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 2011

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 2011 and the consolidated statement of financial position of the Group as at 31 December 2011 together with comparative figures in 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**2,220,451**	1,990,214
Cost of sales/services provided		**(1,974,452)**	(1,751,076)
Gross profit		**245,999**	239,138
Other income	*3*	**4,805**	6,265
Selling and distribution costs		**(8,815)**	(8,555)
Administrative expenses		**(219,212)**	(200,931)
Other operating income, net		**8,825**	2,331
Fair value losses on equity investments at fair value through profit or loss, net		**(2,395)**	(6,331)
Changes in fair value of investment properties		**2,400**	3,091
Finance costs	*4*	**(5,147)**	(6,541)
Share of profits and losses of associates		**1,898**	(67)
PROFIT BEFORE TAX	*5*	**28,358**	28,400
Income tax expense	*6*	**(5,417)**	(4,738)
PROFIT FOR THE YEAR		**22,941**	23,662
Attributable to:			
Owners of the Company		**22,941**	23,662
Non-controlling interests		**-**	-
		22,941	23,662
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted		**3.9 cents**	4.0 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	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**22,941**	23,662
OTHER COMPREHENSIVE INCOME		
Surplus on revaluation of land and buildings	**42,771**	29,887
Income tax effect	**(5,611)**	(5,047)
	37,160	24,840
Exchange differences on translation of foreign operations	**229**	(332)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**37,389**	24,508
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**60,330**	48,170
Attributable to:		
Owners of the Company	**60,330**	48,170
Non-controlling interests	**-**	-
	60,330	48,170

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2011** ***HK$'000***	31 December 2010 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**407,376**	358,515
Investment properties		**31,960**	29,560
Investments in associates		**42,189**	1,381
Investment in a jointly-controlled entity		**-**	-
Goodwill		**5,767**	5,767
Deferred tax assets		**317**	372
Other assets		**2,345**	282
Total non-current assets		**489,954**	395,877
CURRENT ASSETS			
Inventories		**76,826**	73,890
Gross amount due from contract customers		**159,683**	125,047
Trade receivables	*9*	**360,463**	330,507
Retention monies receivable		**128,219**	110,145
Amount due from a jointly-controlled entity		**967**	967
Prepayments, deposits and other receivables		**42,992**	38,158
Equity investments at fair value through profit or loss		**9,411**	11,806
Tax recoverable		**2,908**	6,634
Pledged time deposits		**16,663**	12,414
Cash and cash equivalents		**111,962**	218,603
Total current assets		**910,094**	928,171
CURRENT LIABILITIES			
Gross amount due to contract customers		**209,686**	167,656
Trade and bills payables	*10*	**272,903**	291,245
Trust receipt loans		**103,606**	85,539
Retention monies payable		**58,345**	60,451
Amounts due to related companies		**-**	3,709
Other payables and accruals		**56,848**	51,926
Tax payable		**2,886**	3,351
Obligations under finance leases		**15,997**	18,028
Interest-bearing bank borrowings		**91,204**	94,778
Total current liabilities		**811,475**	776,683
NET CURRENT ASSETS		**98,619**	151,488
TOTAL ASSETS LESS CURRENT LIABILITIES		**588,573**	547,365

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**31 December 2011** ***HK$'000***	31 December 2010 *HK$'000*
NON-CURRENT LIABILITIES			
Obligations under finance leases		**14,958**	21,875
Interest-bearing bank borrowings		**6,051**	6,816
Deferred tax liabilities		**36,688**	30,281
Total non-current liabilities		**57,697**	58,972
Net assets		**530,876**	488,393
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**59,490**	59,490
Reserves		**453,539**	411,056
Proposed final dividend	*8*	**17,847**	17,847
		530,876	488,393
Non-controlling interests		**-**	-
Total equity		**530,876**	488,393

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 ("HKICPA"), 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

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

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemicals products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors and others, which include distribution of aviation system and energy saving products and property holding. 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.

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.

Segment assets exclude deferred tax assets, tax recoverable, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

During the year, the Group's operating segments changed as a result of the change in the Group's internal business reporting structure for more efficient use of the managerial resources. The corresponding information for the year ended 31 December 2010 has been re-presented accordingly.

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2011

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling and ground investigation *HK$'000*	Building construction *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	466,366	498,935	705,258	537,485	12,407	2,220,451
Intersegment sales	-	30,286	-	6,514	360	37,160
Other revenue	2,154	13	5	7	1,162	3,341
	468,520	529,234	705,263	544,006	13,929	2,260,952
Reconciliation:						
Elimination of intersegment sales						(37,160)
Revenue						2,223,792
Segment results	12,422	7,700	16,189	8,516	(4,733)	40,094
Reconciliation:						
Interest income and unallocated gains						1,464
Unallocated expenses						(15,103)
Fair value losses on equity investments at fair value through profit or loss, net						(2,395)
Changes in fair value of investment properties						2,400
Share of profits and losses of associates						1,898
Profit before tax						28,358

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2011

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling and ground investigation *HK$'000*	Building construction *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**253,020**	**317,842**	**441,955**	**277,053**	**119,599**	**1,409,469**
Reconciliation:						
Elimination of intersegment receivables						**(69,279)**
Investments in associates						**42,189**
Corporate and other unallocated assets						**17,669**
Total assets						**1,400,048**
Segment liabilities	**125,689**	**255,416**	**235,179**	**220,827**	**57,075**	**894,186**
Reconciliation:						
Elimination of intersegment payables						**(69,279)**
Corporate and other unallocated liabilities						**44,265**
Total liabilities						**869,172**
Other segment information:						
Write-back of impairment of trade receivables	**(60)**	**(7,650)**	**-**	**-**	**-**	**(7,710)**
Impairment of trade receivables	**80**	**-**	**-**	**-**	**54**	**134**
Bad debts written off	**-**	**2,038**	**-**	**-**	**-**	**2,038**
Write-down/(write-back) of impairment of inventories included in cost of inventories sold	**(2,870)**	**-**	**-**	**-**	**114**	**(2,756)**
Depreciation	**2,015**	**421**	**23,397**	**2,513**	**1,870**	**30,216**
Capital expenditure*	**1,223**	**4,170**	**36,539**	**1,370**	**5,100**	**48,402**

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2010

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling and ground investigation *HK$'000*	Building construction *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	518,693	350,054	746,320	361,189	13,958	1,990,214
Intersegment sales	-	11,746	-	4,000	2,000	17,746
Other revenue	2,088	1,050	353	125	1,118	4,734
	520,781	362,850	746,673	365,314	17,076	2,012,694
Reconciliation:						
Elimination of intersegment sales						(17,746)
Revenue						1,994,948
Segment results	17,846	14,622	257	13,942	(1,701)	44,966
Reconciliation:						
Interest income and unallocated gains						1,531
Unallocated expenses						(12,884)
Fair value losses on equity investments at fair value through profit or loss, net						(6,331)
Gain on disposal of equity investments at fair value through profit or loss						79
Changes in fair value of investment properties						3,091
Finance costs						(1,985)
Share of profits and losses of an associate						(67)
Profit before tax						28,400

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2010

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Foundation piling and ground investigation *HK$'000*	Building construction products *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	263,926	272,093	474,479	235,604	97,643	1,343,745
Reconciliation:						
Elimination of intersegment receivables						(45,147)
Investment in an associate						1,381
Corporate and other unallocated assets						24,069
Total assets						1,324,048
Segment liabilities	129,566	198,208	265,416	195,196	54,374	842,760
Reconciliation:						
Elimination of intersegment payables						(45,147)
Corporate and other unallocated liabilities						38,042
Total liabilities						835,655
Other segment information:						
Write-back of impairment of trade receivables	-	(161)	-	-	(3)	(164)
Write-back of impairment of inventories included in cost of inventories sold	(372)	-	-	-	(1,439)	(1,811)
Depreciation	1,481	294	23,719	2,155	516	28,165
Capital expenditure*	991	309	43,337	1,670	55,978	102,285

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**2,049,795**	1,835,026
Mainland China and Macau	**170,656**	155,188
	2,220,451	1,990,214

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

(b) Non-current assets

	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**388,922**	342,277
Mainland China and Macau	**50,414**	45,798
	439,336	388,075

The non-current asset information above is based on the location of assets and excludes investments in associates, investment in a jointly-controlled entity, goodwill, deferred tax assets and other assets.

Information about a major customer

In the prior year, revenue of approximately HK$295,018,000 was derived from construction contracts services to a single customer.

3. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Interest income	**250**	491
Commission income	**1,982**	1,996
Gross rental income	**1,164**	1,125
Management fee income from a related company	**-**	1,000
Others	**1,409**	1,653
	4,805	6,265

4. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**3,558**	2,874
Interest on bank loans wholly repayable after five years	**223**	248
Interest on a promissory note	**-**	1,985
Interest on obligations under finance leases	**1,366**	1,434
	5,147	6,541

5. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Auditors' remuneration	**3,428**	3,037
Employee benefit expense (including directors' remuneration)	**129,874**	106,625
Depreciation	**30,216**	28,165
Cost of inventories sold	**414,926**	477,496
Cost of services provided	**1,559,526**	1,273,580
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**225**	237
Minimum lease payments under operating leases in respect of land and buildings	**5,097**	5,382
Impairment of trade receivables*	**134**	-
Write-back of impairment of trade receivables*	**(7,710)**	(164)
Bad debts written off*	**2,038**	-
Write-back of impairment of inventories included in cost of inventories sold	**(2,756)**	(1,811)
Loss/(gain) on disposal of items of properties, plant and equipment*	**(1,739)**	442
Gain on disposal of equity investments at fair value through profit or loss*	**-**	(79)
Gain on disposal of a jointly-controlled entity*	**-**	(97)
Rental income on investment properties less direct operating expenses	**(939)**	(888)
Foreign exchange differences, net*	**(1,425)**	(2,433)
Gain on bargain purchase arising from acquisition of an investment in an associate #	**(1,874)**	-

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

\# This is included in "Share of profits and losses of associates" in the consolidated income statement.

6. INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**3,212**	2,549
Underprovision/(overprovision) in prior years	**(1)**	6
Current – Elsewhere		
Charge for the year	**1,355**	2,212
Underprovision in prior years	**-**	1,110
Deferred	**851**	(1,139)
Total tax charge for the year	**5,417**	4,738

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK$22,941,000 (2010: HK$23,662,000), and the weighted average number of 594,899,245 ordinary shares in issue during both years.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the Group has no dilutive ordinary shares in issue during those years.

8. DIVIDEND

	2011	2010
	HK$'000	*HK$'000*
Proposed final – HK3.0 cents (2010: HK3.0 cents) per ordinary share	**17,847**	17,847

9. TRADE RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**360,463**	330,507

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.

9. TRADE RECEIVABLES *(continued)*

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:

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**334,414**	297,195
31 to 60 days	**9,330**	15,983
61 to 90 days	**5,683**	2,921
Over 90 days	**11,036**	14,408
	360,463	330,507

10. TRADE AND BILLS PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**251,825**	278,885
Bills payable	**21,078**	12,360
	272,903	291,245

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

	2011	2010
	HK$'000	*HK$'000*
Current to 30 days	**201,829**	237,287
31 to 60 days	**28,653**	20,237
61 to 90 days	**9,515**	7,285
Over 90 days	**11,828**	14,076
	251,825	278,885

RESULTS

The Group recorded a turnover of HK$2,220 million for the year ended 31 December 2011 (2010: HK$1,990 million). The profit for the year was HK$22.9 million (2010: HK$23.7 million), which included fair value losses on equity investments of HK$2.4 million (2010: HK$6.3 million), surplus arising on changes in fair value of investment properties of HK$1.7 million (net of deferred tax) (2010: HK$1.9 million) and the gain on bargain purchase arising from acquisition of an associate of HK$1.9 million. The surplus arising from change in value of the Group's land and buildings for the current year amounted to HK$37.2 million (net of deferred tax) was credited to reserve as other comprehensive income (2010: HK$24.8 million). The profit contributed from the Group's business operation, which was arrived by excluding the effect of fair value changes of the equity investments and property interests, and the gain on bargain purchase arising from acquisition of an associate from the profit for the year, was HK$21.7 million (2010: HK$28.1 million).

PROPOSED FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31 December 2011 (2010: HK3.0 cents) to the shareholders whose names appear on the Company's register of members on 8 June 2012. It is expected that the final dividend cheques will be despatched to the shareholders on or before 26 June 2012.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 1 June 2012. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 30 May 2012 to 1 June 2012 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms 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 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 December 2011 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 8 June 2012 to 12 June 2012 (both days inclusive), during which period no share transfers will be registered. The last day for dealing in the Company's share cum entitlements to the proposed final dividend will be 5 June 2012. In order to qualify for the proposed final dividend, all transfer forms 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 7 June 2012.

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemical products

The plastic trading division, which consists of Jacobson van den Berg (Hong Kong) Limited and other companies, contributed a turnover of HK$466 million (2010: HK$519 million) with operating profit of HK$12.4 million (2010: HK$17.8 million). The decrease in turnover and thus profit of the division was mainly due to the faltering demand in the US and the Europe for consumer goods, which reduced the consumption of raw materials by manufacturers in the region. Although the demand for consumer goods in the Asian countries increased, it was insufficient to replace the advanced economies. The management continues to tightly control the inventory level and debt collection to maintain a sound financial position and to expand the business in the Mainland China market.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries contributed turnover of HK$499 million (2010: HK$350 million) and an operating profit of HK$7.7 million (2010: HK$14.6 million). While the turnover increased, the gross profit decreased, which was mainly due to additional profit was contributed from variation orders approved for the division's projects in Macau in 2010, and the delay of certain major projects which have not yet proceeded to the stage to recognize profit in accordance with the Group's accounting policies. With more projects commenced in 2012, the contribution from the division to the Group's profitability will be improved in the second half of the year. As at 31 December 2011, the division had outstanding contracts on hand of HK$1,098 million. Subsequent to the year end, the division was awarded new contracts amounted to HK$55 million.

Building construction

The division recorded a turnover of HK$537 million (2010: HK$361 million) with an operating profit of HK$8.5 million (2010: HK$13.9 million) which was mainly contributed from its principal subsidiary Chinney Construction Company, Limited. The turnover and profit for the year were mainly contributed from several school projects, a private residential project and a hotel project. With the increase in labour wages and overhead costs in the financial year under review, the profit margin decreased. As at 31 December 2011, the division had outstanding contracts on hand of HK$415 million. There were additional HK$174 million worth contracts awarded after 31 December 2011 by the division.

Foundation piling and ground investigation

The principal subsidiaries of the division include Kin Wing Engineering Company Limited, Kin Wing Foundations Limited and DrilTech Ground Engineering Limited. Turnover for the year was HK$705 million (2010: HK$746 million) and operating profit was HK$16.2 million (2010: HK$0.3 million). While the profit of 2010 was decreased due to additional costs as a result of difficult ground condition of three foundation piling projects, the profit returned to normal in the year under review. The turnover and profit were mainly contributed from several foundation piling projects for private residential development and two public housing projects. The outstanding contracts on hand were HK$585 million as at 31 December 2011 with additional HK$696 million worth projects awarded after year end.

Other businesses

Other businesses include the holding of properties for the Group's own use and Chinney Alliance Engineering Limited ("CAE") which engages in the distribution of aviation system and other products. These businesses recorded a turnover of HK$12 million (2010: HK$14 million) and an operating loss of HK$4.7 million (2010: HK$1.7 million). With the progress of the three major projects from the Hong Kong International Airport, the profitability is expected to improve in the forthcoming years.

The Group's share of the profits and losses of associates included the share of the results of Jiangxi Kaitong New Materials Company Limited which is engaged in the manufacturing of stainless steel and plastic compound pipes in the Mainland China and Fineshade Investments Limited ("Fineshade"). As detailed in the Company's announcement of 19 December 2011, the Group acquired 21.5% interests in Fineshade which had 90% indirect interest in a real estate property consisting of three buildings known as Binjiang Intelligence Port located in Hangzhou, the People's Republic of China for rental purpose.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$231.8 million as at 31 December 2011 (2010: HK$227.0 million), of which HK$210.8 million or 91% (2010: HK$198.3 million or 87%) were classified as current liabilities, which included bank and other borrowings with repayment on demand clause amounted to HK$42.2 million (31 December 2010: HK$59.1 million) which will be repaid after one year according to the lenders' repayment schedules. The current portion of the interest-bearing debts would be HK$168.6 million or 73% (2010: HK$139.2 million or 61%) based on lenders' repayment schedules. Also included in the current portion of bank and other borrowings were trust receipt loans of HK$103.6 million (2010: HK$85.5 million). The increase in trust receipt loans was mainly due to the purchase of generator and other equipment for installation for the projects of Shun Cheong. Current ratio of the Group as at 31 December 2011, measured by total current assets over total current liabilities, was 1.1 (2010: 1.2). Total unpledged cash and bank balances as at 31 December 2011 was HK$112.0 million (2010: HK$218.6 million). The decrease in unpledged bank balances was mainly due to fund used for the investment in Fineshade of HK$39 million, acquisition of property, plant and equipment of HK$48 million and fund used for operation.

The Group had a total of HK$322 million undrawn banking facilities at year-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK$231.8 million over the equity attributable to the holders of the Company of HK$530.9 million, was 43.7% as at 31 December 2011 (2010: 46.5%).

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$167.3 million and HK$43.7 million respectively as at 31 December 2011 were pledged to banks to secure certain bank loans, obligations under finance leases and general banking facilities extended to the Group. In addition, time deposits of HK$16.7 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 a financial institution for an aggregate amount of HK$116.2 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 2011.

Employees and remuneration policies

The Group employed approximately 990 staff in Hong Kong and other parts of the People's Republic of China as at 31 December 2011. 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 global economy remains dim. The economy in the Eurozone shows sign of very mild downturn at the moment. With the focus on cost reduction, the employment rate falls and demand is weak across the region. On the other hand, with the low interest rate and the drop in oil prices, the economic growth in the US shows a slow but steady growth. The weaken demand in Europe and the US for consumer goods affects the export of the Mainland China and there is sign of contraction in Chinese manufacturing. The growth momentum of Chinese economy may slow down and the growth target for 2012 was set at 7.5 percent, lower than the 8 percent goal since 2005. However, with the recovery of the world's economy and stimulus for local demand, the Chinese market is still optimistic. In Hong Kong, the unemployment rate remains low with a 3.4 percent provision figure for the 3 months ended February 2012. The GDP in the 4th quarter of 2011 recorded 3 percent growth, mainly contributed by increase in domestic private consumption.

Given the difficult external economic environment, the export sale will be affected in 2012. As the customers of Group's plastic trading division are mainly manufacturers, the sales of your Group's plastic trading division would be soft. Nevertheless, the infrastructure works as well as public and private housing development will continue to provide substantial demand for the construction industry, which will benefit the Group's foundation piling and site investigation, building construction and building services divisions and indeed there are substantial sum of contracts awarded by the Group after the end of the financial year. The Group will continue to monitor the projects closely in the continued inflationary environment to maintain profitability. Since the revenue recognition of construction projects is based on the progress of the individual projects, it is expected that the contribution from these construction projects will be more substantial in the second half of 2012 than in the first half. Your directors are cautiously optimistic on the performance of the Group for the whole year of 2012.

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 2011.

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 2011, 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.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 72.87% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. In addition, the Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

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 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 2011 annual report.

Audit Committee

Regular meetings have been held by 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 Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management and the external auditors the financial reporting matters of the Group for the year ended 31 December 2011.

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, 28 March 2012

At the date of this announcement, the Board comprises of ten directors, of which five are executive directors, namely Dr. James Sai-Wing Wong, Mr. Yuen-Keung Chan, Mr. Sek-Kee Yu, Mr. Wai-Hong Ling and Mr. James Sing-Wai Wong; 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. Anthony Siu-Wing Lau and Mr. Yuen-Tin Ng.

** For identification purpose only*