INTERIM REPORT 2009

Green and Growth

CIAM Group Limited

事安集團有限公司

HKSE 0378

Subsidiary of CITIC International Assets Management Limited

Contents

Corporate Information

Board of Directors

Mr. Dou Jianzhong *(Chairman)*
Mr. Lo Wing Yat Kelvin
(Executive Vice-chairman and Chief Executive Officer)
Mr. Fung Ka Pun *(Vice-chairman)*
Mr. Yip Chi Chiu
Mr. Mohamed Abdulrahman Husain Abdulla Bucheeri*
Mr. Lu Zhicheng*
Mr. Graham Roderick Walker*
Mr. Wong Yau Kar David*
Mr. Zhao Tieliu*
Mr. Hung Chi Yuen Andrew**
Mr. Sit Fung Shuen Victor**
Mr. Toh Hock Ghim**

* *Non-executive Director*
** *Independent Non-executive Director*

Audit Committee

Mr. Hung Chi Yuen Andrew *(Chairman)*
Mr. Sit Fung Shuen Victor
Mr. Toh Hock Ghim
Mr. Graham Roderick Walker

Nomination and Remuneration Committee

Mr. Toh Hock Ghim *(Chairman)*
Mr. Dou Jianzhong
Mr. Hung Chi Yuen Andrew
Mr. Sit Fung Shuen Victor

Conflict Committee

Mr. Sit Fung Shuen Victor *(Chairman)*
Mr. Hung Chi Yuen Andrew
Mr. Toh Hock Ghim

Registered Office

Canon's Court, 22 Victoria Street,
Hamilton HM 12, Bermuda.

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Share Registrar in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road,
Pembroke HM 08, Bermuda.

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong.
Tel: (852) 2862 8628
Fax: (852) 2865 0990

Company Secretary

Ms. Wong Yuen Ching Kyna

Auditors

Deloitte Touche Tohmatsu

Stock Code

378

Website

www.ciamgroup.com

Management Discussion and Analysis

Carry out our Business Plan

In Annual Report 2008, CIAM Group Limited (the "Company") has introduced the new management team and major shareholders following the acquisition of the Company's majority stake by CITIC International Assets Management Limited ("CIAM Parent") in May 2008 and the share placement in March 2009 when we resumed trading in The Stock Exchange of Hong Kong Limited ("HKEx"). In addition, the Management has made some coverage in last report to explain the new management infrastructure on corporate governance. Most importantly, the new business direction was laid out including the segments and industries that we will focus on. The major initiatives under our medium term business plan include:

- develop asset under management ("AUM") business in the PRC to provide recurring management fee income and at the same time to provide longer term return on equity by leveraging other peoples monies;
- make proprietary investment on environmental protection related companies or projects for medium to longer term capital gain; and
- cherry pick opportunistic investments for short term profits

To follow the direction on becoming a direct investment and asset management company, we have made successful moves in the last six months. We have demonstrated our execution capability and the determination to make things happen, even with the backdrop of financial crisis and the uncertainties of the economy.

Develop AUM Business in the PRC

Our initiative with 中信信托有限責任公司 (CITIC Trust Company Limited, "CITIC Trust") on 中信信逸一號中小企業發展集合資金信托計劃 ("Xinyi Fund", a trust plan in the PRC) benchmarks the beginning of our AUM business development in the PRC. Xinyi Fund is a RMB300 million trust plan with subsistence period of 3 years. It targets on providing short to medium term financing to enterprises with strong profitability, high growth potential and satisfactory collateral coverage. CITIC Trust is the trustee of Xinyi Fund. 逸百年投資咨詢(深圳)有限公司 (YBN Investment Consulting Limited, "YBN"), a wholly foreign-owned enterprise of the Company and its subsidiaries (the "Group"), is the investment advisor to Xinyi Fund, which is effectively the fund manager performing the role of deals origination, execution and divestment for the fund. The Group has put in RMB50 million as seed monies into Xinyi Fund. YBN provides a guaranteed return of 8% per annum to the passive investors and YBN shares carried interest at a progressive rate in accordance with the overall return of Xinyi Fund. YBN also receives fee income as an investment advisor until the termination of Xinyi Fund. As of the date of this report, Xinyi Fund has been fully subscribed and is in the process of making its first investment.

There are several other PRC funds in our pipeline at various stages from planning to execution. One of them has been announced recently on 8 July 2009 – 天津事安海泰能源科技創業投資企業 (CIAM Hitech Energy Fund, "Hitech Fund"). The target fund size is USD99.99 million for 7 years, extendable to 9 years and the first 4 years will be investment period. It aims to invest in high technology, new/renewable energy, energy conservation and emission reduction, consumer, healthcare and education related industries. A wholly owned subsidiary of the Group entered into contract with Tianjin Hi-Tech Holding Co., Ltd. ("Tianjin Hi-Tech") in setting up this Hitech Fund. Tianjin Hi-Tech is a conglomerate company in the PRC focusing on the development of Tianjin Binhai Hi-Tech Industrial Park and is engaged in businesses of direct investment and company incubation, with industry focus on pharmaceutical, software development, and civil engineering & landscaping. The Group and Tianjin Hi-Tech will contribute USD11.7 million and USD7.14 million respectively to the Hitech Fund as seed monies. The rest of fund pool will be raised from selected professional investors under the prevailing rules and regulations in the PRC. Hitech Fund will be managed by a fund manager company which the Group will have 70% interest, and the rest to be owned by Tianjin Hi-Tech. The fund manager will receive 2% annual management fee from Hitech Fund based on the total fund size and will receive carried interest of 20% from the profits of the fund in excess of the hurdle rate of 8% IRR. The Company is working closely with our partner, Tianjin Hi-Tech, in setting up the legal entities and seeking relevant Government approvals in relation to the fund.

Base on the current progress of AUM business development, we are confident that we will have at least two funds to be managed or co-managed by the Group by the end of this year.

Invest in Environmental Protection Related Business

We completed an investment earlier this year in a jointly controlled wind-power project with 華能壽光風力發電有限公司 (Huaneng Shouguang Wind Power Company Limited, "Huaneng"). The wind farm is operated by the management team of Huaneng. It comprises of 33 large turbines, has a total capacity of 49.5MW, and has officially commenced operation in supplying electricity to Shandong Province since July 2009. The investment can provide stable recurring income to the Group or potentially be an investment warehoused for a bigger renewable energy investment platform.

Another major proprietary investment in the first half of 2009 was the investment in Beijing Enterprises Water Group (371.HK, "Beijing Water") together with the strategic memorandum of understanding signed with Beijing Water. In the past few months, we have introduced a number of water related investment opportunities to Beijing Water based on our strategic alliance. We believe that there will be more cooperation opportunities with Beijing Water when we start environmental protection fund under our AUM initiative.

We will allocate approximately one-third of our current available fund to continue investing in environmental protection related projects. These investments have dual missions. They can generate medium to longer term profits by capital gain and also substantiating our AUM ambition when we inject these investments into funds to be setup.

Make the Right Investment for Short to Medium Term Profits

In balancing the long and short term profitability of the Company, a considerable amount of funding is allocated for opportunistic deals which can generate fee or short term profits. A loan we lent out in 2008 was an example and we earned interest income.

The investment in Beijing Water also demonstrated the dynamic considerations by the Management in managing our investment portfolio. The Management decided to dispose part of the strategic investment in Beijing Water in order to realize the profits and to unload funding for various investment opportunities in the pipeline. Management will constantly review the potential upside of each asset under our investment portfolio and to make sure every investment will have their role play in our business plan.

The Company will continue look for deals which can generate short to medium term profits. With the recent uptake of equity capital market, there will be more opportunities in the pre-IPO market which we are looking into.

The Group's 2009 Interim Financial Performance

For the six months ended 30 June 2009, profit attributable to owners of the Company amounted to HK$17.543 million (2008: loss HK$39.026 million), and earnings per share was HK$0.0413 (2008: loss per share HK$0.0974).

The gross revenue mainly represents the profits from the sales of Beijing Water's shares and the mark-to-market unrealized gain for the unsold shares, contributed a profit of approximately HK$38 million. Approximately HK$0.8 million came from interest income and arrangement fee of a loan repaid in early 2009.

The Group has disposed a few legacy investments during the reporting period. They were small venture investment in information technology and some listed blue chip shares in Hong Kong, which had little value to our current business plan. Their disposals have minimal impacts to our financial results.

The administrative expenses increased to approximately HK$36 million, representing an increase of approximately HK$14 million over the same period of 2008. Following the consolidation of human resources from the major shareholder, CIAM Parent and the services provision arrangement by the Company to CIAM Parent since late 2008, the comparison to 2008 is less relevant, if not total meaningless. Moreover, the expenses in 2008 represents the Group's cost base running different businesses which some of them were disposed in mid-2008.

The current half-year cost base of HK$36 million represents the gross expenses of the current management team running the direct investment and AUM businesses for both the Group and CIAM Parent. The Company will receive approximately HK$15 million services fee from CIAM Parent in accordance with the services agreement entered into in October 2008. The Group's net expenses for the six months ended 30 June 2009 will be approximately HK$21 million.

Balance Sheet Movement in the Last 6 Months

The following summarizes the major movement on our balance sheet regarding the investment activities in the first half of 2009:

i. Invested RMB84 million in wind farm joint venture

ii. Invested RMB50 million in Xinyi Fund

iii. Invested HK$79 million in Beijing Water and received HK$114 million from its partial disposal

iv. Received HK$76 million from new share issuance

v. Received HK$44 million from a loan investment

As of 30 June 2009, the Group has approximately HK$257 million cash on hand to be deployed carefully in accordance to our business plan, catering different short and long term targets. As discussed in previous paragraphs, the Management will constantly evaluate the asset portfolio, make appropriate disposal in order to provide sufficient funding to materialize our business plan. Those legacy investments which do not align with our current investment theme or geographical focus will be divested when appropriate and to the best interest of the Company.

Financial Position

The shareholders' funds and net asset value per share of the Group as of 30 June 2009 were HK$573.32 million (31 December 2008: HK$479.833 million) and HK$1.29 (31 December 2008: HK$1.20) respectively. The net asset value disclosed in here has not taken into account the revaluation of our investment properties. The Company will do necessary revaluation at year end in compliance with the relevant accounting and listing rules.

As of 30 June 2009, the Group's total assets amounted to approximately HK$798 million (31 December 2008: HK$699 million), represented as follows:

	Total assets HKD million	**% to total assets**
Properties (properties investments and other properties)	**350**	44%
Direct investments	**168**	21%
Cash	**257**	32%
Others	**23**	3%
Total	**798**	100%

The bank and other borrowings represent projects financing amounting HK$172 million (31 December 2008: HK$172 million) which were secured by leasehold land and properties in Hong Kong and mortgage loans receivable.

Currency Exposure and Exchange Risk

As of 30 June 2009, the Group had no material exposure to foreign exchange, since the majority of the Group's assets, except for certain minor foreign currencies bank deposits and fund investments, were denominated in either Hong Kong dollars or Renminbi. The management does not consider there to be any significant currency risk. Nevertheless the management will closely monitor the situation if hedging is needed for such exposure.

Contingent Liabilities and Pledge of Assets

As at 30 June 2009, investment properties, prepaid lease payments and properties for development with an aggregate value of approximately HK$348 million have been pledged to secure banking facilities of HK$172 million granted to Group companies for its acquisition and possible developments. Mortgage loans receivable of HK$0.28 million has been pledged to secure other loan of HK$0.20 million.

New Directors, New Partners and a New Future

With the new directors onboard from the three strategic shareholders introduced in last share placement, we have the right composition and representation from different geographical and industrial background in the Board to execute our business plan.

The recent business developments in different areas as discussed above are encouraging. We will be continuously cautious when making investment with the awareness of the gap between their fundamental economics and current valuation. On the other hand, we will leverage the improving capital market sentiment for fundraising to execute our AUM initiative. We are well-positioned to face challenges and we will ride on the recovery of economy to realize our ambitions.

Independent Review Report

TO THE BOARD OF DIRECTORS OF CIAM GROUP LIMITED
事安集團有限公司
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 8 to 29, which comprises the condensed consolidated statement of financial position of CIAM Group Limited as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 August 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	NOTE	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited and restated)
Continuing operations			
Revenue			
Net fair value gain (loss) on held-for-trading investments		**38,101**	(3,082)
Dividend and interest income		**1,031**	1,332
		39,132	(1,750)
Management fee income	15	**14,387**	52
Other income		**210**	3,415
Direct costs		–	(293)
Administrative expenses		**(36,214)**	(22,199)
Finance costs		**(641)**	(2,781)
Gain on disposal of an associate		**800**	–
Gain on disposal of subsidiaries		–	32,727
Share of losses of associates		–	(289)
Impairment loss on loan to an associate		–	(1,670)
Profit before taxation		**17,674**	7,212
Income tax expense	4	**(125)**	(35)
Profit for the period from continuing operations		**17,549**	7,177
Discontinued operations			
Loss for the period from discontinued operations	12	–	(46,204)
Profit (loss) for the period	5	**17,549**	(39,027)
Other comprehensive expense			
Exchange differences arising on translation of foreign operations		**(26)**	(5,881)
Reclassification adjustment for fair value changes on available-for-sale investments upon disposals		–	(27,616)
Other comprehensive expense for the period (net of tax)		**(26)**	(33,497)
Total comprehensive income (expense) for the period		**17,523**	(72,524)

	NOTE	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited and restated)
Profit (loss) for the period attributable to:			
Owners of the Company		**17,543**	(39,026)
Non-controlling interests		**6**	(1)
		17,549	(39,027)
Other comprehensive expense attributable to:			
Owners of the Company		**(26)**	(33,291)
Non-controlling interests		**–**	(206)
		(26)	(33,497)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**17,517**	(72,317)
Non-controlling interests		**6**	(207)
		17,523	(72,524)
Earnings (loss) per share	7		
From continuing and discontinued operations			
Basic		**HK4.13 cents**	HK(9.74) cents
From continuing operations			
Basic		**HK4.13 cents**	HK1.79 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	NOTE	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**3,603**	26,418
Investment properties	8	**300,528**	1,717
Prepaid lease payments – non-current portion		**44,640**	312,241
Properties for development		**3,400**	3,400
Interests in associates		**–**	–
Interest in a jointly controlled entity	9	**95,341**	–
Available-for-sale investments	10	**56,740**	–
Mortgage loans receivable – non-current portion		**4,731**	4,820
Other non-current assets		**1,824**	1,824
		510,807	350,420
Current assets			
Prepayments, deposits and other receivables		**2,983**	1,748
Held-for-trading investments		**10,813**	10,584
Mortgage loans receivable – current portion		**206**	192
Prepaid lease payments – current portion		**1,206**	8,326
Amount due from immediate holding company	15	**14,387**	1,986
Other loan receivable		**–**	43,306
Deposits placed with other financial institutions		**40,590**	1,916
Bank balances and cash		**216,809**	280,253
		286,994	348,311

	NOTE	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
Current liabilities			
Accruals and other payables		**9,629**	4,072
Taxation payable		**2,599**	2,474
Secured bank and other borrowings		**172,456**	172,458
Loans from minority shareholders of subsidiaries	15	**36,754**	36,851
		221,438	215,855
Net current assets		**65,556**	132,456
Total assets less current liabilities		**576,363**	482,876
Non-current liabilities			
Secured bank and other borrowings		**181**	187
		576,182	482,689
Capital and reserves			
Share capital	11	**444,633**	400,633
Reserves		**128,687**	79,200
Equity attributable to owners of the Company		**573,320**	479,833
Non-controlling interests		**2,862**	2,856
		576,182	482,689

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (Note a)	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Other reserve HK$'000 (Note b)	Retained profits (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2008 (audited)	400,633	–	82,445	27,616	7,667	1,581	65,461	585,403	921	586,324
Loss for the period	–	–	–	–	–	–	(39,026)	(39,026)	(1)	(39,027)
Exchange differences arising on translation of foreign operations	–	–	–	–	3,048	–	–	3,048	–	3,048
Realised on disposal of available-for-sale investments	–	–	–	(923)	–	–	–	(923)	–	(923)
Realised on disposal of subsidiaries and a jointly controlled entity classified as discontinued operations	–	–	–	–	(8,548)	–	–	(8,548)	–	(8,548)
Realised on disposal of other subsidiaries	–	–	–	(26,693)	(175)	–	–	(26,868)	(206)	(27,074)
Total comprehensive (expense) income for the period	–	–	–	(27,616)	(5,675)	–	(39,026)	(72,317)	(207)	(72,524)
At 30 June 2008 (unaudited)	400,633	–	82,445	–	1,992	1,581	26,435	513,086	714	513,800
At 1 January 2009 (audited)	400,633	–	82,445	–	2	1,581	(4,828)	479,833	2,856	482,689
Profit for the period	–	–	–	–	–	–	17,543	17,543	6	17,549
Exchange differences arising on translation of foreign operations	–	–	–	–	(26)	–	–	(26)	–	(26)
Total comprehensive (expense) income for the period	–	–	–	–	(26)	–	17,543	17,517	6	17,523
Issuance of shares	44,000	34,320	–	–	–	–	–	78,320	–	78,320
Shares issue expenses	–	(2,350)	–	–	–	–	–	(2,350)	–	(2,350)
	44,000	31,970	–	–	–	–	–	75,970	–	75,970
At 30 June 2009 (unaudited)	**444,633**	**31,970**	**82,445**	**–**	**(24)**	**1,581**	**12,715**	**573,320**	**2,862**	**576,182**

Notes:

(a) Contributed surplus represents the difference between net assets of the companies acquired and the aggregate nominal value of shares issued by the Company under the scheme of arrangement in 1992.

(b) Other reserve arose as a result of (i) repurchase of the Company's listed securities, representing the excess of the nominal value of the shares repurchased over the consideration paid and (ii) goodwill reserve arising on acquisition of subsidiaries of the Company prior to 1 January 2005.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	NOTE	Six months ended 30 June **2009** **HK$'000** **(Unaudited)**	 2008 HK$'000 (Unaudited and restated)
Net cash from operating activities		**8,192**	16,824
Net cash (used in) from investing activities			
Repayment of other loan receivable		**43,306**	–
Investment in a jointly controlled entity		**(95,341)**	–
Purchases of available-for-sale investments		**(56,764)**	–
Capital expenditure on property, plant and equipment and properties for development		**(919)**	(24,461)
Proceeds from disposal of subsidiaries and a jointly controlled entity classified as discontinued operations	12	**–**	87,783
Proceeds from disposal of other subsidiaries	13	**–**	71,900
Decrease in pledged bank deposits		**–**	6,000
Other investing activities		**874**	2,716
		(108,844)	143,938
Net cash from (used in) financing activities			
Net proceeds from issuance of new shares		**75,970**	–
Repayment of loan from a minority shareholder of a subsidiary		**(80)**	–
Secured bank and other borrowings repaid		**(8)**	(1,144)
		75,882	(1,144)
Net (decrease) increase in cash and cash equivalents		**(24,770)**	159,618
Cash and cash equivalents at the beginning of the period		**282,169**	182,055
Cash and cash equivalents at the end of the period		**257,399**	341,673
Represented by:			
Deposits placed with other financial institutions		**40,590**	34,126
Bank balances and cash		**216,809**	307,547
		257,399	341,673

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Group's immediate holding company is Right Precious Limited, a limited company incorporated in the British Virgin Islands. Its ultimate holding company is CITIC International Assets Management Limited ("CIAM Parent"), a private limited company incorporated in Hong Kong.

2. Significant Accounting Policies

The condensed consolidated financial statements have been prepared on the historical costs basis except for investment properties and financial instruments, which are measured at fair values.

Except for as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

Changes in accounting policies

In previous years, the Group recognised its interests in a jointly controlled entity using proportionate consolidation. That jointly controlled entity was disposed of by the Group during the six months ended 30 June 2008. In the current interim period, the Group became a venturer in, and made capital injection to, a jointly controlled entity, as set out in note 9. In addition, in the current period, the Group has changed its accounting policy for interests in jointly controlled entities such that the interests in jointly controlled entities are accounted for using the equity method of accounting. The directors believe that such change will result in a better presentation of the nature of interests in jointly controlled entities.

Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

2. Significant Accounting Policies (continued)

Changes in accounting policies (continued)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

The adoption of the new accounting policy for its interest in a jointly controlled entity has also resulted in certain changes in presentation of the reported results of the Group in the prior period (see note 12 for details).

Change in presentation of financial statements

In the current period, the directors of the Company decided to present net fair value gain or loss on held-for-trading investments as part of the Group's revenue to better reflect the fact that the Group's principal activities include trading in such investments. Prior year figures have been re-presented to reflect the new presentation.

Adoption of new or revised HKFRSs effective in the current period

A number of new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA are effective for the financial year beginning on 1 January 2009. The effects of the adoption of these new or revised HKFRSs are summarised as follows:

HKFRS 8 "Operating Segments" is a disclosure standard that requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group's chief operating decision maker. HKFRS 8 replaces HKAS 14 "Segment Reporting" which required an entity to identify two sets of segments (business and geographical). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group's reportable segments and the presentation of the segment results and segment assets has not been changed (see note 3 for details).

HKAS 1 (revised 2007) "Presentation of Financial Statements" has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

As part of the Improvements to HKFRSs issued by the HKICPA in 2008, HKAS 40 "Investment Property" has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value is reliably determinable). In the past, the leasehold land and building elements of properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and recorded as prepaid lease payments. The building element was recorded as property, plant and equipment and carried at cost less accumulated impairment losses. The Group has applied the amendment to HKAS 40 prospectively from 1 January 2009. In the opinion of the directors, the fair value of the investment properties under development cannot be determined reliably as at 1 January 2009 and 30 June 2009, and is therefore accounted for using the cost model. As a result of the application of the amendment, the land and building elements of the Group's properties under development for future use as investment properties of approximately HK$274,118,000 and HK$23,125,000, respectively, have been classified as investment properties at 1 January 2009.

2. Significant Accounting Policies (continued)

New or revised HKFRSs that are not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[2]
HKFRS 3 (Revised)	Business Combinations[1]
Hong Kong (International Financial Reporting Interpretations Committee) ("HK(IFRIC)")-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2010

3 Effective for transfers on or after 1 July 2009

In addition, certain of the amendments under HKFRSs (amendments) "Improvements to HKFRSs" and HKFRSs (amendments) "Improvements to HKFRSs 2009" will become effective for the Group's annual periods beginning after 1 January 2009. The Group has not early applied any of these amendments that have been issued but not yet effective.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The directors of the Company anticipate that, the application of the other new or revised standards, amendments or interpretations will have no material impact on how the results and financial position of the Group are prepared and presented.

3. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

In the opinion of the directors, the principles of which the business segments of the Group has been divided under HKAS 14 in previous years also form the basis of which internal reports have been presented to the management. The Group's reportable segments under HKFRS 8 are therefore identical to the business segments under HKAS 14, namely:

– Direct investments

– Property investments

The direct investment segment is to engage in securities trading and asset investments and the property investments segment is to engage in property development for future use as investment properties. The Group was also involved in following operations, each of which was also reported as a separate segment under HKAS 14, including:

– Brokerage services

– Investment banking

– Industrial and management operating services

All of these operations were discontinued during the six months ended 30 June 2008. For HKFRS 8 purposes, each of these operations formed a separate reportable segment.

3. Segment Information (continued)

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Segment gross proceeds Six months ended 30 June		Segment revenue Six months ended 30 June		Segment profit (loss) Six months ended 30 June	
	2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited and restated)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)
Continuing operations						
Direct investments	**118,879**	21,081	**39,132**	(1,984)	**34,607**	228
Property investments	**–**	234	**–**	234	**(910)**	(6,400)
Total for continuing operations	**118,879**	21,315	**39,132**	(1,750)	**33,697**	(6,172)
Unallocated corporate income					**14,597**	3,467
Central administration costs and directors' salaries					**(30,779)**	(19,740)
Gain on disposal of an associate					**800**	–
Gain on disposal of subsidiaries					**–**	32,727
Share of losses of associates					**–**	(289)
Finance costs					**(641)**	(2,781)
Profit before taxation from continuing operations					**17,674**	7,212
Discontinued operations						
Brokerage services	**–**	–	**–**	–	**–**	–
Investment banking	**–**	–	**–**	–	**–**	–
Industrial and management operating services	**–**	2,690	**–**	2,690	**–**	(505)
Total for discontinued operations	**–**	2,690	**–**	2,690	**–**	(505)
Share of losses of associates					**–**	(2,465)
Share of loss of a jointly controlled entity					**–**	(27,886)
Finance costs					**–**	(24)
Loss before taxation from discontinued operations					**–**	(30,880)
Profit (loss) before taxation (continuing and discontinued operations)					**17,674**	(23,668)
Income tax expense (continuing and discontinued operations)					**(125)**	(35)
Loss on disposal of discontinued operations					**–**	(15,324)
Consolidated gross proceeds, revenue and profit (loss) for the period	**118,879**	24,005	**39,132**	940	**17,549**	(39,027)

3. Segment Information (continued)

All of the segment revenue reported above is from external customers.

Segment profit (loss) represents profit (loss) attributable to each segment without allocation of corporate income, central administration costs and directors' salaries, gain on disposal of an associate, gain on disposal of subsidiaries, share of losses of associates and finance costs. This is the measure reported to the management for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segment:

	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
Continuing operations		
Direct investments	**167,831**	58,902
Property investments	**300,528**	298,960
Total for continuing operations and total segment assets	**468,359**	357,862

No analysis for the Group's assets attributable to discontinued operations has been presented since all of such operations have been disposed of as at 31 December 2008.

4. Income Tax Expense

	Continuing operations Six months ended 30 June		**Discontinued operations Six months ended 30 June**		**Consolidated Six months ended 30 June**	
	2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)
Current tax charge:						
Hong Kong	**125**	35	**–**	–	**125**	35

Hong Kong Profits Tax is calculated at 16.5% (17.5% for the six months ended 30 June 2008) of the estimated assessable profit for the period.

Taxation arising in other jurisdictions has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the relevant jurisdictions.

5. Profit (Loss) for the Period

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)	**2009 HK$'000 (Unaudited)**	2008 HK$'000 (Unaudited and restated)
Profit (loss) for the period has been arrived at after charging:						
Other staff costs	**16,323**	5,266	**–**	637	**16,323**	5,903
Directors' remuneration	**4,454**	1,561	**–**	–	**4,454**	1,561
Depreciation of property, plant and equipment	**609**	231	**–**	–	**609**	231
Release of prepaid lease payments	**603**	4,058	**–**	–	**603**	4,058
Operating lease rentals in respect of land and buildings	**2,463**	542	**–**	604	**2,463**	1,146
Cost of inventories recognised as expense	**–**	–	**–**	2,016	**–**	2,016
Allowances for bad debts	**–**	–	**–**	8	**–**	8

6. Dividends

No dividend has been paid or declared during the period. The directors do not propose the payment of an interim dividend for the six months ended 30 June 2009 (nil for the six months ended 30 June 2008).

7. Earnings (Loss) Per Share

For continuing and discontinued operations

The calculation of the basic earnings (loss) per share is based on profit for the period attributable to the owners of the Company of HK$17,543,000 (2008: loss for the period attributable to the owners of the Company of HK$39,026,000) and 424,942,609 (2008: 400,633,217) weighted average number of ordinary shares for the purposes of basic earnings (loss) per share.

From continuing operations

The calculation of the basic earnings per share is based on profit for the period from continuing operations attributable to the owners of the Company of HK$17,543,000 (2008: HK$7,178,000) and 424,942,609 (2008: 400,633,217) weighted average number of ordinary shares for the purposes of basic earnings per share.

From discontinued operations

For the six months ended 30 June 2008, basic loss per share for the discontinued operations is HK11.53 cents, based on loss for the period from the discontinued operations of HK$46,204,000 and the denominators detailed above for basic earnings per share.

Diluted earnings (loss) per share

No diluted earnings (loss) per share has been presented since there has been no potential ordinary shares in issue for both periods.

8. Movements in Property, Plant and Equipment and Investment Properties

During the period, the Group acquired property, plant and equipment at a cost of approximately HK$919,000 (HK$904,000 for the six months ended 30 June 2008).

During the six months ended 30 June 2008, the Group disposed of property, plant and equipment with the carrying amount of approximately HK$469,000 upon disposal of its discontinued operations and other subsidiaries.

At 30 June 2009, the directors have also considered that the fair value of the Group's completed investment properties does not differ significantly from its carrying amount of HK$1,717,000 and accordingly, no fair value change has been recognised in profit or loss in the current period.

9. Interest in a Jointly Controlled Entity

At 30 June 2009, the amount represents capital injection made by the Group in a jointly controlled entity in the current period. Particulars of the jointly controlled entity are as follows:

Name of entity	Place of registration/ operation	Proportion of registered capital held by the Group	Form of investment	Principal activities
Huaneng Shouguang Wind Power Company Limited 華能壽光風力發電有限公司	The People's Republic of China (the "PRC')	45%	Sino-foreign enterprise	To be engaged in investment, construction and operation of wind power electricity facility, development, generation and sale of wind power electricity; provision of consultancy and related services in respect of electricity projects

10. Available-for-sale Investments

At 30 June 2009, the amount represents units in a trust for which the Group acts as the investment consultant.

The trust targets investments through providing loans to enterprises with strong profitability and high growth in the PRC. The fair value of the units in the trust was based on valuation of the underlying investments as at the date of reporting period. As at 30 June 2009, no loan has been lent to enterprises by the trust.

11. Share Capital

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$1 each		
Authorised:		
At 1 January 2008, 31 December 2008 and 30 June 2009	750,000,000	750,000
Issued and fully paid:		
At 1 January 2008 and 31 December 2008	400,633,217	400,633
Issue of shares	44,000,000	44,000
At 30 June 2009	**444,633,217**	**444,633**

On 16 March 2009, arrangements were made for a private placement to independent private investors of 39,000,000 ordinary shares of HK$1 each in the Company held by Right Precious Limited, the controlling shareholder of the Company, at a price of HK$1.28 per share representing a discount of approximately 42% to the closing market price of the Company's shares on 13 May 2008, the last trading day before the suspension of trading in the shares of the Company on The Stock Exchange of Hong Kong Limited pending for restoration of the 25% minimum public float in the shares.

Pursuant to a placing agreement of the same date, a placing agent agreed to procure, on a best-effort basis, the placing of 44,000,000 new shares of HK$1 each in the Company at a price of HK$1.78 per share to an independent private investor. The proceeds were used to provide funding of its expansion and growth plan and to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 30 May 2008 and rank pari passu with other shares in issue in all respects.

12. Discontinued Operations

As explained in note 3, the reportable segments of brokerage services, investment banking and industrial and management operating services are classified as discontinued operations during the six months ended 30 June 2008.

The net assets of the discontinued operations at the dates of disposals, other than the subsidiaries disposed of as set out in note 13, take into consideration the effect of the change in accounting policy for interests in jointly controlled entities, were as follows:

	2008 HK$'000 (Audited and restated)
Net assets disposed of:	
Property, plant and equipment	420
Interests in associates	40,887
Interest in a jointly controlled entity	68,898
Inventories	1,909
Trade and other receivables	2,933
Bank balances and cash	2,296
Trade and other payables	(2,642)
Secured bank and other borrowings	(750)
Net assets disposed of	113,951
Exchange reserve realised	(8,548)
	105,403
Loss on disposal	(15,324)
Total consideration	90,079
Satisfied by:	
Cash	90,079
Net cash inflow arising on disposal:	
Cash consideration	90,079
Bank balances and cash disposed of	(2,296)
	87,783
Net cash outflows from the discontinued operations:	
Net cash outflows from operating activities	(11,617)
Net cash outflows from investing activities	(248)
Net cash outflows from financing activities	(296)
	(12,161)

12. Discontinued Operations (continued)

The results and the loss on disposal of the discontinued operations for the period from 1 January 2008 to the relevant dates of disposals (dates on which controls of the relevant entities passed to the respective acquirers), which have been included in the condensed consolidated statement of comprehensive income after taking into consideration the effect of the change in accounting policy for interests in jointly controlled entities, were as follows:

From 1 January 2008 to date of disposal (audited and restated)

	Brokerage services HK$'000	**Investment banking** HK$'000	**Industrial and management operating services** HK$'000	**Total** HK$'000
Revenue	–	–	2,690	2,690
Direct costs	–	–	(2,016)	(2,016)
Other income	–	–	149	149
Administrative expenses	–	–	(1,317)	(1,317)
Distribution costs	–	–	(11)	(11)
Share of loss of a jointly controlled entity	(26,084)	(1,802)	–	(27,886)
Share of losses of associates	(2,465)	–	–	(2,465)
Finance costs	–	–	(24)	(24)
Loss of discontinued operations for the period	(28,549)	(1,802)	(529)	(30,880)
Loss on disposal of discontinued operations	(10,677)	(980)	(3,667)	(15,324)
	(39,226)	(2,782)	(4,196)	(46,204)

12. Discontinued Operations (continued)

Results of the jointly controlled entity from 1 January 2008 to the date of disposal:

	As originally stated (using proportionate consolidation method) HK$'000	Effect of change in accounting policies HK$'000	As restated (using equity method) HK$'000
Revenue	3,560	(3,560)	–
Direct cost	(60)	60	–
Administrative expenses	(17,663)	17,663	–
Other expense	(1,942)	1,942	–
Share of loss of a jointly controlled entity	–	(27,886)	(27,886)
Loss on disposal of subsidiaries	(11,782)	11,782	–
Finance cost	(63)	63	–
Income tax credit	64	(64)	–
	(27,886)	–	(27,886)

13. Disposal of Other Subsidiaries

During the period ended 30 June 2008, the Group disposed of the interest of certain subsidiaries ("disposed subsidiaries") other than those classified as discontinued operations as set out in note 12 at an aggregate consideration attributable to the Group of approximately HK$71,900,000.

The net assets of the disposed subsidiaries at the dates of disposals were as follows:

	2008 HK$'000 (Audited)
Net assets disposed of:	
Property, plant and equipment	49
Available-for-sale investments	67,362
Conversion option embedded in convertible notes	3,171
Other non-current assets	3,014
Trade and other receivables	232
Trade and other payables	(13)
Taxation payable	(7,568)
	66,247
Minority interests	(206)
Revaluation reserve realised	(26,693)
Exchange reserve realised	(175)
	39,173
Gain on disposal	32,727
Total consideration	71,900
Satisfied by:	
Cash	71,900
Net cash inflow arising on disposal:	
Cash consideration	71,900

The subsidiaries disposed of during the six months ended 30 June 2008 did not have a material impact on the Group's cash flows or operating results.

14. Capital Commitments

	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– capital investment in unlisted equity funds	**10,444**	10,556
– capital contribution to a fund (Note)	**90,698**	–
	101,142	10,556

Note: On 30 June 2009, CIAM Environmental Investments Limited, a wholly owned subsidiary of the Company, entered into a cooperation agreement with a third party pursuant to which the Group has committed to contribute the said amount in a fund with a target size of US$99,990,000 (equivalently to approximately HK$775,116,000). The fund will focus on investments in high technology and energy businesses in the PRC.

15. Related Party Disclosures

(I) Transactions with related companies

During the period, the Group had transactions with related parties as follows:

Name of the related party	Nature of transaction	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
CIAM Parent (After 8 April 2008, Note a)	Management fee income	**14,387**	–
SBI E2-Capital Limited ("SBI E2", prior to 8 April 2008, Note b)	Management fee income	**–**	52

Notes:

(a) Being the date on which CIAM Parent became the ultimate holding company of the Company.

(b) Being the date on which SBI E2 ceased to be a related party of the Group.

In addition, during the six months ended 30 June 2008, the Group disposed of:

(i) entities classified as discontinued operations to a company controlled by two directors of the Company (one of whom has resigned as a director of the Company on 31 May 2008) for a total consideration of approximately HK$71,975,000; and

(ii) other subsidiaries to a company controlled by a director of the Company for a consideration of approximately HK$50,000,000.

15. Related Party Disclosures (continued)

(II) Balances with related companies

	At 30 June 2009 HK$'000 (Unaudited)	At 31 December 2008 HK$'000 (Audited)
Amount due from immediate holding company (Note a)	**14,387**	1,986
Bank deposits with related companies (Note b, included in bank balances and cash)	**24,091**	32,333
Loans from minority shareholders of subsidiaries (Note a)	**36,754**	36,851

Notes:

(a) The balances were unsecured, non-interest bearing and were repayable on demand.

(b) The balances represented deposits placed with two financial institutions, which are subsidiaries of CITIC Group, a substantial shareholder of the ultimate holding company of the Company.

(III) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
Salaries and other short-term employee benefits	**15,455**	3,255

The remuneration of directors and key executives is determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Supplementary Information

Directors' and Chief Executive's Interests in Securities

As at 30 June 2009, the interests or short positions of the Directors and Chief Executive of the Company in the shares ("Shares"), underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

(i) Long positions

Ordinary shares of HK$1 each of the Company (the "Shares")

Name of director	Number of Shares: Beneficial owner	Held by controlled corporation	Total	Percentage of the issued share capital of the Company
Mr. Lo Wing Yat Kelvin	35,000	–	35,000	0.01%
Mr. Fung Ka Pun	–	1,862,303 (Note 1)	1,862,303	0.42%

(ii) Interests in associated corporation

Name of associate	Name of director	Number of shares: Beneficial owner	Spouse interest	Percentage of the issued share capital of associate
Boxmore Limited	Mr. Fung Ka Pun	–	2,000 (Note 2)	20%

Notes:

(1) Mr. Fung Ka Pun has beneficial interest in Bo Hing Limited, which was interested in 1,862,303 Shares of the Company as at 30 June 2009, representing approximately 0.42% in the issued share capital of the Company.

(2) The spouse of Mr. Fung Ka Pun has beneficial interest in 2,000 shares, representing approximately 20% in the issued share capital of Boxmore Limited.

Save as disclosed above, as at 30 June 2009, none of the Directors or Chief Executive of the Company had any interest and short position in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option

No option was granted or exercised since adoption of the share option scheme. The share option scheme will end on 12 October 2017.

Substantial Shareholders

As at 30 June 2009, so far as was known to the Directors and the Chief Executive of the Company, the following persons who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company.

(i) Long positions

Ordinary shares of HK$1 each of the Company

Name of shareholder	**Capacity**	**Number of ordinary Shares held**	**Percentage of issued share capital of the Company** (Note 1)
Right Precious Limited ("RPL")	Beneficial owner	323,555,154	72.77%
CITIC International Assets Management Limited ("CIAM Parent")	Interest held by controlled corporation (Note 2)	323,555,154	72.77%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation (Note 2)	323,555,154	72.77%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation (Note 2)	323,555,154	72.77%
CITIC Group	Interest held by controlled corporation (Note 2)	323,555,154	72.77%
Dundee Greentech Limited ("Dundee Greentech")	Beneficial owner	44,000,000	9.90%
Dundee Energy Limited ("Dundee Energy")	Interest held by controlled corporation (Note 3)	44,000,000	9.90%
Radiant Enterprises Group Limited ("Radiant")	Interest held by controlled corporation (Note 3)	44,000,000	9.90%
The Dundee Merchant Bank ("Dundee Merchant")	Interest held by controlled corporation (Note 3)	44,000,000	9.90%
Liu Hailong	Interest held by controlled corporation (Note 3)	44,000,000	9.90%
Dundee Corporation	Interest held by controlled corporation (Note 3)	44,000,000	9.90%

Notes:

1. The percentages are calculated based on the total number of issued shares of the Company of 444,633,217 ordinary shares as at 30 June 2009.

2. By virtue of the SFO, CIAM Parent, CIFH, CNCB and CITIC Group are deemed to be interested in 323,555,154 Shares held by RPL. RPL is a wholly-owned subsidiary of CIAM Parent which CIFH owns 40%. CIFH is 70.32% owned by CITIC Group. On 8 May 2009, CITIC Group has entered into a share purchase agreement with CNCB pursuant to which CNCB has agreed to acquire from CITIC Group the 70.32% interest in CIFH from CITIC Group subject to the conditions set out therein.

3. Dundee Greentech is a wholly-owned subsidiary of Dundee Energy which, in turn, is 50% owned by Radiant and 50% owned by Dundee Merchant. Radiant is 100% owned by Liu Hailong while Dundee Merchant is 100% owned by Dundee Corporation. By virtue of the SFO, Dundee Energy, Radiant, Dundee Merchant, Liu Hailong and Dundee Corporation are all deemed to be interested in 44,000,000 Shares.

Other than disclosed above, the Company had not been notified and is not aware of any other interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO as at 30 June 2009.

Purchase, Sale Or Redemption of the Company's Listed Securities

The Company has not redeemed any of its listed securities during the six months ended 30 June 2009. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the six months ended 30 June 2009.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance. Throughout the six months ended 30 June 2009, the Company has complied with the Code Provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except for the deviation for the following.

Code Provision A.4.1 stipulates that the non-executive directors should be appointed for a specific term and should be subject to re-election. The Non-executive Directors of the Company are not appointed for such a specific term. Instead, same as for all other Directors of the Company, the Non-executive Directors are subject to the retirement by rotation and are eligible for re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Directors believe that subjecting the Non-executive Directors to retirement by rotation and re-election achieves the intended aims of the Code.

Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Mr. Mohamed Abdulrahman Husain Abdulla Bucheeri was appointed as chief executive officer of Ithmaar Bank B.S.C. (a licenced wholesale investment bank located in the Middle East and listed on the Bahrain Stock Exchange and on the Kuwait Stock Exchange) with effect from 1 September 2009 (formerly co-chief executive officer). Mr. Husain was also appointed as a director of Faisal Islamic Bank of Egypt (a licenced Islamic commercial bank incorporated in Egypt and listed on the Cairo Stock Exchange) with effect from 30 June 2009.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Company (the "Model Code"). Having made specific enquiry of the Directors of the Company, all Directors of the Company had complied with the required standards as set out in the Model Code during the six months ended 30 June 2009.

Review of Interim Financial Report

The interim financial report is unaudited but has been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, and the Company's Audit Committee, which comprises three Independent Non-executive Directors and one Non-executive Director of the Company.