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 2013

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company") is pleased to announce that the unaudited condensed consolidated income statement and the unaudited condensed consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 together with comparative figures in 2012 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	2	**1,477,316**	1,300,754
Cost of sales/services provided		**(1,304,884)**	(1,171,097)
Gross profit		**172,432**	129,657
Other income	3	**3,452**	5,195
Selling and distribution costs		**(4,652)**	(4,095)
Administrative expenses		**(139,312)**	(117,456)
Other operating income, net		**1,473**	127
Fair value gains on equity investments at fair value through profit or loss, net		**17,021**	2,638
Finance costs	4	**(3,061)**	(2,497)
Share of profits and losses of associates		**23**	583
PROFIT BEFORE TAX	5	**47,376**	14,152
Income tax expense	6	**(5,972)**	(6,074)
PROFIT FOR THE PERIOD		**41,404**	8,078
Attributable to:			
Owners of the Company		**41,404**	8,078
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted		**6.96 cents**	1.36 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**41,404**	8,078
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,647**	10
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**43,051**	8,088
Attributable to:		
Owners of the Company	**43,051**	8,088

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2013 (Unaudited)** *HK$'000*	31 December 2012 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**552,487**	514,791
Investment properties		**23,174**	32,618
Investments in associates		**47,383**	45,087
Investment in a jointly-controlled entity		**-**	-
Goodwill		**5,767**	5,767
Deferred tax assets		**957**	3,607
Other assets		**2,345**	2,345
Total non-current assets		**632,113**	604,215
CURRENT ASSETS			
Inventories		**64,306**	76,042
Gross amount due from contract customers		**179,720**	204,583
Trade receivables	*8*	**309,963**	357,035
Retention monies receivable		**190,667**	167,391
Amount due from a jointly-controlled entity		**967**	967
Prepayments, deposits and other receivables		**55,218**	51,906
Equity investments at fair value through profit or loss		**9,130**	15,057
Tax recoverable		**1,149**	2,104
Pledged time deposits		**16,778**	15,255
Cash and cash equivalents		**244,519**	165,183
Total current assets		**1,072,417**	1,055,523
CURRENT LIABILITIES			
Gross amount due to contract customers		**344,122**	287,377
Trade and bills payables	*9*	**197,633**	288,121
Trust receipt loans		**134,091**	130,550
Retention monies payable		**84,066**	74,591
Other payables and accruals		**64,402**	69,757
Tax payable		**10,053**	7,532
Obligations under finance leases		**12,092**	13,410
Interest-bearing bank borrowings		**123,919**	73,945
Total current liabilities		**970,378**	945,283
NET CURRENT ASSETS		**102,039**	110,240
TOTAL ASSETS LESS CURRENT LIABILITIES		**734,152**	714,455
NON-CURRENT LIABILITIES			
Obligations under finance leases		**4,057**	7,768
Interest-bearing bank borrowings		**4,849**	5,264
Deferred tax liabilities		**54,937**	56,318
Total non-current liabilities		**63,843**	69,350
Net assets		**670,309**	645,105

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	Notes	**30 June 2013 (Unaudited) *HK$'000***	31 December 2012 (Audited) *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**59,490**	59,490
Reserves		**610,819**	567,768
Proposed final dividend		**-**	17,847
Total equity		**670,309**	645,105

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 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 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 annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2012 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time which are pertinent to its operations and relevant to these unaudited condensed consolidated interim financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income ("OCI")*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

HKFRS 7 Amendments require an entity to disclose information about rights to set-off financial instrument and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The amendments do not have any material financial impact on the Group.

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

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 *Consolidated and Separate Financial Statements* and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. The amendments do not have any material financial impact on the Group.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group adopted HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard has no material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Group has not made such disclosures.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10, provide further relief from full retrospective application of these standards, and limit the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments have no material impact on the Group.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The application of this new standard has no material financial impact on the Group.

HKAS 1 Amendments introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g. net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (e.g. actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments do not have any material impact on the Group.

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

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The application of this new standard does not have any material impact on the Group.

Annual Improvements 2009-2011 Cycle issued in June 2012 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 a significant financial impact on the Group.

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 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.

Six months ended 30 June 2013

	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	**224,332**	**418,521**	**573,517**	**249,422**	**11,524**	**1,477,316**
Intersegment sales	**-**	**4,482**	**-**	**-**	**107**	**4,589**
Other revenue	**1,177**	**273**	**1**	**-**	**621**	**2,072**
	225,509	**423,276**	**573,518**	**249,422**	**12,252**	**1,483,977**
Reconciliation:						
Elimination of intersegment sales						**(4,589)**
Revenue						**1,479,388**
Segment results	**3,579**	**4,632**	**33,366**	**4,515**	**(4,861)**	**41,231**
Reconciliation:						
Interest income and unallocated gains						**1,380**
Unallocated expenses						**(12,279)**
Fair value gains on equity investments at fair value through profit or loss, net						**17,021**
Share of profits and losses of associates						**23**
Profit before tax						**47,376**

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2013

	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	**288,443**	**342,748**	**601,624**	**291,961**	**158,263**	**1,683,039**
Reconciliation:						
Elimination of intersegment receivables						**(47,905)**
Investments in associates						**47,383**
Corporate and other unallocated assets						**22,013**
Total assets						**1,704,530**
Segment liabilities	**127,692**	**266,551**	**357,904**	**199,794**	**60,910**	**1,012,851**
Reconciliation:						
Elimination of intersegment payables						**(47,905)**
Corporate and other unallocated liabilities						**69,275**
Total liabilities						**1,034,221**

2. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2012

	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	215,690	337,445	434,575	300,103	12,941	1,300,754
Intersegment sales	-	12,986	-	-	1,037	14,023
Other revenue	688	255	16	-	590	1,549
	216,378	350,686	434,591	300,103	14,568	1,316,326
Reconciliation:						
Elimination of intersegment sales						(14,023)
Revenue						1,302,303
Segment results	3,733	1,398	8,877	4,849	(2,943)	15,914
Reconciliation:						
Interest income and unallocated gains						3,646
Unallocated expenses						(8,629)
Fair value gains on equity investments at fair value through profit or loss, net						2,638
Share of profits and losses of associates						583
Profit before tax						14,152

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2012

	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	307,443	379,416	542,624	274,226	151,745	1,655,454
Reconciliation:						
Elimination of intersegment receivables						(64,005)
Investments in associates						45,087
Corporate and other unallocated assets						23,202
Total assets						1,659,738
Segment liabilities	145,266	301,895	295,223	202,531	68,021	1,012,936
Reconciliation:						
Elimination of intersegment payables						(64,005)
Corporate and other unallocated liabilities						65,702
Total liabilities						1,014,633

3. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**1,919**	1,428
Commission income	**611**	613
Gross rental income	**621**	590
Others	**301**	2,564
	3,452	5,195

4. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,602**	1,835
Interest on bank loans wholly repayable after five years	**91**	103
Interest on obligations under finance leases	**368**	559
	3,061	2,497

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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**21,194**	17,449
Employee benefit expense (including directors' remuneration)	**83,165**	65,844
Impairment of trade receivables *	**-**	278
Bad debts written off *	**4**	-
Gain on disposal of items of property, plant and equipment *	**(1,015)**	(10)
Loss on disposal of an investment property *	**467**	-
Foreign exchange differences, net *	**(869)**	(395)

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

6. INCOME TAX

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**3,834**	3,913
Current – Elsewhere	**109**	82
Deferred	**2,029**	2,079
Total tax charge for the period	**5,972**	6,074

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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$41,404,000 (2012: HK$8,078,000) 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 2013 and 2012 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. TRADE RECEIVABLES

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade receivables	**309,963**	357,035

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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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 payment due date and net of provisions for impairment, is as follows:

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Current to 30 days	**267,431**	316,497
31 to 60 days	**13,624**	18,015
61 to 90 days	**6,999**	3,131
Over 90 days	**21,909**	19,392
	309,963	357,035

9. TRADE AND BILLS PAYABLES

	30 June 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Trade payables	**184,510**	274,577
Bills payable	**13,123**	13,544
	197,633	288,121

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 2013 (Unaudited) *HK$'000*	31 December 2012 (Audited) *HK$'000*
Current to 30 days	**145,720**	239,933
31 to 60 days	**19,378**	15,580
61 to 90 days	**5,401**	7,164
Over 90 days	**14,011**	11,900
	184,510	274,577

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

RESULTS

The Board is pleased to announce that the Group recorded a turnover of HK$1,477 million for the six months ended 30 June 2013 (2012: HK$1,301 million). The profit for the period was HK$41.4 million (2012: HK$8.0 million), which included fair value gains on equity investments of HK$17.0 million (2012: HK$2.6 million). These fair value gains included HK$13.5 million realised gains on disposals of equity investments during the period and HK$3.5 million unrealised gains on equity investments held as at end of the reporting period. The profit contributed from the Group's business operation, which was arrived by excluding the effect of fair value gains on equity investments, was HK$24.4 million (2012: HK$5.4 million).

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemicals products

The plastic trading division contributed a turnover of HK$224 million (2012: HK$216 million) with operating profit of HK$3.6 million (2012: HK$3.7 million), principally from Jacobson van den Berg (Hong Kong) Limited. The external markets remain sluggish. The fear of liquidity and interest rate adjustment will have an adverse effect on the world economy in the second half of the year, which will have an impact on the division's customers and business. The division strives to maintain liquidity and continues to expand the business presence in Mainland China, which performs better than the traditional US and Euro markets.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries contributed turnover of HK$419 million (2012: HK$337 million) and an operating profit of HK$4.6 million (2012: HK$1.4 million). The improvement of the results was mainly attributable to the increase in turnover and some projects did not reach the stage to recognise profit in accordance with the Group's accounting policies in same period of last year. The division's projects included electrical and mechanical works for residential and industrial development projects and maintenance contracts for both the public and private sectors. As at 30 June 2013, the division had outstanding contracts on hand of HK$1,326 million.

Building construction

The division recorded a turnover of HK$249 million (2012: HK$300 million) with an operating profit of HK$4.5 million (2012: HK$4.8 million) which was mainly contributed from its principal subsidiary Chinney Construction Company, Limited. The turnover and profit for the period were mainly contributed from some school projects and revitalisation of a historic building. As at 30 June 2013, the division had outstanding contracts on hand of HK$654 million. There were additional HK$97 million worth of contracts awarded after 30 June 2013 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 period was HK$574 million (2012: HK$435 million) and operating profit was HK$33.4 million (2012: HK$8.9 million). The turnover and profit were mainly contributed from several foundation piling projects for private residential developments. The improvement in profit margin is mainly due to better tender prices and costs control. The outstanding contracts on hand were HK$1,338 million as at 30 June 2013 with additional HK$198 million worth of projects awarded after period end.

Other businesses

Other businesses include the holding of properties for the Group's own use and Chinney Alliance Engineering Limited which engages in the distribution of aviation system and energy saving products. These businesses contributed a turnover of HK$11.5 million (2012: HK$12.9 million) and an operating loss of HK$4.9 million (2012: HK$2.9 million). The progress of the Hong Kong International Airport projects was slower than expected and thus the income from these projects was deferred.

The Group's share of the profits and losses of associates recorded a marginal profit for the period under review. The two associates of the Group are Jiangxi Kaitong New Materials Company Limited which is engaged in the manufacturing of stainless steel and plastic compound pipes in Mainland China, and Fineshade Investments Limited which has an investment in a real estate property consisting of three buildings known as Binjiang Intelligence Port located in Hangzhou, the People's Republic of China ("PRC") for rental income.

CONNECTED TRANSACTION

On 31 December 2012, a subsidiary of the Company as the vendor (the "Vendor") entered into a sale and purchase agreement for the disposal of a property located in Shenzhen, the PRC to a subsidiary of Hon Kwok Land Investment Company, Limited ("Hon Kwok") and Chinney Investments, Limited ("CIL") (the "Purchaser") for a cash consideration of HK$9,383,000. As Dr. James Sai-Wing Wong, the Chairman of the Company, has control in CIL, Hon Kwok and the Company, the transaction constituted a connected transaction of the Company pursuant to the Listing Rules and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. On 31 January 2013, the Vendor received the balance of the consideration for the disposal and passed all title documents to the Purchaser for submission to relevant government departments for title transfer. Details of the transaction was disclosed in an announcement published on 31 December 2012.

OUTLOOK

The US economy continues to show improvement, with the rise in assets prices, drop in unemployment rate and signs for increase in consumer spendings. The market is waiting for the phasing-out of stimulus action in the forthcoming meeting of the Federal Reserve in September this year. Although the phasing-out would confirm the recovery of the US economy, the reaction of market participants could be volatile at the time of introduction and the global capital flow would be affected. The Eurozone also shows slight improvement but the market's confidence is still low and the sovereign debt problems will continue to pose a drag on its recovery. The emerging markets appear to be suffering from the potential phasing-out of stimulus action since the volatility of fund would affect the assets prices and costs of funding. In China, the recent economic data shows signs of stabilisation after the government took supportive measures, including scrapping taxes for small companies and acceleration of investments in urban infrastructure and railways, and the annual growth target of 7.5% is likely on track. The Hong Kong economy continues to grow moderately in the second quarter of 2013 by 3.3% in real terms over a year earlier. While growth from external trade remained modest, the domestic demand continued to be the key driving force to the growth. Here, unemployment rate for the second quarter of 2013 was 3.3%, and Hong Kong remained in a state of full employment.

With the uncertainties from the impact of the future monetary policy of the US and the sovereign debt problems of the Eurozone, the recovery of advanced markets is likely to maintain at a modest pace and the external trade performance of Hong Kong would fluctuate. Nevertheless, the China economy continues to outperform other major economies. In this regard, the Group's plastic trading division is keeping on increasing its presence in the China market and developing new products to improve quantity and quality of income. The Group's construction related businesses, on the other hand, have benefited from the opportunities in Hong Kong and Macau for the public and private residential development projects as well as infrastructure projects. The management is monitoring the projects closely to control costs and maintain profitability. The Board is cautiously optimistic with the Group's performance in the second half of the year.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK$279.0 million as at 30 June 2013 (31 December 2012: HK$230.9 million), of which HK$270.1 million or 97% (31 December 2012: HK$217.9 million or 94%) were classified as current liabilities, which included bank and other borrowings with repayment on demand clause amounted to HK$32.7 million (31 December 2012: HK$38.3 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$237.4 million or 85% (31 December 2012: HK$179.6 million or 78%) based on lenders' repayment schedules. Trust receipt loans of HK$134.1 million (31 December 2012: HK$130.6 million) were included in the current portion of bank and other borrowings. The increase in trust receipt loans was mainly due to the purchase of materials and equipment for installation for the projects of Shun Cheong, the Group's building services division. Current ratio of the Group as at 30 June 2013, measured by total current assets over total current liabilities, was 1.1 (31 December 2012: 1.1). Total unpledged cash and bank balances as at 30 June 2013 was HK$244.5 million (31 December 2012: HK$165.2 million). The increase in unpledged bank balances was mainly due to funds generated from operations and short-term bank borrowings drawn. During the period under review, the capital expenditure of the Group amounted to HK$60.7 million which was mainly for purchases of plant and machinery by the Group's foundation piling division.

The Group had a total of HK$576.3 million undrawn banking facilities at period end available for its working capital, trade finance and issue of surety/performance bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK$279.0 million over the equity attributable to the holders of the Company of HK$670.3 million, was 41.6% as at 30 June 2013 (31 December 2012: 35.8%).

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 2013, certain properties and a time deposit having aggregate book value of HK$223.2 million and HK$1 million respectively were pledged to banks to secure certain bank loans and other and general banking facilities extended to the Group. Certain plant and machinery having aggregate book value of HK$35.6 million were held under finance leases. In addition, time deposits of HK$15.8 million were pledged to banks to secure the surety/performance bonds issued in favour of the Group's clients on contracting works.

Contingent liability

As at 30 June 2013, the Group provided corporate guarantees and indemnities to certain banks of an aggregate amount of HK$261.1 million for the issue of surety/performance bonds by the banks in favour of the Group's clients on contracting works.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2013.

Employees and remuneration policies

The Group employed approximately 1,400 staff in Hong Kong and other parts of the PRC as at 30 June 2013. 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 2013.

Compliance with the Corporate Governance Code

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 2013, 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 CIL, 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.

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 collectively reviews and approves the appointment of any new director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

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. Frank Kwok-Kit Chu (who retired at the annual general meeting), Mr. Chi-Chiu Wu and Mr. Alexander Yan-Zau Fang, being non-executive directors of the Company, did not attend the 2013 annual general meeting of the Company held on 4 June 2013 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 2013 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 2013.

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 30 August 2013

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. James Sing-Wai Wong, Mr. Philip Bing-Lun Lam and Mr. Lawrence Koo-Siong Chong; and one is a non-executive director, namely Mr. Herman Man-Hei Fung; and four are independent non-executive directors, namely Mr. Yuen-Tin Ng, Mr. Chi-Chiu Wu, Mr. Alexander Yan-Zau Fang and Mr. Ronald James Blake.

** For identification purpose only*