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 2015

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the unaudited condensed consolidated statement of profit or loss and the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 together with comparative figures in 2014 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**2,170,305**	1,759,975
Cost of sales/services provided		**(1,895,311)**	(1,573,080)
Gross profit		**274,994**	186,895
Other income	*3*	**4,337**	5,146
Selling and distribution costs		**(5,456)**	(4,946)
Administrative expenses		**(173,340)**	(143,948)
Other operating expenses, net		**(2,564)**	(1,309)
Finance costs	*4*	**(2,460)**	(3,445)
Share of profits and losses of associates		**(489)**	(1,057)
PROFIT BEFORE TAX	*5*	**95,022**	37,336
Income tax expense	*6*	**(17,652)**	(6,941)
PROFIT FOR THE PERIOD		**77,370**	30,395
Attributable to:			
Owners of the Company		**77,370**	30,395
		HK cents	HK cents
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted		**13.01**	5.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**77,370**	30,395
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations and net other comprehensive income to be reclassified to profit or loss in subsequent periods	**79**	(1,414)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**77,449**	28,981
Attributable to:		
Owners of the Company	**77,449**	28,981

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2015 (Unaudited) *HK$'000***	31 December 2014 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**732,446**	699,626
Investment properties		**16,697**	16,697
Investments in associates		**48,969**	48,460
Investment in a joint venture		**-**	-
Goodwill		**12,528**	5,767
Deferred tax assets		**3,385**	2,229
Other assets		**2,345**	2,345
Total non-current assets		**816,370**	775,124
CURRENT ASSETS			
Inventories		**62,254**	69,833
Gross amount due from contract customers		**250,222**	198,643
Trade receivables	*8*	**494,839**	539,684
Retention monies receivable		**363,847**	311,084
Amount due from a joint venture		**967**	967
Prepayments, deposits and other receivables		**111,630**	105,577
Tax recoverable		**2,961**	2,219
Pledged time deposits		**21,811**	20,077
Cash and cash equivalents		**535,703**	372,555
Total current assets		**1,844,234**	1,620,639
CURRENT LIABILITIES			
Gross amount due to contract customers		**782,165**	617,937
Trade and bills payables	*9*	**289,200**	291,164
Trust receipt loans		**189,553**	165,489
Retention monies payable		**140,325**	120,762
Other payables and accruals		**71,120**	87,461
Tax payable		**31,182**	15,070
Interest-bearing bank borrowings		**76,678**	72,702
Total current liabilities		**1,580,223**	1,370,585
NET CURRENT ASSETS		**264,011**	250,054
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,080,381**	1,025,178
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**3,176**	3,617
Deferred tax liabilities		**72,150**	70,159
Total non-current liabilities		**75,326**	73,776
Net assets		**1,005,055**	951,402

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**59,490**	59,490
Reserves		**945,565**	868,116
Proposed final dividend		**-**	23,796
Total equity		**1,005,055**	951,402

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements 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 ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of 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 financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and certain buildings classified as property, plant and equipment, which have been measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except as described below. In the current period, the Group has applied, for the first time, the following revised and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2015.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical 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 other hi-tech 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.

Six months ended 30 June 2015

	Plastic and chemical products (Unaudited) *HK$'000*	Building related contracting services (Unaudited) *HK$'000*	Foundation piling and ground investigation (Unaudited) *HK$'000*	Building construction (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:						
Sales to external customers	**274,654**	**502,657**	**871,355**	**513,978**	**7,661**	**2,170,305**
Intersegment sales	**-**	**17,424**	**-**	**-**	**65**	**17,489**
Other revenue	**2,025**	**217**	**51**	**1**	**631**	**2,925**
	276,679	**520,298**	**871,406**	**513,979**	**8,357**	**2,190,719**
Reconciliation:						
Elimination of intersegment sales						**(17,489)**
Revenue						**2,173,230**
Segment results	**4,607**	**14,998**	**81,924**	**5,950**	**(1,695)**	**105,784**
Reconciliation:						
Interest income and unallocated gains						**1,412**
Unallocated expenses						**(11,685)**
Share of profits and losses of associates						**(489)**
Profit before tax						**95,022**

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2015

	Plastic and chemical products (Unaudited) *HK$'000*	Building related contracting services (Unaudited) *HK$'000*	Foundation piling and ground investigation (Unaudited) *HK$'000*	Building construction (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment assets	**336,468**	**580,680**	**1,080,086**	**429,179**	**172,929**	**2,599,342**
Reconciliation:						
Elimination of intersegment receivables						**(16,432)**
Investments in associates						**48,969**
Corporate and other unallocated assets						**28,725**
Total assets						**2,660,604**
Segment liabilities	**155,911**	**401,246**	**743,656**	**215,031**	**51,034**	**1,566,878**
Reconciliation:						
Elimination of intersegment payables						**(16,432)**
Corporate and other unallocated liabilities						**105,103**
Total liabilities						**1,655,549**

2. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2014

	Plastic and chemical products (Unaudited) *HK$'000*	Building related contracting services (Unaudited) *HK$'000*	Foundation piling and ground investigation (Unaudited) *HK$'000*	Building construction (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:						
Sales to external customers	263,956	375,101	678,770	438,559	3,589	1,759,975
Intersegment sales	-	6,711	-	-	359	7,070
Other revenue	1,522	1	89	1	629	2,242
	265,478	381,813	678,859	438,560	4,577	1,769,287
Reconciliation:						
Elimination of intersegment sales						(7,070)
Revenue						1,762,217
Segment results	2,367	2,416	38,531	7,361	(3,338)	47,337
Reconciliation:						
Interest income and unallocated gains						1,169
Unallocated expenses						(10,113)
Share of profits and losses of associates						(1,057)
Profit before tax						37,336

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2014

	Plastic and chemical products (Audited) *HK$'000*	Building related contracting services (Audited) *HK$'000*	Foundation piling and ground investigation (Audited) *HK$'000*	Building construction (Audited) *HK$'000*	Others (Audited) *HK$'000*	Total (Audited) *HK$'000*
Segment assets	319,293	537,982	866,742	410,594	170,434	2,305,045
Reconciliation:						
Elimination of intersegment receivables						(24,574)
Investments in associates						48,460
Corporate and other unallocated assets						66,832
Total assets						2,395,763
Segment liabilities	140,836	372,787	612,439	201,434	54,663	1,382,159
Reconciliation:						
Elimination of intersegment payables						(24,574)
Corporate and other unallocated liabilities						86,776
Total liabilities						1,444,361

3. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**1,937**	2,007
Commission income	**1,375**	628
Gross rental income	**631**	629
Others	**394**	1,882
	4,337	5,146

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,460**	3,355
Interest on bank loans wholly repayable after five years	**-**	79
Interest on finance leases	**-**	11
	2,460	3,445

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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**31,154**	25,337
Employee benefit expense (including directors' remuneration)	**91,173**	80,728
Bad debts written off *	**1**	-
Loss/(gain) on disposal of items of property, plant and equipment *	**2,336**	(88)
Loss on disposal of an investment property *	**-**	548
Foreign exchange differences, net *	**227**	849

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

6. INCOME TAX

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the period	**15,630**	5,175
Over provision in prior years	**(10)**	-
Current – Elsewhere	**1,175**	60
Deferred	**857**	1,706
Total tax charge for the period	**17,652**	6,941

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 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 period attributable to ordinary equity holders of the Company of HK$77,370,000 (2014: HK$30,395,000) and the weighted average number of 594,899,245 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. TRADE RECEIVABLES

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**494,839**	539,684

The Group's trading terms with its customers are mainly on credit. The credit period normally ranges 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.

8. TRADE RECEIVABLES *(continued)*

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

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Current to 30 days	**302,517**	340,082
31 to 60 days	**112,888**	107,600
61 to 90 days	**43,900**	61,158
Over 90 days	**35,534**	30,844
	494,839	539,684

9. TRADE AND BILLS PAYABLES

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Trade payables	**258,062**	275,315
Bills payable	**31,138**	15,849
	289,200	291,164

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

	30 June 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
Current to 30 days	**188,762**	196,142
31 to 60 days	**36,091**	52,272
61 to 90 days	**4,386**	11,951
Over 90 days	**28,823**	14,950
	258,062	275,315

The trade payables are non-interest bearing and are normally settled within terms of 60 to 120 days.

RESULTS

The Group recorded a revenue of HK$2,170 million for the six months ended 30 June 2015 (2014: HK$1,760 million). The profit for the period was HK$77.4 million (2014: HK$30.4 million).

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

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 revenue of HK$275 million (2014: HK$264 million) with operating profit of HK$4.6 million (2014: HK$2.4 million). While the revenue increased slightly in the current period, the operating profit improved even better which was mainly attributable to higher rebate from suppliers for attainment of sales target in current period and net exchange gain from translation of the division's Renminbi assets was recorded in current period versus a net loss in 2014. Although there were signs of recovery in external market in the period under review, the division faced keen competition from peers. The manufacturers in the Mainland China, which were the principal customers of the division, also faced the problem of sluggish demand and over capacity. With the Mainland China market slowing down, the operating margin will be further squeezed. The division continues to explore new products and services to broaden the lines of business and to enhance earnings.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries ("Shun Cheong") contributed a revenue of HK$503 million (2014: HK$375 million) and an operating profit of HK$15.0 million (2014: HK$2.4 million). The improvement was mainly attributable to more projects awarded and commenced. The division acquired a trading of building services equipment business during the period under review for vertical diversification of business to achieve better cost efficiency. The division's clients include property developers, government departments and public sector in Hong Kong and hotel and resorts in Macau. Although the tendering of four public housing projects is postponed by the Hong Kong Housing Authority due to the recent lead-in-water incident, the division has satisfactory contracts on hand with an aggregate sum of HK$2,170 million as at 30 June 2015. Subsequent to the period end, the division was awarded HK$483 million worth of contracts.

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. The revenue for the period was HK$871 million (2014: HK$679 million) and operating profit was HK$81.9 million (2014: HK$38.5 million). The increase in revenue of the division was mainly attributable to projects with larger contract sum awarded during the period. With better profit margin, the division's profitability improved further. The division's projects are mainly from the private sector. On 18 August 2015, the Group has submitted an application to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the spin-off and separate listing of the foundation division, details of which are set out in the section "Proposed Spin-off and Separate Listing of Foundation Business and Proposed Major Transaction" below. As at 30 June 2015, the division has outstanding contracts on hand of HK$1,591 million, with additional HK$337 million worth of projects awarded after the end of the reporting period.

Building construction

The division consists of Chinney Construction Company, Limited and Chinney Builders Company Limited which operate in Hong Kong and Chinney Timwill Construction (Macau) Company Limited which operates in Macau. During the period, the division recorded a revenue of HK$514 million (2014: HK$439 million) with an operating profit of HK$6.0 million (2014: HK$7.4 million). Since the new projects undertaken in the current period were still in early stage of construction, profits of these projects were not yet recognised in respect of works done in accordance with the accounting policies adopted and the profit of the division was thus lower than that of last year. The division's client base included schools, institutions, property developers, hospitality and non-profit organisations in Hong Kong and Macau. As at 30 June 2015, the division had outstanding contracts on hand of HK$1,752 million. Subsequent to the period end, the division is awarded HK$39 million worth of contracts.

Other businesses

Other businesses include the holding of properties for the Group's own use and the distribution of aviation system and other hi-tech products engaged by Chinney Alliance Engineering Limited ("CAE"). CAE recorded a revenue of HK$8 million (2014: HK$4 million) and an operating loss of HK$1.0 million (2014: loss of HK$2.8 million). The testing of the new air traffic management system of the Hong Kong airport resumes after the end of the reporting period and CAE would record revenue from this and related projects upon completion of the testing stage.

The properties holding recorded a loss of HK$0.6 million which was mainly due to depreciation charges.

The Group's share of the profits and losses of associates reported net losses of HK$0.5 million. As reported in the last annual report, Jiangxi Kaitong New Materials Company Limited decided to close with factory land returned to local government with compensation. The Group's investment in a real estate property in Hangzhou, the People's Republic of China (the "PRC"), which is held for rental income, managed to reduce its loss with improved occupancy rate.

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE FOUNDATION BUSINESS ON THE MAIN BOARD OF THE STOCK EXCHANGE AND POSSIBLE MAJOR TRANSACTION

As detailed in the Company's announcement published on 18 August 2015, the Group submitted an application to the Stock Exchange for the listing of and permission to deal with the shares of Chinney Kin Wing Holdings Limited ("Kin Wing"), a company incorporated in Bermuda with limited liability and the proposed holding company of the foundation division of the Group (the "Proposed Spin-off"). It is intended that the Company will retain not less than 50% interests in the issued share capital of Kin Wing upon the completion of the Proposed Spin-off. The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios represented by the Proposed Spin-off is or are expected to be 25% or more, the Proposed Spin-off, if proceeded, will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the shareholders of the Company (the "Shareholders") under paragraph 3(e)(1) of Practice Note 15 of the Listing Rules ("PN 15") and Chapter 14 of the Listing Rules. The Company will comply with the requirements under paragraph 3(e)(1) of PN15 and the applicable requirements of Chapter 14 of the Listing Rules (including the announcement, circular, appointment of an independent financial adviser and shareholders' approval requirements) as and when necessary.

Enhancement Investments Limited ("EIL"), Chinney Capital Limited ("CCL") and Multi-Investment Group Limited ("MGL"), which are controlled by Dr. James Sai-Wing Wong, are interested in an aggregate of 435,940,216 ordinary shares of the Company, representing approximately 73.28% of the issued share capital of the Company. On the basis that no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Spin-off, the Company intends to obtain a written approval from EIL, CCL and MGL for the Proposed Spin-off in accordance with Rule 14.44 of the Listing Rules and upon such written shareholders' approval being obtained, the Proposed Spin-off will be taken to have been duly approved in lieu of holding a general meeting of the Company.

OUTLOOK

The recent announcement of the US Manufacturing Purchasing Manager Index dropped unexpectedly in August 2015 to 52.9, the lowest since October 2013 as output, new orders and employment all grew at a slower pace. In the Eurozone, the resignation of the Greece Prime Minister would bring uncertainty to the Euro debt crisis if new leader was elected and the policies would change. The Chinese Government intends to shift growth away from the export-dominated model that operated more than a decade with double-digit growth rates and to achieve the next stage of economic development through more sustainable, domestic-led growth, encouraging urbanisation, and increasing the role of markets. However, the shift could not be achieved in short term and there are signs to indicate the slowdown of the China Economy with interest rates cut repeatedly and global commodity prices dropped continuously. The tension in the northeast Asia region brings further uncertainty to the global political and economic environment. All these reflected in the falling of major stock markets over the world. It is therefore expected the US Federal Reserve might delay the interest rate rise so as not to worsen the world economy.

In Hong Kong, the Gross Domestic Product of the second quarter of 2015 improved slightly to 2.8% in real term over a year from 2.4% of first quarter, which was contributed by strong private consumption on the back of favourable job and income prospects. While the recent devaluation of Renminbi would ease the costs of living in Hong Kong and costs of production in China, the Hong Kong retail market would be affected by conservative spending of visitors. Traditional manufacturing based countries like China are still relying on the recovery of external markets to support their production capacity and this would achieve when the economy shifts more to domestic oriented consumption. The Group's plastic trading business would continue to face a tough year. Although the Group's three construction related divisions have satisfactory contracts on hand and benefited from the drop in commodity prices for awarded contracts, they are all cautious in the determination tender prices to maintain competitive pricing and profitability.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$269.4 million as at 30 June 2015 (31 December 2014: HK$241.8 million), of which HK$266.2 million or 99% (31 December 2014: HK$238.2 million or 99%) were classified as current liabilities. Included in the current portion of bank and other borrowings were trust receipt loans of HK$189.6 million (31 December 2014: HK$165.5 million). The increase in trust receipt loans was mainly due to the purchase of materials and equipment for installation for the projects of Shun Cheong. Current ratio of the Group as at 30 June 2015, measured by total current assets over total current liabilities, was 1.2 (31 December 2014: 1.2). Total unpledged cash and bank balances as at 30 June 2015 was HK$535.7 million (31 December 2014: HK$372.6 million), which exceeded the total interest-bearing borrowings of HK$269.4 million. During the period under review, the Group's cash and cash equivalents (net of bank overdrafts) increased by HK$160 million, which was attributable to net cash inflows from operations of HK$215 million, cash out flows from purchase of items of property, plant and equipment of HK$66 million, net cash payment for the acquisition of a trading of building services equipment business of HK$12 million, and net cash inflows from financing of HK$23 million, which was mainly due to increase in trust receipt loans.

The Group had a total of HK$949 million undrawn banking facilities at end of the reporting period 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$269.4 million over the equity attributable to the holders of the Company of HK$1,005.1 million, was 26.9% as at 30 June 2015 (31 December 2014: 25.4%).

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

As at 30 June 2015, certain properties and a time deposit having aggregate book value of HK$270.5 million and HK$1 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$20.8 million were pledged to banks to secure the performance/surety bonds issued in favour of the Group's clients on contracting works.

Contingent liability

As at 30 June 2015, the Group provided corporate guarantees and indemnities to certain banks of an aggregate amount of HK$446.7 million to secure the issue of performance/surety bonds in favour of the Group's clients on contracting works.

Save as disclosed above, the Group has no other material contingent liabilities as at 30 June 2015.

Employees and remuneration policies

The Group employed approximately 1,250 staff in Hong Kong and other parts of the PRC as at 30 June 2015. 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 Issuers (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 2015.

Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January to 30 June 2015, except A.4.1, A.4.2, A.5.1 to A.5.4 and A.6.7, which are explained below.

1. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election and that code provision A.4.2 of the CG Code 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, EIL and CCL, which collectively hold approximately 73.28% 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.

2. Code provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.

3. Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Herman Man-Hei Fung, Mr. Chi-Chiu Wu and Mr. Alexander Yan-Zau Fang (who retired at the 2015 annual general meeting), being non-executive directors of the Company, did not attend the 2015 annual general meeting of the Company held on 1 June 2015 due to their engagement in their own official business.

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 2015 has not been audited, but has been reviewed by the Audit Committee.

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 six months ended 30 June 2015.

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 28 August 2015

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. Yuen-Keung Chan, Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam; and two are non-executive directors, namely Mr. Herman Man-Hei Fung and Ms. Wendy Kim-See Gan; and three are independent non-executive directors, namely Mr. Yuen-Tin Ng, Mr. Chi-Chiu Wu and Mr. Ronald James Blake.

** For identification purpose only*