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 2009

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the consolidated income statement and the consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 and the consolidated statement of financial position of the Group as at 31 December 2009 together with comparative figures in 2008 are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**Year ended 31 December 2009** *HK$'000*	2008 *HK$'000*
REVENUE	*2*	**2,106,488**	2,547,004
Cost of sales/services provided		**(1,842,680)**	(2,270,298)
Gross profit		**263,808**	276,706
Other income	*3*	**6,877**	7,641
Selling and distribution costs		**(8,062)**	(12,167)
Administrative expenses		**(196,264)**	(191,939)
Other operating expenses, net		**(3,123)**	(1,176)
Fair value gains/(losses) on equity investments at fair value through profit or loss, net		**15,068**	(9,445)
Surplus/(deficit) arising from revaluation of land and buildings		**8,630**	(10,592)
Changes in fair value of investment properties		**2,058**	(2,065)
Finance costs	*4*	**(5,408)**	(14,562)
Share of losses of:			
A jointly-controlled entity		**(11)**	(86)
An associate		**(194)**	(580)
PROFIT BEFORE TAX	*5*	**83,379**	41,735
Income tax credit/(expense)	*6*	**(6,029)**	3,036
PROFIT FOR THE YEAR		**77,350**	44,771
Attributable to:			
Owners of the Company		**77,378**	45,532
Minority interests		**(28)**	(761)
		77,350	44,771
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY	*7*		
Basic and diluted		**13.0 cents**	10.3 cents

Details of the proposed final dividend for the year are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**77,350**	44,771
OTHER COMPREHENSIVE INCOME		
Surplus/(deficit) on revaluation of land and buildings	**13,843**	(4,686)
Income tax effect	**(1,157)**	324
	12,686	(4,362)
Exchange differences on translation of foreign operations	**(1,285)**	1,712
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**11,401**	(2,650)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**88,751**	42,121
Attributable to:		
Owners of the Company	**88,779**	42,882
Minority interests	**(28)**	(761)
	88,751	42,121

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**256,947**	197,017
Investment properties		**26,469**	28,261
Interest in an associate		**1,184**	1,378
Interests in jointly-controlled entities		**-**	11
Goodwill		**5,767**	6,970
Deferred tax assets		**415**	987
Other assets		**282**	282
Total non-current assets		**291,064**	234,906
CURRENT ASSETS			
Inventories		**51,290**	78,863
Gross amount due from contract customers		**115,725**	125,901
Trade receivables	*9*	**229,757**	436,695
Retention monies receivables		**98,233**	100,907
Amounts due from related companies		**-**	11,778
Amounts due from jointly-controlled entities		**637**	119
Prepayments, deposits and other receivables		**41,872**	62,870
Equity investments at fair value through profit or loss		**18,614**	5,319
Tax recoverable		**574**	743
Pledged time deposits		**47,519**	37,046
Cash and cash equivalents		**240,387**	135,643
Total current assets		**844,608**	995,884
CURRENT LIABILITIES			
Gross amount due to contract customers		**171,409**	138,889
Trade and bills payables	*10*	**157,778**	303,733
Trust receipt loans		**70,288**	156,111
Retention monies payables		**59,565**	61,786
Amounts due to related companies		**10,962**	11,241
Amount due to a jointly-controlled entity		**97**	-
Other payables and accruals		**51,504**	52,245
Tax payable		**2,279**	2,033
Obligations under finance leases		**8,208**	3,770
Interest-bearing bank borrowings		**24,122**	45,364
Promissory note		**39,652**	-
Total current liabilities		**595,864**	775,172
NET CURRENT ASSETS		**248,744**	220,712
TOTAL ASSETS LESS CURRENT LIABILITIES		**539,808**	455,618

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		As at 31 December	
	Notes	**2009**	2008
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Obligations under finance leases		**21,763**	7,263
Interest-bearing bank borrowings		**33,559**	-
Promissory note		**-**	39,247
Deferred tax liabilities		**26,416**	24,917
Total non-current liabilities		**81,738**	71,427
Net assets		**458,070**	384,191
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**59,490**	59,490
Reserves		**380,733**	309,801
Proposed final dividend	*8*	**17,847**	14,872
		458,070	384,163
Minority interests		**-**	28
Total equity		**458,070**	384,191

NOTES:

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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 and revised HKFRSs for the first time for the current year's financial statements.

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 Payment - Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendments to Appendix to HKAS 18 *Revenue - Determining whether an entity is acting as a principal or as an agent*
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 Obligations Arising on Liquidation*
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	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary,* which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of the HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs 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.

1. **BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES** *(continued)*

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, 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 purposes 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 geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 2 to this announcement.

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

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, this 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.

2. **OPERATING 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.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted operating profit/(loss) before tax.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2009

	Plastic and chemical products HK$'000	Building supplies, electrical and mechanical products HK$'000	Building related contracting services HK$'000	Foundation piling HK$'000	Building construction HK$'000	Total HK$'000
Segment revenue:						
Sales to external customers	420,605	73,576	417,237	780,532	414,538	2,106,488
Intersegment sales	20,769	7,898	28,344	-	-	57,011
Other revenue	2,014	1,074	92	4	396	3,580
	443,388	82,548	445,673	780,536	414,934	2,167,079
Reconciliation:						
Elimination of intersegment sales						(57,011)
Revenue						2,110,068
Segment results						
Operating profit/(loss)	8,087	(627)	(3,886)	51,817	13,185	68,576
Reconciliation:						
Interest income and unallocated gains						3,297
Unallocated expenses						(11,890)
Fair value gains on equity investments at fair value through profit or loss, net						15,068
Gain on disposal of equity investments at fair value through profit or loss						277
Surplus arising from revaluation of land and buildings						8,630
Changes in fair value of investment properties						2,058
Finance costs						(2,432)
Share of loss of a jointly-controlled entity	-	-	-	-	(11)	(11)
Share of loss of an associate						(194)
Profit before tax						83,379

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2009

	Plastic and chemical products HK$'000	Building supplies, electrical and mechanical products HK$'000	Building related contracting services HK$'000	Foundation piling HK$'000	Building construction HK$'000	Total HK$'000
Segment assets	**231,237**	**44,345**	**250,427**	**484,047**	**179,198**	**1,189,254**
Reconciliation:						
Elimination of intersegment receivables						**(85,328)**
Interest in an associate						**1,184**
Corporate and other unallocated assets						**30,562**
Total assets						**1,135,672**
Segment liabilities	**99,629**	**33,778**	**173,924**	**223,146**	**159,606**	**690,083**
Reconciliation:						
Elimination of intersegment payables						**(85,328)**
Corporate and other unallocated liabilities						**72,847**
Total liabilities						**677,602**
Other segment information:						
Impairment of trade receivables	**3,488**	**24**	**12**	**-**	**-**	**3,524**
Write-back of impairment of trade receivables	**(88)**	**-**	**(650)**	**-**	**-**	**(738)**
Write-down/(write-back) of inventories to net realisable value included in cost of inventories sold/services provided	**(81)**	**(306)**	**-**	**540**	**-**	**153**
Surplus arising from revaluation of land and buildings	**(507)**	**-**	**-**	**-**	**(8,123)**	**(8,630)**
Changes in fair value of investment properties	**(2,051)**	**(7)**	**-**	**-**	**-**	**(2,058)**
Depreciation	**1,126**	**69**	**374**	**18,946**	**1,419**	**21,934**
Capital expenditure	**112**	**-**	**133**	**44,690**	**12,394**	**57,329***

* Capital expenditure represents additions to property, plant and equipment.

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2008

	Plastic and chemical products *HK$'000*	Building supplies, electrical and mechanical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling *HK$'000*	Building construction *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	701,223	96,391	558,605	640,373	550,412	2,547,004
Intersegment sales	13,609	735	31,090	-	-	45,434
Other revenue	3,301	983	269	179	1,082	5,814
	718,133	98,109	589,964	640,552	551,494	2,598,252
Reconciliation :						
Elimination of intersegment sales						(45,434)
Revenue						2,552,818
Segment results						
Operating profit	5,288	1,969	12,696	26,002	27,546	73,501
Reconciliation:						
Interest income and unallocated gains						1,827
Unallocated expenses						(8,990)
Fair value losses on equity investments at fair value through profit or loss, net						(9,445)
Gain on disposal of equity investments at fair value through profit or loss						859
Deficit arising from revaluation of land and buildings						(10,592)
Changes in fair value of investment properties						(2,065)
Finance costs						(2,694)
Share of loss of a jointly-controlled entity	-	-	-	-	(86)	(86)
Share of loss of an associate						(580)
Profit before tax						41,735

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2008

	Plastic and chemical products *HK$'000*	Building supplies, electrical and mechanical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling *HK$'000*	Building construction *HK$'000*	Total *HK$'000*
Segment assets	246,299	55,757	327,623	467,660	195,032	1,292,371
Reconciliation :						
Elimination of intersegment receivables						(105,892)
Interests in jointly-controlled entities	-	-	-	-	11	11
Interest in an associate						1,378
Corporate and other unallocated assets						42,922
Total assets						1,230,790
Segment liabilities	134,985	41,277	245,513	253,765	203,098	878,638
Reconciliation :						
Elimination of intersegment payables						(105,892)
Corporate and other unallocated liabilities						73,853
Total liabilities						846,599
Other segment information:						
Impairment of trade receivables	4,006	386	66	-	-	4,458
Write-back of impairment of trade receivables	(32)	(20)	(238)	-	-	(290)
Write-down/(write-back) of inventories to net realisable value included in cost of inventories sold/services provided	803	(1,163)	(14)	5,963	-	5,589
Deficit arising from revaluation of land and buildings	2,251	-	-	-	8,341	10,592
Changes in fair value of investment properties	1,735	330	-	-	-	2,065
Depreciation	1,232	132	1,008	19,657	1,723	23,752
Capital expenditure	5,432	11	119	8,678	789	15,029*

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**1,931,849**	2,131,421
Mainland China and Macau	**174,639**	415,583
	2,106,488	2,547,004

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**243,338**	195,524
Mainland China and Macau	**40,078**	29,754
	283,416	225,278

The non-current asset information above is based on the location of assets and excludes interest in an associate, interests in jointly-controlled entities, goodwill, deferred tax assets and other assets.

Information about a major customer

Revenue of approximately HK$264,071,000 (2008: Nil) was derived from construction contracts services to a single customer.

3. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income	**148**	1,473
Commission income	**1,648**	1,761
Dividend income from a listed investment	**29**	249
Gross rental income	**1,315**	1,303
Others	**3,737**	2,855
	6,877	7,641

4. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,577**	11,556
Interest on a promissory note	**2,405**	2,395
Interest on obligations under finance leases	**426**	611
	5,408	14,562

5. PROFITS BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**2,988**	3,082
Employee benefit expense (including directors' remuneration)	**102,740**	97,150
Depreciation	**21,934**	23,752
Cost of inventories sold	**409,916**	689,190
Cost of services provided	**1,432,764**	1,581,108
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**225**	215
Minimum lease payments under operating leases in respect of land and buildings	**7,460**	8,839
Impairment of trade receivables*	**3,524**	4,458
Write-back of impairment of trade receivables*	**(738)**	(290)
Write-down of inventories to net realisable value included in cost of inventories sold/services provided	**153**	5,589
Loss/(gain) on disposal of items of properties, plant and equipment*	**890**	(1,926)
Gain on disposal of equity investments at fair value through profit or loss*	**(277)**	(859)
Rental income on investment properties less direct operating expenses	**(1,090)**	(1,088)
Reversal of goodwill*	**1,203**	1,048
Foreign exchange differences, net*	**(1,479)**	(1,255)

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

6. INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**4,978**	1,326
Underprovision in prior years	**19**	22
Current – Elsewhere	**118**	840
Deferred	**914**	(5,224)
	6,029	(3,036)

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary owners of the Company of HK$77,378,000 (2008: HK$45,532,000) and the weighted average number of 594,899,245 (2008: 442,652,717) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

8. DIVIDEND

	2009	2008
	HK$'000	*HK$'000*
Proposed final – HK3.0 cents (2008: HK2.5 cents) per ordinary share	**17,847**	14,872

9. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**229,757**	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.

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date and net of provisions, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current to 30 days	**191,729**	355,755
31 to 60 days	**23,124**	48,514
61 to 90 days	**5,617**	11,891
Over 90 days	**9,287**	20,535
	229,757	436,695

10. TRADE AND BILLS PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**150,021**	289,991
Bills payables	**7,757**	13,742
	157,778	303,733

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current to 30 days	**118,241**	255,159
31 to 60 days	**21,068**	23,633
61 to 90 days	**3,589**	5,302
Over 90 days	**7,123**	5,897
	150,021	289,991

RESULTS

The Group recorded a turnover of HK$2,106 million for the year ended 31 December 2009 (2008: HK$2,547 million). The profit for the year of the Group increased to HK$77.4 million (2008: HK$44.8 million), which included fair value gain on equity investments of HK$15.1 million (2008: loss of HK$9.4 million), gain on disposal of equity investments of HK$0.3 million (2008: HK$0.9 million) and surplus on revaluation of properties (net of deferred tax) of HK$11.0 million (2008: deficit of HK$12.0 million). The profit contributed from the Group's business operation would be HK$51.0 million (2008: HK$65.3 million) if the effect from the changes in fair value of equity investments, the disposals of equity investments and revaluation of properties were excluded.

PROPOSED FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2009 (2008: HK2.5 cents) to the shareholders whose names appear on the Company's register of members on 3 June 2010. It is expected that the final dividend cheques will be despatched to the shareholders on or before 22 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 31 May 2010 to 3 June 2010 (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 2010.

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemical products

Jacobson van den Berg (Hong Kong) Limited ("Jacobson") recorded a turnover of HK$421 million (2008: HK$701 million) with operating profit of HK$8.1 million (2008: HK$5.3 million). The sluggish economy in the US and Europe have affected the export sales of manufacturers in the region to whom Jacobson supplies plastic resins and chemicals for making their products. Jacobson improved its operating efficiency by optimising the supply chain, freeing up cash previously tied up in operating assets and reducing interest expenses. These effects helped to bring the operating profit after finance costs well above that of last year despite a drop in sales and ensured better quality of earnings for the business. Jacobson continues to expand its presence in the Mainland China and to develop the range of products and product applications to serve our customers better and to create value for our stakeholders.

Trading of industrial products and equipment

Chinney Alliance Engineering Limited ("CAE") and its subsidiaries recorded turnover of HK$74 million (2008: HK$96 million) and an operating loss of HK$0.6 million (2008: profit of HK$2.0 million). With the billing of certain projects deferred to 2010, both the turnover and profitability were affected negatively.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries ("Shun Cheong") recorded a turnover of HK$417 million (2008: HK$559 million) and an operating loss of HK$3.9 million (2008: profit of HK$12.7 million). The operating loss was mainly attributable to costs incurred by a subsidiary engaged in contracting of building aluminium and glass works for additional works to comply with the more stringent than expected standard upon handover. As at 31 December 2009, the division had outstanding contracts on hand of HK$222 million. With more contracts awarded from the Hong Kong Housing Authority, the government and private developer, the performance of the division for the coming year is expected to improve.

Foundation piling

The principal subsidiaries of the division include Kin Wing Engineering Company Limited, Kin Wing Foundations Limited and DrilTech Ground Engineering Limited (collectively "Kin Wing"). Turnover for the year was HK$781 million (2008: HK$640 million) and operating profit was HK$51.8 million (2008: HK$26.0 million), which were contributed from five major contracts completed during the year, including foundation for redevelopment of two residential estates of the Housing Authority and the foundation for three residential developments in the private sector. The outstanding contracts on hand was HK$627 million as at 31 December 2009. It is expected that more foundation contracts from both the public and private sectors will be tendered out in 2010 and the division will have more opportunities in being awarded new contracts.

Building construction

The division recorded a turnover of HK$415 million (2008: HK$550 million) with an operating profit of HK$13.2 million (2008: HK$27.5 million) which was mainly contributed from its principal subsidiary Chinney Construction Company, Limited ("Chinney Construction"). The decrease in operating profit was mainly due to major contracts commenced during the year were not yet proceeded to stage of recognising profit in accordance with the Group's accounting policies. As at 31 December 2009, the division had outstanding contracts on hand of HK$316 million.

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$197.6 million as at 31 December 2009 (2008: HK$251.8 million), of which HK$70.3 million (2008: HK$156.1 million) were trust receipt loans. The decrease in trust receipt loans was mainly due to the reduction of inventory level. On the other hand, the Group acquired some plant and machinery of HK$23.2 million for the foundation piling division through finance leases arrangement. The Group raised bank loans amounted to HK$46.3 million for working capital and acquisition of office premises in Macau. Approximately 72% of the debts were due and repayable within one year. Current ratio of the Group as at 31 December 2009, measured by total current assets over total current liabilities, was 1.42 (2008: 1.28).

Total unpledged cash and bank balances as at 31 December 2009 was HK$240.4 million (2008: HK$135.6 million) which exceeded the total interest-bearing debts of the Group. The increase in cash and bank balances was mainly attributable to fund generated from operation as well as bank loans drawn during the year.

The Group had a total of HK$342 million undrawn banking facilities at year-end available for its working capital purpose. The gearing ratio of the Group, measured by total interest-bearing debts of HK$197.6 million over the equity attributable to the owners of the Company plus minority interests of HK$458.1 million, was 43.1% as at 31 December 2009 (2008: 65.5%).

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$95.8 million and HK$96.4 million respectively as at 31 December 2009 were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK$47.5 million were pledged to banks to secure the performance bonds issued in favour of the Group's clients on contracting works. Subsequent to 31 December 2009, pledged time deposits amounted to HK$23.2 million were released upon the expiry of certain performance bonds.

Contingent liability

The Group provides corporate guarantees and indemnities to certain banks and financial institution for an aggregate amount of HK$106.7 million for the performance bonds issued in favour of the Group's clients on contracting works.

Save as disclosed above, the Group has no other material contingent liabilities as at 31 December 2009.

Employees and remuneration policies

The Group employed approximately 740 staff in Hong Kong and other parts of the People's Republic of China as at 31 December 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.

OUTLOOK

The Hong Kong economy rebounded quickly in the second quarter of 2009 and continued to improve in the rest of the year. The local GDP of the fourth quarter of 2009 recorded a growth of 2.6% on a quarter-to-quarter basis. Such improvement was substantially due to the momentum of Mainland China's recovering economy and the Hong Kong government's policies to stabilise the financial sector, support enterprises and preserve employment. The global recovery should continue in 2010 and Asian economies, particularly China, will take the lead. On the other hand, the European sovereign debt crisis and the timing of exit strategies and pace of the phase out of the present fiscal and monetary stimulus by worldwide governments would bring uncertainty to the world economy. The voice for the appreciation of Renminbi would affect the export sale of the Mainland and thus Hong Kong which has integrated supply chain with the Mainland. Nevertheless, the medium-term prospects for the Hong Kong economy are still optimistic. The Group's plastic trading business may benefit from the increasing exports to Asia, especially China. With the large-scale infrastructure projects will be at their peak construction period in the coming years and the recovery of the local property market, the Group's construction and related businesses shall have more business opportunity. The Board is 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 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 during the year ended 31 December 2009, 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 Jacobson, CAE, Kin Wing, Chinney Construction 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 terms of reference of the Remuneration Committee adopted by the Company on 20 September 2005 has certain deviations from the CG Code provisions that the Remuneration Committee should "review" as opposed to "determine" the specific remuneration packages of "all executive directors" as opposed to "directors and senior management".

   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 2009 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 2009.

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, 9 April 2010

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*