividend		**5,949**	3,966
		299,427	231,958
Minority interests		**789**	10,804
Total equity		**300,216**	242,762

Notes:

1. **Impact of New and Revised Hong Kong Financial Reporting Standards**

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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, land and buildings and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand, except when otherwise indicated. The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Group's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2. Segment Information

The Group is principally engaged in the trading of plastics and chemicals, distribution and installation of building supplies, electrical and mechanical products, building related contracting services, foundation piling and building construction. An analysis of the Group's revenue and results by business segments and revenue by geographical segments is as follows:

(a) Business segments

	Plastic and chemical products		**Building supplies, electrical and mechanical products**		**Building related contracting services**		**Foundation piling**		**Building construction**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**735,022**	785,879	**51,928**	54,047	**653,105**	628,595	**81,745**	–	**24,950**	–	**1,546,750**	1,468,521
Other revenue	**2,718**	2,414	**869**	395	**34**	13	**–**	–	**–**	–	**3,621**	2,822
Total	**737,740**	788,293	**52,797**	54,442	**653,139**	628,608	**81,745**	–	**24,950**	–	**1,550,371**	1,471,343
Segment results:												
Operating profit/(loss)	**20,682**	28,055	**529**	(1,033)	**7,067**	11,014	**5,144**	–	**(269)**	–	**33,153**	38,036
Surplus arising from revaluation of land and buildings	**1,369**	4,477	**–**	–	**–**	–	**–**	–	**–**	–	**1,369**	4,477
Changes in fair value of investment properties	**4,235**	2,420	**1,360**	1,460	**–**	–	**–**	–	**–**	–	**5,595**	3,880
	26,286	34,952	**1,889**	427	**7,067**	11,014	**5,144**	–	**(269)**	–	**40,117**	46,393
Interest income and unallocated gains											**2,944**	2,065
Unallocated expenses											**(8,775)**	(8,405)
Fair value gains on equity investments at fair value through profit or loss, net											**6,038**	2,136
Gain on disposal of equity investments at fair value through profit or loss											**715**	–
Excess over the cost of business combinations											**39,684**	–
Loss on disposal of an associate											**–**	(6,180)
Impairment of available-for-sale investments											**–**	(340)
Finance costs											**(13,367)**	(12,981)
Share of losses of associates											**(477)**	(1,619)
Profit before tax											**66,879**	21,069
Tax											**(2,159)**	(4,038)
Profit for the year											**64,720**	17,031
Attributable to:												
Equity holders of the Company											**66,452**	16,997
Minority interests											**(1,732)**	34
											64,720	17,031

	Plastic and chemical products		Building supplies, electrical and mechanical products		Building related contracting services		Foundation piling		Building construction		Eliminations		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities:														
Segment assets	**287,685**	348,119	**37,553**	16,352	**230,908**	392,675	**363,051**	–	**115,493**	–	**(74,837)**	(6,597)	**959,853**	750,549
Interest in an associate													**1,488**	1,429
Corporate and other unallocated assets													**16,149**	59,676
Bank overdrafts included in segment assets	**–**	–	**14,497**	27,418	**15,358**	7,790	**13,094**	–	**18,232**	–	**–**	–	**61,181**	35,208
Total assets													**1,038,671**	846,862
Segment liabilities	**52,723**	55,523	**108,734**	84,810	**178,969**	269,523	**138,052**	–	**106,787**	–	**(74,837)**	(6,597)	**510,428**	403,259
Corporate and other unallocated liabilities													**166,846**	165,633
Bank overdrafts included in segment assets	**–**	–	**14,497**	27,418	**15,358**	7,790	**13,094**	–	**18,232**	–	**–**	–	**61,181**	35,208
Total liabilities													**738,455**	604,100
Other segment information:														
Capital expenditure	**5,488**	–	**136**	351	**2,049**	2,782	**151,584**	–	**54,263**	–	**–**	–	**213,520**	3,133
Depreciation	**778**	551	**205**	673	**1,080**	684	**3,407**	–	**385**	–	**–**	–	**5,855**	1,908
Other non-cash expenses:														
Surplus arising from revaluation of land and buildings	**(1,369)**	(4,477)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,369)**	(4,477)
Changes in fair value of investment properties	**(4,235)**	(2,420)	**(1,360)**	(1,460)	**–**	–	**–**	–	**–**	–	**–**	–	**(5,595)**	(3,880)

(b) Geographical segments

	Hong Kong		Macau and Mainland China		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,247,683**	1,292,119	**299,067**	176,402	**1,546,750**	1,468,521
Other revenue	**2,753**	2,427	**868**	395	**3,621**	2,822
Total	**1,250,436**	1,294,546	**299,935**	176,797	**1,550,371**	1,471,343
Other segment information:						
Segment assets	**858,950**	698,302	**118,540**	113,352	**977,490**	811,654
Bank overdrafts included in segment assets	**59,963**	35,208	**1,218**	–	**61,181**	35,208
Total assets					**1,038,671**	846,862
Capital expenditure	**212,234**	2,771	**1,286**	362	**213,520**	3,133

3. Other income

	2007 HK$'000	2006 HK$'000
Interest income	**5,436**	3,403
Commission income	**2,152**	1,651
Dividend income from a listed investment	**171**	–
Gross rental income	**1,154**	455
Others	**1,515**	2,080
	10,428	7,589

4. Finance costs

	2007 HK$'000	2006 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**12,765**	12,981
Interest on a promissory note	**428**	–
Interest on obligations under finance leases	**174**	–
	13,367	12,981

5. Profit before tax

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

	2007 HK$'000	2006 HK$'000
Auditors' remuneration	**2,390**	1,935
Employee benefits expenses (including directors' remuneration)	**61,599**	53,420
Cost of inventories sold	**739,982**	800,337
Cost of services provided	**674,955**	562,718
Depreciation	**5,855**	1,908
Minimum lease payments under operating leases in respect of land and buildings	**5,638**	3,817
Write-back of impairment of trade receivables*	**(289)**	(1,105)
Write-back of inventories to net realisable value included in cost of inventories sold	**(2,761)**	(579)
Fair value gains on equity investments at fair value through profit or loss, net*	**(6,038)**	(2,136)
Loss on disposal of items of properties, plant and equipment*	**177**	163
Gain on disposal of available-for-sale investments*	**–**	(499)
Gain on disposal of equity investments at fair value through profit or loss*	**(715)**	–
Impairment of available-for-sale investments*	**–**	340
Reversal of goodwill*	**904**	–
Foreign exchange differences, net*	**(1,608)**	(3,104)

* These expenses/(income) are included in "Other operating income, net" on the face of the condensed consolidated income statement.

6. Tax

	2007	2006
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**761**	1,972
(Over)/under provision in prior years	**(95)**	3
Current – Elsewhere	**229**	250
Deferred	**1,264**	1,813
	2,159	4,038

7. Dividend

	2007	2006
	HK$'000	*HK$'000*
Proposed final – HK$0.015 (2006: HK$0.01) per ordinary share	**5,949**	3,966

8. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$66,452,000 (2006: HK$16,997,000) and the weighted average number of 396,599,497 (2006: 207,761,070) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31 December 2007 and 31 December 2006 have not been disclosed as the outstanding share options had an anti-dilutive effect on the basic earnings per share since their exercise prices were higher than the average market price of the Company's ordinary shares during both years.

9. Trade and bills receivables

	2007	2006
	HK$'000	*HK$'000*
Trade and bills receivables	**295,243**	388,523

An aged analysis of the trade and bills receivables as at the balance sheet date, based on payment due date and net of provisions, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**205,155**	253,139
31 to 60 days	**43,179**	67,628
61 to 90 days	**23,098**	15,751
Over 90 days	**23,811**	52,005
	295,243	388,523

10. Trade and bills payables

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**163,563**	72,722
Bills payables	**20,367**	42,473
	183,930	115,195

An aged analysis of the trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**118,516**	83,665
31 to 60 days	**39,951**	21,569
61 to 90 days	**16,253**	4,044
Over 90 days	**9,210**	5,917
	183,930	115,195

11. Comparative amounts

Certain comparative amounts in the condensed consolidated balance sheet and notes to financial statements have been reclassified to conform with the current year's presentation.

RESULTS

The Group's turnover and profit for the year ended 31 December 2007 were HK$1,547 million (2006: HK$1,469 million) and HK$65 million (2006: HK$17 million). The increase in turnover was mainly attributable to Victory Leap Limited and its subsidiaries (the "Victory Leap Group") acquired in October 2007, which contributed a turnover of HK$107 million. The increase in profit was mainly due to the non-recurring excess over the cost of business combinations recognized in respect of the acquisition of the Victory Leap Group of HK$39.7 million. The current year's profit included surplus on revaluation of the Group's properties of HK$4.5 million (net of deferred tax) (2006: HK$6.6 million) and the fair value gains on equity investments of HK$6 million (2006: HK$2.1 million).

PROPOSED FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK1.5 cents (2006: HK1 cent) per share for the year ended 31 December 2007 to the shareholders whose names appear on the Company's register of members on 3 June 2008. Upon the approval by shareholders of the Company in the forthcoming annual general meeting, it is expected that the final dividend cheques will be despatched to the shareholders on or about 23 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 29 May 2008 to 3 June 2008 (both days inclusive), during which period no share transfers will be registered. In order to qualify for the final dividend, all transfers accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 28 May 2008.

REVIEW OF BUSINESS AND OPERATIONS

Business Review

Trading of plastics and chemicals

DMT International Hong Kong Limited ("DMT") and Jacobson van den Berg (Hong Kong) Limited ("JvdB") recorded turnover of HK$735 million (2006: HK$786 million) for the year. Operating profit reduced to HK$20.7 million comparing to last year's HK$28 million. The decrease was mainly due to drop in profit margin to accommodate customers under the persistent high resin prices. While having a large pool of value customers which are leaders in different fields, DMT and JvdB continue to build on their customer and supplier base to develop new products and increase market presence in the Mainland China. Overhead, inventories and trade receivables remain under tight control to ensure profitability of the business.

Trading of industrial products and equipment

Chinney Alliance Engineering Limited and its subsidiaries reported turnover of HK$52 million compared with HK$54 million of last year, with an operating profit of HK$0.5 million (2006: loss of HK$1 million). The improvement was mainly attributable to costs saving achieved from control on headcount and overhead.

Building related contracting services

Shun Cheong Investments Limited and Westco Chinney Limited (collectively the "Building Services Group") contributed turnover of HK$653 million (2006: HK$629 million) with operating profit of HK$7.1 million (2006: HK$11 million). Although gross margin from contracting works increased, the increase in overhead which was mainly due to full year overhead of Shun Cheong Investments Limited was consolidated in current year comparing with only nine month's overhead in 2006, as well as the overhead of Apex Curtain Wall and Windows Company Limited acquired during the year resulted in reduced profit.

Foundation piling and building construction

The Group acquired Victory Leap Limited during the year from its substantial shareholder, Chinney Investments, Limited ("Chinney Investments"), as approved by independent shareholders of the Company at a special general meeting held on 16 October 2007. The principal subsidiaries of Victory Leap Limited are Kin Wing Engineering Company Limited ("Kin Wing"), which is engaged in foundation piling business, and Chinney Construction Company, Limited ("CCCL"), which is engaged in building construction business. The acquisition was completed at end of October 2007 and the operating results of the Victory Leap Group for the two months ended 31 December 2007 were consolidated into the Group's current year results. Kin Wing and CCCL contributed turnover of HK$82 million and HK$25 million, respectively, with operating profit of HK$5.1 million and operating loss of HK$0.3 million, respectively. The loss of CCCL was mainly due to the fact that projects awarded in the second half of the year just commenced and works done were not yet certified for the recognition of profit in accordance with the Group's accounting policies. The Group recognized the excess over the cost of business combinations on the acquisition of Victory Leap Limited of HK$39.7 million, which represented the excess of fair value of the identifiable assets and liabilities of the Victory Leap Group acquired over the value of consideration paid.

Associate

The share of losses of associates for the year represented the share of the results of Jiangxi Kaitong New Materials Company Limited. Last year, the Group shared losses of Shun Cheong Holdings Limited of HK$1 million, which ceased to be an associate of the Group in March 2006.

Financial Review

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$310 million as at 31 December 2007 (2006: HK$257 million), of which HK$131 million (2006: HK$209 million) were trust receipt loans. The increase in interest-bearing debts was mainly attributable to the bank borrowings of HK$84 million and obligations under hire purchase contracts of HK$18 million of the Victory Leap Group acquired during the year, and the issue of a promissory note with carrying value of HK$39 million for the acquisition of the Victory Leap Group. Approximately 80% of the debts were due and repayable within one year. Current ratio of the Group as at 31 December 2007, measured by total current assets over total current liabilities, was 1.18 (2006: 1.31).

Total unpledged cash and bank balances as at 31 December 2007 was HK$84 million (2006: HK$179 million). The decrease in unpledged cash and bank balances was mainly due to payment of the consideration for the acquisition of the Victory Leap Group and repayment of bank loans and trust receipt loans.

The Group had a total of HK$598 million committed but undrawn banking facilities at year-end available for its working capital purpose. The gearing ratio of the Group, as measured by the net interest-bearing debts of HK$225 million over the equity attributable to the holders of the Company of HK$299 million, was 75% as at 31 December 2007.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group.

Pledge of assets

Certain properties and plant and machinery having aggregate book value of HK$81.8 million and HK$77.9 million respectively as at 31 December 2007 were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK$26.4 million were pledged to banks to secure the performance bonds issued in favour of the Group's clients on contracting works.

Contingent liability

The Group provides corporate guarantees and indemnities to certain banks and financial institution for an aggregate amount of HK$68 million for the performance bonds issued in favour of the Group's clients on contracting works.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2007.

Employees and remuneration policies

The Group employed approximately 610 staff in Hong Kong, Macau and other parts of the People's Republic of China as at 31 December 2007. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

OUTLOOK

The local economy continues to benefit from the development of the Mainland China. Although the external economic environment was beset with the US sub-prime mortgage problem and credit crunch, the local GDP of 2007 still grew at 6.3% and unemployment rate dropped to 3.4%. The sustained rapid economic growth of the Mainland and its intensified economic integration with Hong Kong will benefit local economic development, especially the construction sector. The Group's plastic trading business is developing higher margin engineering plastics products and at the same time maximizing the business potential of its existing core customers of commodity plastics. On the other hand, the Group continues to explore business opportunities in Macau and Hong Kong for its building services business and the newly acquired foundation piling and building construction businesses and expects more projects with improved profit margin. Despite the global economic uncertainties, the Board remains optimistic about the results in the coming year.

CORPORATE GOVERNANCE

Model Code for Securities Transactions By Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2007.

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2007, except that:

1. Board meetings of the Company were held three times during the year, in which two meetings were held on regular basis, which deviated from code provision A.1.1 which stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In view of the simplicity of the Group's businesses, regular board meetings have not been held quarterly during the year. The interim and annual results together with all corporate transactions happened during the year have been reviewed and discussed amongst the directors at the full board meetings held in the year.

2. Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company has not appointed a chief executive officer while Mr. Frank Kwok-Kit Chu is the managing director of DMT and JvdB. Mr. Sek-Kee Yu is the managing director of Kin Wing, CCCL and Building Services Group. DMT, JvdB, Kin Wing, CCCL and the Building Services Group already comprise a substantial portion of the Group's business. Dr. James Sai-Wing Wong, Chairman of the Company, is responsible for the management of the Board. In view of the size of the Group, it is considered unnecessary to appoint a chief executive officer of the Company.

3. Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

   The existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

   According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

   Dr. James Sai-Wing Wong, the beneficial owner of Chinney Investments, Enhancement Investments Limited and Chinney Capital Limited, which collectively holds approximately 58.3% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. As a result, the Board concurred that the Chairman of the Board need not be subject to retirement by rotation. The Company currently has no Managing Director.

4. Code provision B.1.3 stipulates that the terms of reference of the Remuneration Committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the terms of reference of the Remuneration Committee on 20 September 2005, which was subsequently amended in the way that the Remuneration Committee should "review" as opposed to "determine" the specific remuneration packages of all executive directors.

   The Chairman of the Board receives no remuneration and determines the remuneration of all other executive directors, taking reference to market pay, individual performance and a bonus scheme, which has been in place prior to the establishment of the Remuneration Committee. A Remuneration Committee meeting was held once during the year, during which the remuneration packages of all executive directors for the year have been reviewed individually.

Full details on the subject of corporate governance are set out in the Company's 2007 Annual Report.

Audit Committee

Regular meetings have been held by the Audit Committee of the Company since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed with management and the external auditors the final results of the Group for the year ended 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed shares during the year.

BOARD OF DIRECTORS

At the date of this announcement, the Board comprises the following directors:

Executive Directors
Dr. James Sai-Wing Wong
Mr. Sek-Kee Yu
Mr. Frank Kwok-Kit Chu
Mr. Yuen-Keung Chan
Mr. Wai-Hong Ling

Non-Executive Director
Mr. Herman Man-Hei Fung

Independent Non-Executive Directors
Mr. William Gage McAfee
Mr. David Chung-Shing Wu
Mr. Sou-Tung Chan

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 18 April 2008