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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the unaudited condensed consolidated income statement and unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2009 together with comparative figures in 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**1,220,293**	1,036,207
Cost of sales/services provided		**(1,079,584)**	(915,187)
Gross profit		**140,709**	121,020
Other income	*3*	**2,755**	3,345
Selling and distribution costs		**(3,735)**	(6,482)
Administrative expenses		**(95,253)**	(82,308)
Other operating income/(expenses), net		**6,202**	(2,377)
Finance costs	*4*	**(3,079)**	(6,634)
Share of losses of:			
A jointly-controlled entity		**(11)**	-
An associate		**(141)**	(323)
PROFIT BEFORE TAX	*5*	**47,447**	26,241
Tax	*6*	**(4,731)**	(2,686)
PROFIT FOR THE PERIOD		**42,716**	23,555
Attributable to:			
Equity holders of the Company		**42,744**	23,628
Minority interests		**(28)**	(73)
		42,716	23,555
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**7.19 cents**	5.96 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**42,716**	23,555
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (AFTER TAX)		
Exchange differences arising on translation of foreign operations	**(543)**	64
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**42,173**	23,619
Attributable to:		
Equity holders of the Company	**42,201**	23,692
Minority interests	**(28)**	(73)
	42,173	23,619

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2009 (Unaudited) HK$'000	31 December 2008 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**190,244**	197,017
Investment properties		**28,261**	28,261
Interest in an associate		**1,237**	1,378
Interest in jointly-controlled entities		**-**	11
Goodwill		**6,970**	6,970
Deferred tax assets		**987**	987
Other assets		**282**	282
Total non-current assets		**227,981**	234,906
CURRENT ASSETS			
Inventories		**42,755**	78,863
Gross amount due from contract customers		**121,280**	125,901
Trade receivables	*8*	**317,960**	436,695
Retention monies receivables		**117,507**	100,907
Amounts due from related companies		**4,563**	11,778
Amount due from jointly-controlled entities		**403**	119
Prepayments, deposits and other receivables		**49,261**	62,870
Equity investments at fair value through profit or loss		**8,809**	5,319
Tax recoverable		**735**	743
Pledged time deposits		**45,918**	37,046
Cash and cash equivalents		**155,923**	135,643
Total current assets		**865,114**	995,884
CURRENT LIABILITIES			
Gross amount due to contract customers		**137,063**	138,889
Trade and bills payables	*9*	**211,304**	303,733
Trust receipt loans		**91,004**	156,111
Retention monies payables		**72,046**	61,786
Amounts due to related companies		**14,219**	11,241
Other payables and accruals		**39,349**	52,245
Tax payable		**7,025**	2,033
Obligations under finance leases		**3,836**	3,770
Interest-bearing bank borrowings		**27,308**	45,364
Total current liabilities		**603,154**	775,172
NET CURRENT ASSETS		**261,960**	220,712
TOTAL ASSETS LESS CURRENT LIABILITIES		**489,941**	455,618
NON-CURRENT LIABILITIES			
Obligations under finance leases		**5,327**	7,263
Interest-bearing bank borrowings		**9,113**	-
Promissory note		**39,438**	39,247
Deferred tax liabilities		**24,571**	24,917
Total non-current liabilities		**78,449**	71,427
Net assets		**411,492**	384,191

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 June 2009 (Unaudited)** ***HK$'000***	31 December 2008 (Audited) *HK$'000*
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**59,490**	59,490
Reserves		**352,002**	309,801
Proposed final dividend		**-**	14,872
		411,492	384,163
Minority interests		**-**	28
Total equity		**411,492**	384,191

NOTES:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008 except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial year beginning on or after 1 January 2009.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation*
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payments – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreement for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2008 [1]

[1] *Except for the amendments to HKFRS 5 which is effective for annual period beginning on or after 1 July 2009*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 *Segment Reporting*.

Except for the adoption of HKAS 1 (Revised) and HKFRS 8, the adoption of other new and revised HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 3 (Revised)	*Business Combinations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [2]
HKFRSs (Amendments)	*Improvements to HKFRSs* issued in 2009 [3]

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

[2] *Effective for transfers on or after 1 July 2009*

[3] *Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards*

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

	Plastic and chemical products Six months ended 30 June		**Building supplies, electrical and mechanical products Six months ended 30 June**		**Building related contracting services Six months ended 30 June**		**Foundation piling Six months ended 30 June**		**Building Construction Six months ended 30 June**		**Total Six months ended 30 June**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	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	**197,978**	372,164	**37,416**	21,959	**242,231**	229,046	**451,583**	205,861	**291,085**	207,177	**1,220,293**	1,036,207
Other revenue	**982**	1,303	**535**	433	**72**	8	**1**	-	**231**	25	**1,821**	1,769
Total	**198,960**	373,467	**37,951**	22,392	**242,303**	229,054	**451,584**	205,861	**291,316**	207,202	**1,222,114**	1,037,976
Segment results:	**3,177**	8,147	**147**	(639)	**1,042**	5,021	**37,836**	20,038	**10,571**	10,195	**52,773**	42,762
Interest income and unallocated gains											**934**	834
Unallocated expenses											**(8,323)**	(5,601)
Fair value gains/(losses) on equity investments at fair value through profit or loss, net											**5,169**	(5,656)
Gain on disposal of equity investments at fair value through profit or loss											**125**	859
Finance costs											**(3,079)**	(6,634)
Share of losses of:												
A jointly-controlled entity											**(11)**	-
An associate											**(141)**	(323)
Profit before tax											**47,447**	26,241
Tax											**(4,731)**	(2,686)
Profit for the period											**42,716**	23,555
Attributable to:												
Equity holders of the Company											**42,744**	23,628
Minority interests											**(28)**	(73)
											42,716	23,555

3. OTHER INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**106**	764
Commission income	**693**	872
Dividend income from a listed investment	**29**	115
Gross rental income	**713**	598
Others	**1,214**	996
	2,755	3,345

4. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**1,708**	5,059
Interest on a promissory note	**1,192**	1,192
Interest on obligations under finance leases	**179**	383
	3,079	6,634

No interest was capitalised by the Group in both periods.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**10,528**	12,155
Employee benefits expense (including directors' emoluments)	**49,334**	46,543
Fair value losses/(gains) on equity investments at fair value through profit or loss, net *	**(5,169)**	5,656
Foreign exchange differences, net *	**(601)**	(723)
Gain on disposal of equity investments at fair value through profit or loss *	**(125)**	(859)
Loss/(gain) on disposal of items of properties, plant and equipment *	**170**	(2,630)
Impairment of trade receivables *	**23**	1,086
Write-back of impairment of trade receivables *	**(500)**	(154)

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

6. TAX

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**4,584**	3,053
Current – Elsewhere:		
Charge for the period	**493**	475
Under provision in prior years	**-**	83
Deferred	**(346)**	(925)
Total tax charge for the period	**4,731**	2,686

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the territories in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. 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 period attributable to ordinary equity holders of the Company of HK$42,744,000 (2008: HK$23,628,000) and the weighted average number of 594,899,245 (2008: 396,599,497) ordinary shares in issue during the period.

Diluted earnings per share for the six months ended 30 June 2009 and 30 June 2008 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 periods.

8. TRADE RECEIVABLES

	30 June	31 December
	2009	2008
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**317,960**	436,695

The Group's trading terms with its customers are mainly on credit. The credit period is ranging from cash on delivery to 60 days. A longer credit period may be allowed to customers with good business relationships. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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:

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Current to 30 days	**281,679**	355,755
31 to 60 days	**15,332**	48,514
61 to 90 days	**6,145**	11,891
Over 90 days	**14,804**	20,535
	317,960	436,695

9. TRADE AND BILLS PAYABLES

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Trade payables	**202,836**	289,991
Bills payables	**8,468**	13,742
	211,304	303,733

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

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Current to 30 days	**171,211**	255,159
31 to 60 days	**11,687**	23,633
61 to 90 days	**5,325**	5,302
Over 90 days	**14,613**	5,897
	202,836	289,991

RESULTS

The Group recorded turnover of HK$1,220 million for the six months ended 30 June 2009 (2008: HK$1,036 million), an increase of 17.8% over last year. The profit for the period was HK$42.7 million (2008: HK$23.6 million), represented an increase of 81.3% over last year.

The Group's profit for the current period included the fair value gain on equity investments of HK$5.2 million (2008: loss of HK$5.7 million) and realised gains of HK$0.1 million (2008: HK$0.9 million) on the disposals of equity investments. Should these fair value gains or losses and gains on disposals of equity investments be excluded in both periods, the Group would have profit of HK$37.4 million for the period under review compared to the profit of HK$28.4 million of same period of last year.

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemicals

Jacobson van den Berg (Hong Kong) Limited ("Jacobson") recorded turnover of HK$198 million for the current period (2008: HK$372 million). The operating profit decreased to HK$3.2 million (2008: HK$8.1 million). Sales and operating profit of Jacobson in the first half year was impacted as substantial portion of Jacobson's customers were manufacturers with the US and Europe as their major markets which were at the epicenter of the financial tsunami. Jacobson streamlined the operating assets leading to reduced inventories level, improved cash balances and lower borrowings. This improvement over the period under review enables Jacobson to remain profitable under adverse market conditions. Hopefully, it may also position the management to take on new business opportunities when the economy recovers. Furthermore, Jacobson continues to increase its presence in the Mainland China by focusing on its consumer market in addition to be the supplier of plastics and chemicals for the export market.

Trading of industrial products and equipment

Chinney Alliance Engineering Limited ("CAE") and its subsidiaries recorded turnover of HK$37 million for the six months ended 30 June 2009 (2008: HK$22 million). The operating profit for the period was HK$0.1 million (2008: loss of HK$0.6 million). There was a more robust construction and building market in Hong Kong with higher sales during the period under review.

Building related contracting services

Shun Cheong Investments Limited ("SCIL") contributed turnover of HK$242 million for the period (2008: HK$229 million) with operating profit of HK$1 million (2008: HK$5 million). While the building services contracting business maintained its profit level, additional costs were incurred by a subsidiary engaged in contracting of building aluminium and glass works for touching up works to comply with the more stringent than expected standard of the new flat owners upon handover of residential units. The division is expected to be benefited from the increase in public spending for the construction industry and the recovery of the local property market although the competition is still keen. As at 30 June 2009, SCIL has outstanding contracts on hand of HK$332 million.

Building construction and foundation piling

Chinney Construction Company, Limited ("CCCL"), engaged in the building of superstructure works, contributed turnover of HK$291 million (2008: HK$207 million) with operating profit of HK$10.6 million (2008: HK$10.2 million). During the period, the major projects included the construction of four new schools, which were scheduled for completion in 2009. The operations of sub-structure works under the name of Kin Wing (for foundation and piling) and DrilTech (for drilling and ground investigation works) showed substantial increase in turnover to HK$452 million (2008: HK$206 million) and operating profit surged to HK$37.8 million (2008: HK$20 million), reflecting works done in the period for five major contracts including the foundation for redevelopment of two residential estates of the Hong Kong Housing Authority and the foundation for three major residential developments in the private sector. All these contracts were scheduled for completion in 2009. With more tender opportunities for the forthcoming property development and infrastructure projects, we expect that business in building construction and foundation piling will continue to be robust in the remainder of this year. As at 30 June 2009, the division had outstanding contracts on hand of HK$593 million in total.

OUTLOOK

The global economy is making some improvements in the second quarter of 2009 with the strong policy actions taken by governments around the world. With the strong stimulus measures by the Central Government and the recent uplift of the limit of foreign funds' investment in stock market, the Mainland economy has regained faster growth momentum, which also benefits the Hong Kong economy. The strategy of the Hong Kong Government to stabilise the financial system and to support small to medium enterprises has yielded positive results in supporting the local economy. GDP resumed growth at 3.3% in the second quarter after the contraction in the previous four quarters. The exports of goods in the second quarter picked up strongly from the first quarter, which would benefit the customers of your Group's plastic trading business. The recovery of the local property market and the kick-off of more infrastructure projects would bring more tender opportunities to the Group's foundation piling, building construction and building related contracting services businesses. Although the local economy is seeing some light at the end of the tunnel, the outlook remains uncertain, and in particular unemployment rates remain high, is still affected by the external environment. In spite of this, the directors are optimistic about the Group's results for the whole year in 2009.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$176 million as at 30 June 2009 (31 December 2008: HK$252 million), of which HK$91 million (31 December 2008: HK$156 million) were trust receipt loans. The decrease in interest-bearing debts of the Group was mainly due to the Group's policy to maintain a reasonable stock level which led to the decrease in purchase of trading stocks during the period and thus lower utilisation of trust receipt loans. Approximately 69% of the interest-bearing debts were due and repayable within one year. Current ratio of the Group at 30 June 2009, as measured by total current assets over total current liabilities, was 1.43 (31 December 2008: 1.28).

The unpledged cash and bank balances as at 30 June 2009 were HK$156 million (31 December 2008: HK$136 million). As at 30 June 2009, the Group had a total of HK$253 million undrawn banking facilities available for its working capital purpose. The gearing ratio of the Group, as measured by the net interest-bearing debts of HK$20 million over the equity attributable to the equity holders of the Company of HK$411 million, was 4.9% as at 30 June 2009 (31 December 2008: 30%).

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 whenever desirable.

Pledge of assets

As at 30 June 2009, certain properties and plant and machinery having aggregate book value of HK$64 million and HK$76 million, respectively, were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK$46 million were pledged to banks to secure the issue of performance bonds in favour of the Group's clients on contracting works.

Contingent liabilities

As at 30 June 2009, the Group provided corporate guarantees and indemnities to certain banks and a financial institution of an aggregate amount of approximately HK$135 million for the issue of performance bonds to the Group's clients on contracting works.

Save as disclosed above, the Group has no material contingent liabilities as at 30 June 2009.

Employees and remuneration policies

The Group employed approximately 640 staff in Hong Kong and other parts of the People's Republic of China as at 30 June 2009. 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.

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 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 six months ended 30 June 2009.

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 throughout the interim period, except that:

1. 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 Jacobson, Kin Wing, CCCL, CAE and SCIL 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. Such practices of the Company deviate from code provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

2. 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.

3. 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 (the "Audit Committee") since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2009 has not been audited, but has been reviewed by the Audit Committee.

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

During the six months ended 30 June 2009, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares.

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 17 September 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*