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 2015

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 and the consolidated statement of financial position of the Group as at 31 December 2015 together with comparative figures in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**4,551,870**	3,812,681
Cost of sales/services provided		**(3,913,295)**	(3,332,307)
Gross profit		**638,575**	480,374
Other income	*3*	**10,675**	12,342
Selling and distribution costs		**(12,381)**	(11,086)
Administrative expenses		**(405,775)**	(305,762)
Other operating expenses, net		**(13,570)**	(957)
Changes in fair value of investment properties		**167**	(94)
Finance costs	*4*	**(5,150)**	(6,834)
Share of profits and losses of associates		**(352)**	(2,241)
PROFIT BEFORE TAX	*5*	**212,189**	165,742
Income tax expense	*6*	**(38,228)**	(23,428)
PROFIT FOR THE YEAR		**173,961**	142,314
Attributable to:			
Owners of the parent		**169,087**	142,314
Non-controlling interests		**4,874**	-
		173,961	142,314
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic and diluted		**HK 28.4 cents**	HK 23.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December **2015** *HK$'000*	2014 *HK$'000*
PROFIT FOR THE YEAR	**173,961**	142,314
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,382)**	(407)
Reclassified exchange fluctuation reserve to profit or loss upon realisation of investment in an associate	**(2,126)**	-
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods	**(3,508)**	(407)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of land and buildings	**12,753**	51,158
Income tax effect	**(5,081)**	(2,521)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**7,672**	48,637
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**4,164**	48,230
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**178,125**	190,544
Attributable to:		
Owners of the parent	**173,251**	190,544
Non-controlling interests	**4,874**	-
	178,125	190,544

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**810,598**	699,626
Investment properties		**16,864**	16,697
Investments in associates		**47,043**	48,460
Investment in a joint venture		**-**	-
Goodwill		**12,528**	5,767
Deferred tax assets		**612**	2,229
Other assets		**2,345**	2,345
Total non-current assets		**889,990**	775,124
CURRENT ASSETS			
Inventories		**87,317**	69,833
Gross amount due from contract customers		**274,368**	198,643
Trade receivables	*9*	**420,532**	539,684
Retention monies receivable		**395,830**	311,084
Amount due from a joint venture		**967**	967
Prepayments, deposits and other receivables		**57,378**	105,577
Tax recoverable		**853**	2,219
Pledged time deposits		**19,465**	20,077
Cash and cash equivalents		**792,555**	372,555
Total current assets		**2,049,265**	1,620,639
CURRENT LIABILITIES			
Gross amount due to contract customers		**785,272**	617,937
Trade and bills payables	*10*	**295,372**	291,164
Trust receipt loans		**171,545**	165,489
Retention monies payable		**148,537**	120,762
Other payables and accruals		**113,673**	87,461
Tax payable		**19,519**	15,070
Interest-bearing bank borrowings		**3,891**	72,702
Total current liabilities		**1,537,809**	1,370,585
NET CURRENT ASSETS		**511,456**	250,054
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,401,446**	1,025,178

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**31 December 2015** ***HK$'000***	31 December 2014 *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,754**	3,617
Deferred tax liabilities		**79,334**	70,159
Total non-current liabilities		**82,088**	73,776
Net assets		**1,319,358**	951,402
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**59,490**	59,490
Reserves		**1,169,855**	891,912
		1,229,345	951,402
Non-controlling interests		**90,013**	-
Total equity		**1,319,358**	951,402

NOTES:

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES 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 land and buildings classified as property, plant and equipment and investment properties 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.

Changes in accounting policies and disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

Other than as explained below regarding the impact of *Annual Improvements to HKFRSs 2010–2012 Cycle* and *Annual Improvements to HKFRSs 2011–2013 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

(b) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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 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.

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. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, fair value gains on equity investments at fair value through profit or loss, net, changes in fair values of investment properties, share of profits and losses of associates as well as unallocated corporate gains and expenses are excluded from such measurement.

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.

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015

	Plastic and chemical products HK$'000	Building related contracting services HK$'000	Building construction HK$'000	Foundation piling and ground investigation HK$'000	Others HK$'000	Total HK$'000
Segment revenue:						
Sales to external customers	566,682	1,324,504	1,120,036	1,515,393	25,255	4,551,870
Intersegment sales	139	91,466	-	3,533	-	95,138
Other revenue	5,827	489	4	389	1,243	7,952
	572,648	1,416,459	1,120,040	1,519,315	26,498	4,654,960
Reconciliation:						
Elimination of intersegment sales						(95,138)
Revenue						4,559,822
Segment results	7,278	30,919	35,124	168,961	(7,622)	234,660
Reconciliation:						
Interest income and unallocated gains						2,723
Unallocated expenses						(25,009)
Changes in fair value of investment properties						167
Share of profits and losses of an associate						(352)
Profit before tax						212,189

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Building construction *HK$'000*	Foundation piling and ground investigation *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**322,982**	**603,053**	**505,776**	**1,050,415**	**173,618**	**2,655,844**
Reconciliation:						
Elimination of intersegment receivables						**(18,790)**
Investment in an associate						**47,043**
Corporate and other unallocated assets						**255,158**
Total assets						**2,939,255**
Segment liabilities	**128,798**	**453,729**	**275,640**	**643,432**	**28,133**	**1,529,732**
Reconciliation:						
Elimination of intersegment payables						**(18,790)**
Corporate and other unallocated liabilities						**108,955**
Total liabilities						**1,619,897**
Other segment information:						
Impairment of trade receivables	**214**	**975**	**-**	**-**	**9,918**	**11,107**
Write-off of other receivables	**-**	**-**	**-**	**-**	**39**	**39**
Write-back of provision for inventories included in cost of inventories sold	**(1,619)**	**(38)**	**-**	**-**	**(21)**	**(1,678)**
Depreciation	**3,585**	**1,705**	**5,726**	**49,971**	**4,750**	**65,737**
Capital expenditure*	**158**	**2,212**	**1,000**	**163,992**	**133**	**167,495**

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2014

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Building construction *HK$'000*	Foundation piling and ground investigation *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	550,444	844,850	1,027,310	1,382,390	7,687	3,812,681
Intersegment sales	-	14,235	2,203	164	570	17,172
Other revenue	5,495	2,092	3	1,004	1,261	9,855
	555,939	861,177	1,029,516	1,383,558	9,518	3,839,708
Reconciliation:						
Elimination of intersegment sales						(17,172)
Revenue						3,822,536
Segment results	9,817	29,211	38,664	110,664	(6,298)	182,058
Reconciliation:						
Interest income and unallocated gains						2,487
Unallocated expenses						(16,468)
Changes in fair value of investment properties						(94)
Share of profits and losses of associates						(2,241)
Profit before tax						165,742

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2014

	Plastic and chemical products *HK$'000*	Building related contracting services *HK$'000*	Building construction *HK$'000*	Foundation piling and ground investigation *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	319,293	537,982	410,594	866,742	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	201,434	612,439	54,663	1,382,159
Reconciliation:						
Elimination of intersegment payables						(24,574)
Corporate and other unallocated liabilities						86,776
Total liabilities						1,444,361
Other segment information:						
Impairment of trade receivables	-	63	-	-	-	63
Write-back of impairment of trade receivables	(5)	(18)	-	-	-	(23)
Provision/(Write-back of provision) for inventories included in cost of inventories sold	(797)	110	-	-	40	(647)
Depreciation	3,419	1,400	4,826	38,506	4,483	52,634
Capital expenditure*	87	2,954	162	75,688	439	79,330

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**4,101,375**	3,140,093
Mainland China and Macau	**450,495**	672,588
	4,551,870	3,812,681

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

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**758,451**	630,509
Mainland China and Macau	**69,011**	85,814
	827,462	716,323

The non-current asset information above is based on the locations of assets and excludes investments in associates, investment in a joint venture, goodwill, deferred tax assets and other assets.

Information about a major customer

During the years ended 31 December 2015 and 31 December 2014, none of the Group's revenue was derived from transactions with an individual external customer that amounted to 10 percent or more of the Group's revenue.

3. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income	**3,890**	4,375
Commission income	**4,704**	4,601
Gross rental income	**1,243**	1,261
Others	**838**	2,105
	10,675	12,342

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**5,150**	6,822
Interest on finance leases	**-**	12
	5,150	6,834

5. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Auditors' remuneration	**4,888**	3,799
Employee benefit expense (including directors' remuneration)	**206,312**	161,624
Depreciation	**65,737**	52,634
Cost of inventories sold	**568,971**	572,649
Cost of services provided	**3,344,324**	2,759,658
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**229**	230
Minimum lease payments under operating leases in respect of land and buildings	**8,340**	7,649
Impairment of trade receivables*	**11,107**	63
Write-back of impairment of trade receivables*	**-**	(23)
Write-off of other receivables*	**39**	-
Write-back of provision for inventories included in cost of inventories sold	**(1,678)**	(647)
Losses/(gains) on disposals of items of property, plant and equipment, net*	**2,763**	(198)
Loss on disposal of an investment property*	**-**	549
Reclassified exchange fluctuation reserve to profit or loss upon realisation of investment in an associate*	**(2,126)**	-
Foreign exchange differences, net*	**1,787**	566

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

6. INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**30,563**	14,179
Over provision in prior years	**(212)**	(110)
Current – Elsewhere		
Charge for the year	**2,173**	5,104
Over provision in prior years	**(29)**	-
Deferred	**5,733**	4,255
Total tax charge for the year	**38,228**	23,428

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 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 PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of HK$169,087,000 (2014: HK$142,314,000), and the weighted average number of 594,899,245 ordinary shares in issue during the years ended 31 December 2015 and 2014.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Proposed final – HK5.0 cents (2014: HK4.0 cents) per ordinary share	**29,745**	23,796

9. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**420,532**	539,684

The Group's trading terms with its customers are mainly on credit. The credit periods range from cash on delivery to 60 days. A longer credit period may be allowed for customers with good business relationships with the Group. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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 invoice date and net of provisions, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**278,724**	340,082
31 to 60 days	**92,784**	107,600
61 to 90 days	**23,561**	61,158
Over 90 days	**25,463**	30,844
	420,532	539,684

10. TRADE AND BILLS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**278,797**	275,315
Bills payable	**16,575**	15,849
	295,372	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:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**221,670**	196,142
31 to 60 days	**27,851**	52,272
61 to 90 days	**14,865**	11,951
Over 90 days	**14,411**	14,950
	278,797	275,315

RESULTS

The Group recorded a revenue of HK$4,552 million for the year ended 31 December 2015 (2014: HK$3,813 million). The net profit attributable to shareholders of the Company for the year was HK$169.1 million (2014: HK$142.3 million), which included a gain on reclassification of exchange fluctuation reserve upon realisation of the Group's investment in an associate of HK$2.1 million. Should this one-off gain be excluded, the profit would be HK$167.0 million. The Group's land and buildings held for own use recorded a surplus arising from revaluation of HK$7.7 million (net of deferred tax) which was credited to reserve as other comprehensive income (2014: HK$48.6 million).

PROPOSED FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK5.0 cents per share for the year ended 31 December 2015 (2014: HK4.0 cents) to the shareholders of the Company whose names appear on the Company's register of members on 10 June 2016. It is expected that the final dividend cheques will be despatched to the shareholders on or before 27 June 2016.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 1 June 2016. 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 2016 to 1 June 2016 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 27 May 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 December 2015 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 2016 to 10 June 2016 (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 3 June 2016. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 7 June 2016.

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemical products

The Plastic Trading division, consists of Jacobson van den Berg (Hong Kong) Limited and its fellow subsidiaries, contributed a revenue of HK$567 million (2014: HK$550 million) and an operating profit of HK$7.3 million (2014: HK$9.8 million). With the strong business relationship with suppliers and effort of the management and front line staff, the division provided more competitive products and packages to customers which attributed to the increase in sales. However, the sharp decrease in oil prices over the year reduced the selling prices of the division's products. Manufacturers in South China, which were major customers of the division, were hit by the devaluation of Renminbi and were keen on bargain to strive for profitability. As a result, the profit margin of the division was reduced. Nevertheless, the division continues to develop closer relationship with suppliers to broaden the product line to enhance the quality of earnings.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries ("Shun Cheong") contributed a revenue of HK$1,325 million (2014: HK$845 million) and an operating profit of HK$30.9 million (2014: HK$29.2 million). During the year, the division was awarded more contracts which attributed to the increase in revenue. With more sizeable contracts are running, the management is cautious to monitor the progress and reserve prudent level of buffer for the expecting increase in costs, especially labour costs. Besides, the division employed more staff at all levels to cater for the newly awarded contracts and increase in business volume. So the increase operating profit was not in proportion to the increase in revenue of the year under review. Shun Cheong has diversified portfolio in both public and private sectors for residential development, commercial buildings, hotels and resorts, and maintenance contracts. The division had outstanding contract sum of approximately HK$3,039 million as at 31 December 2015 and was awarded approximately HK$401 million worth contracts subsequent to the year end date.

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 year, the division contributed a revenue of HK$1,120 million (2014: HK$1,027 million) and an operating profit of HK$35.1 million (2014: HK$38.7 million). While revenue and profit margin maintained at similar level of last year, staff costs and other overhead increased to match business development and so the operating profit decreased slightly. With the site works of contracts awarded in 2015 commenced in second half of 2015 and 2016, the division is working at full capacity. The current contracts included staff quarters, hostel, residential and commercial development in both public and private sectors. The outstanding contract sum was approximately HK$1,597 million as at year end and approximately HK$825 million worth contracts were awarded after year end.

Foundation piling and ground investigation

As mentioned in the 2015 interim report and subsequent announcements and circular to shareholders of the Company, the Group spun-off its Foundation division for separate listing. The trading of the shares of Chinney Kin Wing Holdings Limited ("Chinney Kin Wing"), the holding company of the Foundation division, on the Main Board of the Stock Exchange commenced on 11 November 2015 and Chinney Kin Wing has become a 74.5% subsidiary of the Company since then.

The principal subsidiaries of Chinney Kin Wing are Kin Wing Engineering Company Limited and Kin Wing Foundations Limited engaged in foundation business and DrilTech Ground Engineering Limited engaged in drilling business. During the year under review, the division contributed revenue of HK$1,515 million (2014: HK$1,382 million) and operating profit of HK$168.9 million (2014: HK$110.7 million) to the Group. The increase in revenue was mainly due to the efforts in pursuing projects of relatively larger scale in terms of contract sum. Profit margin was also improved for more technically complex and sizeable projects and the stringent project costs control. Despite the increase in staff costs and depreciation for plant and machinery acquired during the year, and the one-off expenses incurred for listing, the division's operating profit recorded significant increase. As at 31 December 2015, the division had 14 and 39 projects in progress with contract sum of approximately HK$2,003 million and HK$226 million in foundation business and drilling business respectively. Subsequent to the year-end, the division was awarded 4 foundation contracts and 12 drilling contracts with total contract sum of approximately HK$219 million.

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$25 million (2014: HK$8 million) and an operating loss of HK$6.5 million (2014: loss of HK$5.3 million). The new air traffic management system of the Hong Kong airport was under the testing stage and CAE invoiced for the works done according to the progress and the revenue increase. Such increase in revenue and profit was set-off by impairment of trade debts although the management is still pursing for recovery. The new air traffic management system is intended to be in operation in 2016 and CAE will recognise the revenue in accordance with the progress. The proposed Three-Runway System will be the major development of the Hong Kong International Airport to meet the expected air traffic growth. Subject to necessary statutory procedures and government approval, this proposed project would bring significant business opportunity to CAE in future years.

The properties holding recorded a loss of HK$1.1 million which was mainly due to depreciation charges.

The Group's investment in Jiangxi Kaitong New Materials Company Limited ("Jiangxi Kaitong"), which was engaged in the manufacturing of stainless steel and plastic compound pipes in the People's Republic of China (the "PRC"), was de-recognised as an associate after the expiry of the operation period approved by local government and is currently under the process of dissolution. The investment was reclassified to current asset as loans and receivables and the attributable exchange reserve of HK$2.1 million was reclassified as profit. The process of dissolution is expected to complete in 2016.

The Group's share of the profits and losses of associates reported net losses of HK$0.4 million (2014: losses of HK$2.2 million). These represented the share of the results of the Group's investment in Fineshade Investments Limited ("Fineshade") which holds interests in a real estate property in Hangzhou, the PRC as investment properties. With the improving occupancy of the investment properties in the year under review, Fineshade managed to reduce its loss.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$178.2 million as at 31 December 2015 (2014: HK$241.8 million), of which HK$175.4 million or 98% (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$171.5 million (2014: HK$165.5 million), which represented trade financing for purchase of goods by the Group's Plastic Trading division and the purchase of materials and equipment for installation for the projects of the Group's Building Services division. Current ratio of the Group as at 31 December 2015, measured by total current assets over total current liabilities, was 1.3 (2014: 1.2). Total unpledged cash and bank balances as at 31 December 2014 was HK$792.6 million (2014: HK$372.6 million). The increase in unpledged bank balances was mainly due to cash received from operations, proceeds from the spin-off and separate listing of Chinney Kin Wing, the Group's Foundation Piling division, in November 2015 (net of share issue expenses) of HK$213.6 million, less capital expenditure in purchases of properties, plant and equipment of HK$167.5 million and net repayment of bank loans of HK$70.7 million during the year.

The Group had a total of HK$763 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$178.2 million over the equity attributable to the owners of the Company of HK$1,229.3 million, was 14.5% as at 31 December 2015 (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 31 December 2015, certain properties and a time deposit having aggregate book value of HK$270.2 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$18.5 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 31 December 2015, the Group provided corporate guarantees and indemnities to certain banks of an aggregate amount of HK$525.6 million to secure the surety/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 2015.

Employees and remuneration policies

The Group employed approximately 1,460 staff in Hong Kong and other parts of the PRC as at 31 December 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.

OUTLOOK

The long waiting rise of interest rates of the US Federal Reserve started in December 2015. But the Federal Open Market Committee's meeting in March 2016 decided, based on the potential impact from weaker global growth and financial market turmoil on the US economy, that no increase in borrowing costs and scaled back forecasts for the 2016 to 0.5%, down from 1% forecast in December 2015. Other advance economies are still weak. The Eurozone and Japan continue quantitative easing policies and adopt negative interest rate to stimulate consumption. So the growth momentum of the global economy in 2016 would be slow and unsteady. The China Government tunes down the forecast of target GDP growth to 6.5% to 7.0% from previous 7.0%. China's economy has slowed steadily as the government tries to replace the reliance on trade and investment model with self-sustaining growth driven by domestic consumption.

The Hong Kong economy recorded a 2.4% growth in 2015, which was below the average annual growth of 3.4% in the past ten years. Given the decline in domestic demand and the weak global economic outlook, the local government estimated only 1% to 2% growth in the local economy in 2016. Nevertheless, the building construction sector would continue to grow under the intensive public construction works and ongoing private sector building activity. The Group's Plastic Trading division would face another tough year given the weak global economy and the transformation of the China economy. Although there are still sufficient tenders for building construction works for the public and private sectors, the competition is very keen as reflected in the tender prices. The Group's three construction related divisions continue to seek new tender opportunities and monitor costs to maintain profitability and liquidity. The Foundation division as a separate listed company continues to improve its competitive strength and given its strong financial resources, will be able to have a sustainable development in the future. The Directors are cautiously optimistic with the Group's profitability in the coming year.

APPRECIATION

I would like to thank my fellow directors for their advice and continued support and staff of all levels for their hard working 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 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 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 year, except A.1.1, A.4.1, A.4.2, A.5.1 to A.5.4 and A.6.7, which are explained below.

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 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, Enhancement Investments Limited and Chinney Capital Limited, which collectively holds approximately 73.43% 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 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.

4. 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, 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.

Details of the Company's corporate governance corporate governance policies and practices (including the above deviations from the code provisions) will be discussed in the Company's 2015 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 2015.

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, 30 March 2016

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*