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 2008

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the consolidated income statement of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 and the consolidated balance sheet of the Group as at 31 December 2008 together with comparative figures in 2007 are as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
REVENUE	2	**2,547,004**	1,546,750
Cost of sales/services provided		**(2,270,298)**	(1,414,937)
Gross profit		**276,706**	131,813
Other income	3	**7,641**	10,428
Selling and distribution costs		**(12,167)**	(14,918)
Administrative expenses		**(191,939)**	(100,365)
Other operating income/(expenses), net		**(10,621)**	7,117
Surplus/(deficit) arising from revaluation of land and buildings		**(10,592)**	1,369
Changes in fair value of investment properties		**(2,065)**	5,595
Excess over the cost of business combinations		**-**	39,684
Finance costs	4	**(14,562)**	(13,367)
Share of losses of:			
A jointly-controlled entity		**(86)**	-
An associate		**(580)**	(477)
PROFIT BEFORE TAX	5	**41,735**	66,879
Tax	6	**3,036**	(2,159)
PROFIT FOR THE YEAR		**44,771**	64,720
Attributable to:			
Equity holders of the Company		**45,532**	66,452
Minority interests		**(761)**	(1,732)
		44,771	64,720
DIVIDEND – proposed final	7	**14,872**	5,949
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		**10.3 cents**	16.8 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**197,017**	241,090
Investment properties		**28,261**	25,425
Interest in an associate		**1,378**	1,488
Interests in jointly-controlled entities		**11**	–
Goodwill		**6,970**	8,018
Deferred tax assets		**987**	635
Other assets		**282**	282
Retention monies receivables over one year		**-**	3,654
Total non-current assets		**234,906**	280,592
CURRENT ASSETS			
Inventories		**78,863**	60,591
Gross amount due from contract customers		**125,901**	121,714
Trade and bills receivables	*9*	**436,695**	295,243
Retention monies receivables		**100,907**	79,289
Amounts due from related companies		**11,778**	15,570
Amounts due from jointly-controlled entities		**119**	249
Prepayments, deposits and other receivables		**62,870**	55,240
Equity investments at fair value through profit or loss		**5,319**	16,834
Tax recoverable		**743**	2,609
Pledged time deposits		**37,046**	26,425
Cash and cash equivalents		**135,643**	84,315
Total current assets		**995,884**	758,079
CURRENT LIABILITIES			
Gross amount due to contract customers		**138,889**	105,025
Trade and bills payables	*10*	**303,733**	183,930
Trust receipt loans		**156,111**	130,950
Retention monies payables		**61,786**	34,766
Amounts due to related companies		**11,241**	11,548
Loan from a minority shareholder of a subsidiary		**-**	5,980
Other payables and accruals		**52,245**	56,011
Tax payable		**2,033**	1,555
Obligations under finance leases		**3,770**	6,082
Interest-bearing bank borrowings		**45,364**	108,181
Total current liabilities		**775,172**	644,028
NET CURRENT ASSETS		**220,712**	114,051
TOTAL ASSETS LESS CURRENT LIABILITIES		**455,618**	394,643

CONSOLIDATED BALANCE SHEET *(continued)*

		As at 31 December	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT LIABILITIES			
Obligations under finance leases		**7,263**	11,525
Interest-bearing bank borrowings		**-**	14,000
Promissory note		**39,247**	38,789
Deferred tax liabilities		**24,917**	30,113
Total non-current liabilities		**71,427**	94,427
Net assets		**384,191**	300,216
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**59,490**	39,660
Reserves		**309,801**	253,818
Proposed final dividend		**14,872**	5,949
		384,163	299,427
Minority interests		**28**	789
Total equity		**384,191**	300,216

NOTES:

1. BASIS OF PREPARATION AND 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 and all values are rounded to the nearest thousand except when otherwise indicated. The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical products, distribution and installation of building supplies, electrical and mechanical products, provision of building related contracting services, provision of foundation piling works and sub-structure works and building construction works for both public and private sectors. 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**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**701,223**	735,022	**96,391**	51,928	**558,605**	653,105	**640,373**	81,745	**550,412**	24,950	**2,547,004**	1,546,750
Other revenue	**3,301**	2,718	**983**	869	**269**	34	**179**	-	**1,082**	-	**5,814**	3,621
Total	**704,524**	737,740	**97,374**	52,797	**558,874**	653,139	**640,552**	81,745	**551,494**	24,950	**2,552,818**	1,550,371
Segment results:												
Operating profit/(loss)	**11,388**	20,682	**2,853**	529	**14,262**	7,067	**28,076**	5,144	**28,790**	(269)	**85,369**	33,153
Surplus/(deficit) arising from revaluation of land and buildings	**(2,251)**	1,369	**-**	-	**-**	-	**-**	-	**(8,341)**	-	**(10,592)**	1,369
Changes in fair value of investment properties	**(1,735)**	4,235	**(330)**	1,360	**-**	-	**-**	-	**-**	-	**(2,065)**	5,595
	7,402	26,286	**2,523**	1,889	**14,262**	7,067	**28,076**	5,144	**20,449**	(269)	**72,712**	40,117
Interest income and unallocated gains											**1,827**	2,944
Unallocated expenses											**(8,990)**	(8,775)
Fair value gains/(losses) on equity investments at fair value through profit or loss, net											**(9,445)**	6,038
Gain on disposal of equity investments at fair value through profit or loss											**859**	715
Excess over the cost of business combinations											**-**	39,684
Finance costs											**(14,562)**	(13,367)
Share of loss of a jointly-controlled entity											**(86)**	-
Share of loss of an associate											**(580)**	(477)
Profit before tax											**41,735**	66,879
Tax											**3,036**	(2,159)
Profit for the year											**44,771**	64,720
Attributable to:												
Equity holders of the Company											**45,532**	66,452
Minority interests											**(761)**	(1,732)
											44,771	64,720

2. SEGMENT INFORMATION *(continued)*

(a) Business segments (continued)

	Plastic and chemical products		Building supplies, electrical and mechanical products		Building related contracting services		Foundation piling		Building Construction		Eliminations		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**247,903**	287,685	**55,534**	37,553	**327,763**	230,908	**477,009**	363,051	**192,918**	115,493	**(105,892)**	(74,837)	**1,195,235**	959,853
Interests in jointly-controlled entities													**11**	-
Interest in an associate													**1,378**	1,488
Corporate and other unallocated assets													**29,802**	16,149
Bank overdrafts included in segment assets	**-**	-	**223**	14,497	**2,027**	15,358	**-**	13,094	**2,114**	18,232	**-**	-	**4,364**	61,181
Total assets													**1,230,790**	1,038,671
Segment liabilities	**23,447**	52,723	**116,058**	108,734	**254,772**	178,969	**255,536**	138,052	**172,238**	106,787	**(105,892)**	(74,837)	**716,159**	510,428
Corporate and other unallocated liabilities													**126,076**	166,846
Bank overdrafts included in segment assets	**-**	-	**223**	14,497	**2,027**	15,358	**-**	13,094	**2,114**	18,232	**-**	-	**4,364**	61,181
Total liabilities													**846,599**	738,455
Other segment information:														
Capital expenditure	**5,432**	5,488	**11**	136	**119**	2,049	**8,678**	151,584	**789**	54,263	**-**	-	**15,029**	213,520
Depreciation	**1,232**	778	**132**	205	**1,008**	1,080	**19,657**	3,407	**1,723**	385	**-**	-	**23,752**	5,855
Other non-cash expenses:														
Deficit/(surplus) arising from revaluation of land and buildings	**2,251**	(1,369)	**-**	-	**-**	-	**-**	-	**8,341**	-	**-**	-	**10,592**	(1,369)
Changes in fair value of investment properties	**1,735**	(4,235)	**330**	(1,360)	**-**	-	**-**	-	**-**	-	**-**	-	**2,065**	(5,595)

(b) Geographical segments

	Hong Kong		Macau and Mainland China		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**2,131,421**	1,247,683	**415,583**	299,067	**2,547,004**	1,546,750
Other revenue	**4,062**	2,753	**1,752**	868	**5,814**	3,621
Total	**2,135,483**	1,250,436	**417,335**	299,935	**2,552,818**	1,550,371
Other segment information:						
Segment assets	**1,098,736**	858,950	**127,690**	118,540	**1,226,426**	977,490
Bank overdrafts included in segment assets	**4,364**	59,963	**-**	1,218	**4,364**	61,181
Total assets					**1,230,790**	1,038,671
Capital expenditure	**14,661**	212,234	**368**	1,286	**15,029**	213,520

3. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Bank interest income	**1,473**	5,436
Commission income	**1,761**	2,152
Dividend income from a listed investment	**249**	171
Gross rental income	**1,303**	1,154
Others	**2,855**	1,515
	7,641	10,428

4. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**11,556**	12,765
Interest on a promissory note	**2,395**	428
Interest on obligations under finance leases	**611**	174
	14,562	13,367

5. PROFIT BEFORE TAX

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

	2008 *HK$'000*	2007 *HK$'000*
Auditors' remuneration	**3,082**	2,390
Employee benefits expense (including directors' remuneration)	**97,150**	61,599
Depreciation	**23,752**	5,855
Cost of inventories sold	**689,190**	739,982
Cost of services provided	**1,581,108**	674,955
Minimum lease payments under operating leases in respect of land and buildings	**8,839**	5,638
Impairment of trade receivables*	**4,458**	253
Write-back of impairment of trade receivables*	**(290)**	(542)
Write-down/(write-back) of inventories to net realisable value included in cost of inventories sold/services provided	**5,589**	(2,761)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net*	**9,445**	(6,038)
Loss/(gain) on disposal of items of properties, plant and equipment*	**(1,926)**	177
Gain on disposal of equity investments at fair value through profit or loss*	**(859)**	(715)
Reversal of goodwill*	**1,048**	904
Foreign exchange differences, net*	**(1,255)**	(1,608)

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

6. TAX

	2008 *HK$'000*	2007 *HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,326**	761
Under/(over) provision in prior years	**22**	(95)
Current – Elsewhere	**840**	229
Deferred	**(5,224)**	1,264
	(3,036)	2,159

7. DIVIDEND

	2008 *HK$'000*	2007 *HK$'000*
Proposed final – HK2.5 cents (2007: HK1.5 cents) per ordinary share	**14,872**	5,949

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$45,532,000 (2007: HK$66,452,000) and the weighted average number of 442,652,717 (2007: 396,599,497) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31 December 2008 and 31 December 2007 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

	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**436,695**	295,243

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

	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**355,755**	205,155
31 to 60 days	**48,514**	43,179
61 to 90 days	**11,891**	23,098
Over 90 days	**20,535**	23,811
	436,695	295,243

10. TRADE AND BILLS PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**289,991**	163,563
Bills payables	**13,742**	20,367
	303,733	183,930

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

	2008	2007
	HK$'000	*HK$'000*
Current to 30 days	**255,159**	104,764
31 to 60 days	**23,633**	33,336
61 to 90 days	**5,302**	16,253
Over 90 days	**5,897**	9,210
	289,991	163,563

RESULTS

The Group recorded turnover and profit for the year ended 31 December 2008 of HK$2,547 million (2007: HK$1,547 million) and HK$44.8 million (2007: HK$64.7 million) respectively. The profit for the year included the deficit arising from downward revaluation of the Group's properties of HK$12 million (net of deferred tax) (2007: surplus of HK$4.5 million) and the fair value loss on equity investments of HK$9.4 million (2007: gain of HK$6 million) resulting from the downturn of the property market and stock market. The results of 2007 also included a non-recurring excess over the cost of business combination in respect of the acquisition of Chinney Construction Group Limited ("CCG", formerly known as Victory Leap Limited) of HK$39.7 million. Should these items be excluded for both years, the profit contributed from the Group's business operation for the year under review would be HK$66.2 million, comparing with HK$14.5 million of last year. The increase in turnover and profit excluding non-recurring items and fair value changes of properties and equity investments were mainly attributable to CCG acquired in October 2007, which contributed a turnover of HK$1,191 million (2007: HK$107 million) and operating profit of HK$56.9 million (2007: HK$4.9 million).

PROPOSED FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK2.5 cents per share for the year ended 31 December 2008 (2007: HK1.5 cents) to the shareholders whose names appear on the Company's register of members on 5 June 2009. It is expected that the final dividend cheques will be despatched to the shareholders on or before 24 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 1 June 2009 to 5 June 2009 (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 29 May 2009.

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemical products

Jacobson van den Berg (Hong Kong) Limited ("Jacobson") and DMT International Hong Kong Limited ("DMT") recorded turnover of HK$701 million (2007: HK$735 million) for the year. Operating profit reduced to HK$11.4 million comparing to last year's HK$20.7 million. The decrease was mainly due to the turbulent fluctuations of petrochemical resins price diluting the profit margin and impairment loss of trade receivables of HK$4 million. Jacobson and DMT continue to build up their customer and supplier base to increase market presence in the Mainland China. Overhead, inventories and trade receivables remain under tight control to ensure profitability of the business and to ensure adequate liquidity in such a soft market.

Trading of industrial products and equipment

Chinney Alliance Engineering Limited ("CAE") and its subsidiaries reported turnover of HK$96 million (2007: HK$52 million) with an operating profit of HK$2.9 million (2007: HK$0.5 million). The increase in turnover from the sale of air-conditioning products contributed to the improvement of profitability.

Building related contracting services

Shun Cheong Investments Limited ("Shun Cheong") contributed turnover of HK$559 million (2007: HK$653 million) with operating profit of HK$14.3 million (2007: HK$7.1 million). Despite the decrease in turnover, the division's profit increased as the projects in Hong Kong and Macau achieved better margins. As at 31 December 2008, the division has outstanding contract on hand of approximately HK$314 million.

Foundation piling and building construction

CCG contributed its full year performance to the Group in 2008 comparing to only two-month results in 2007 upon the completion of the acquisition by the Group. Kin Wing Engineering Company Limited ("KWE"), a principal subsidiary of CCG engaged in foundation piling business, was running at its full capacity during second half of the year under review and contributed record high turnover and reasonably good operating profit of HK$640 million and HK$28.1 million respectively. Chinney Construction Company, Limited ("CCCL"), another principal subsidiary of CCG engaged in building construction business, contributed record high turnover and record high operating profit of HK$550 million and HK$28.8 million respectively. As at 31 December 2008, the CCG Group has outstanding contracts on hand of approximately HK$1.1 billion in total.

Associate and jointly-controlled entities

The Group's share of the losses of an associate and jointly-controlled entities represented share of the results of Jiangxi Kaitong New Materials Company Limited operated in China and jointly-controlled entities operated in Macau respectively.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$252 million as at 31 December 2008 (2007: HK$310 million), of which HK$156 million (2007: HK$131 million) were trust receipt loans. The decrease in interest-bearing debts was mainly attributable to repayment of bank loans and finance leases payable during the year under review. Approximately 82% of the debts were due and repayable within one year. Current ratio of the Group as at 31 December 2008, measured by total current assets over total current liabilities, was 1.28 (2007: 1.18).

Total unpledged cash and bank balances as at 31 December 2008 was HK$136 million (2007: HK$84 million). In October 2008, the Company issued 198,299,748 new ordinary shares at a price of HK$0.25 per share under an open offer to the then existing shareholders of the Company and raised a net proceeds of HK$47.8 million to enhance the working capital of the Group.

The Group had a total of HK$486 million 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$116 million over the equity attributable to the holders of the Company of HK$384 million, was 30% as at 31 December 2008 (2007: 75%).

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 when desirable.

Pledge of assets

Certain properties and plant and machinery having aggregate book value of HK$65.2 million and HK$65.6 million respectively as at 31 December 2008 were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK$37 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$129 million for the performance bonds issued in favour of the Group's clients on contracting works.

Save as disclosed above, the Group has no material contingent liabilities as at 31 December 2008.

Employees and remuneration policies

The Group employed approximately 750 staff in Hong Kong and other parts of the People's Republic of China as at 31 December 2008. 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 financial tsunami is the greatest challenge to the world economy and such global crisis requires global co-operation to resolve. With the fiscal measures taken by the USA and other European Governments and the global plan for recovery announced by G20, the worldwide stock markets were less volatile in past few weeks. However, it is still uncertain when the global economy would revive. Hong Kong as one of the world's major financial markets is not immune from the financial crisis. GDP of the fourth quarter of 2008 declined by 2.5% on a year-on-year basis in real terms. Unemployment rate increased to 5% and may worsen in near term. Nevertheless, the continuing economic growth in the Mainland China and particularly the 14 supportive measures to Hong Kong will render support to Hong Kong's economy. With a huge market potential, China could be the key of the revival of the global economy. The Central Government is acting proactively to support the key industries of the country and to stimulate the consumer market. When the world market becomes stabilized and also sustained, the Group's plastic trading business could benefit from a new resurgence of consumer demand. On the other hand, the fast-tracking of public sector works by the Hong Kong Government will provide timely support to the local construction industry, so the Group's foundation piling, building construction and building services contracting businesses will have more opportunities in being awarded new contracts. The Board is therefore cautiously optimistic about the business performance of the Group in the coming year.

APPRECIATION

I would like to thank my fellow directors for their advice and support and all staffs for their dedication and contribution for the success during the past 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 2008.

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 2008, except that:

1. Board meetings of the Company were held twice during the year on a 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. Each division of the Group's business namely DMT and Jacobson, KWE, CCCL, CAE and Shun Cheong is managed by its divisional managing directors. 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 that 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, Limited, Enhancement Investments Limited and Chinney Capital Limited, which collectively holds approximately 72.85% 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.

The above deviations from the code provisions were discussed in the corporate governance report included in the Company's 2008 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 2008.

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.

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 16 April 2009

At the date of this announcement, the Board comprises of nine directors, of which four are executive directors, namely Dr. James Sai-Wing Wong, Mr. Sek-Kee Yu, Mr. Yuen-Keung Chan and Mr. Wai-Hong Ling; and two are non-executive directors, namely Mr. Herman Man-Hei Fung and Mr. Frank Kwok-Kit Chu; and three are independent non-executive directors, namely Mr. David Chung-Shing Wu, Mr. Sou-Tung Chan and Mr. Anthony Ren-Da Fan.

** For identification purpose only*