

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	2
Management Discussion and Analysis	3
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to the Unaudited Interim Financial Report	12
Independent Review Report	26
Supplementary Information	27

Corporate Information

Board of Directors

Dou Jianzhong (*Chairman*)

Lo Wing Yat Kelvin

(*Executive Vice-chairman and Chief Executive Officer*)

Yip Chi Chiu

Lu Zhicheng*

Carolyn Anne Prowse*

Graham Roderick Walker*

Wong Yau Kar David*

Zhao Tieliu*

Hung Chi Yuen Andrew**

Sit Fung Shuen Victor**

Toh Hock Ghim**

* *Non-executive Director*

** *Independent Non-executive Director*

Audit Committee

Hung Chi Yuen Andrew (*Chairman*)

Sit Fung Shuen Victor

Toh Hock Ghim

Graham Roderick Walker

Nomination and Remuneration Committee

Toh Hock Ghim (*Chairman*)

Dou Jianzhong

Hung Chi Yuen Andrew

Sit Fung Shuen Victor

Conflict Committee

Sit Fung Shuen Victor (*Chairman*)

Hung Chi Yuen Andrew

Toh Hock Ghim

Company Secretary

Wong Yuen Ching Kyna

Auditors

KPMG

Registered Office

Canon's Court, 22 Victoria Street,

Hamilton HM 12, Bermuda

Principal Place of Business in Hong Kong

23rd Floor, Bank of America Tower,

12 Harcourt Road, Central, Hong Kong

Tel: (852) 2843 0290

Fax: (852) 2525 3688

Principal 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

17M Floor, Hopewell Centre,

183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8628

Fax: (852) 2865 0990

Stock Code

378

Website

www.ciamgroup.com

Management Discussion and Analysis

Business review on first half of 2010

In the 2009 Annual Report, CIAM Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) have pronounced that the Group will endeavour to source “Green” related investments with sustainable growth in mainland China and fill up the balance sheet with profitable businesses and investments. However, during the first half of 2010, the global market was filled with great uncertainty as influenced by the European debt crisis. Accordingly, the Management has taken a conservative approach in committing capitals to new investments. Although the Group may sacrifice some short term profits, the Management strongly believes that sustainability and financial healthiness of the Group in the long run can be assured with greater chance. Furthermore, the Management made use of this small window in the first half of 2010 to re-assess the market situation of environmental friendly related industry with focus on new energy in mainland China. The additional effort and time we spent on these analyses will certainly pay off when we consider our bigger move on investments at later stage.

Investments in environmental friendly businesses

As of 30 June 2010, the Group has invested in two “Green” investments in environmental friendly businesses: 1) investment in an operating wind farm under Huaneng Shouguang Wind Power Company Limited, and 2) a minority stake in EPT Co.

The wind farm under Huaneng Shouguang Wind Power Company Limited has commenced operation in supplying electricity to Shandong Province since 2009. In the first six months of 2010, the investment contributed RMB7 million net profits to the Group. The interim contribution exceeded our half year target and we are confident that the project company will meet its full year target by end of 2010. This investment fulfils its mission to provide steady profits to the Group with double digit annual profits return on its investment costs.

Furthermore, this investment opens up our visibility on the new energy industry in mainland China. Along the line with the investment in wind farm, we are exploring various opportunities in more exciting upstream business in the sector, if not further investment on stable wind farm business.

Another “Green” investment is our minority stake in EPT Co. The EPT Co. specialises in electric power and traction sectors and focusing on design and production of power stack and dry-transformer and high voltage direct current reactor supplying to railway industry in mainland China. With the good progress that EPT Co. has been making in its business development, the Management is confident that this can be another successful investment, to be materialised in 2010 or 2011.

Short term investments or financing transactions

The Management is taking cautious approach in seeking for suitable short term investments or financing transactions which provide reasonable returns with secure collateral. In the first half of the year, the Group completed a RMB30 million short term loan lending transaction in mainland China with a gross return of 20% per annum for twenty-four months. At least two more financing transactions are expected to be closed in the second half of 2010. One of them was announced in August this year, which was a RMB100 million loan to a wind blade manufacturer. This loan was not only considered as a short term loan made by the Group but indeed can potentially be one of our major Green investments.

Furthermore, a small portion of the funding has been allocated to a relatively liquid fund product investing on capital markets and treasury products. The Management takes a conservative approach on managing return and liquidity risk exposures, with the main objective to enhance the yield of the idle funds pending for investments.

Management Discussion and Analysis

Asset under management (“AUM”) business development in mainland China

CITIC Xinyi Fund 中信信逸一號中小企業發展集合資金信託計劃, (“Xinyi Fund”, a RMB300 million trust plan in mainland China) has already fully invested through three high yield financing transactions in enterprises with strong profitability and with satisfactory collateral coverage. The three loans are performing satisfactorily during the period. Xinyi Fund has distributed the first tranche of 8% p.a. guaranteed return to the Class A shareholders as scheduled in the subscription agreement.

Henan Agricultural Fund (“Agricultural Fund”, Tranche A with RMB600 million fund size), as reported in the last annual report, has completed setting up the team and entered into the investment phase. More than fifty investment opportunities and proposals are under review and some of them are in the process of due diligence. The fund manager of Agricultural Fund targets to materialize some of the investment opportunities before the end of 2010. In parallel, the fund manager is working on the Tranche B fund raising plan which targets to be launched this year. The Group will have indirect capital commitment on the coming tranches of this Agricultural Fund.

Hitech Fund, the fund partnered with Tianjin Hi-Tech Holding Co. Ltd, takes longer time than we expected for the completion of formality with relevant authorities and the setup of management structure. Hitech Fund is currently looking for opportunities to warehouse investments in preparation of the fund raising in 2011.

Due to the uncertainty on fiscal policy in the PRC on RMB denominated trust plan as well as the global capital market sentiment, the Group has slowed down the pace to develop new fund. The Group will continuously review the weighting of resource allocation in different business areas for the best interest of the Group.

The Group’s 2010 interim financial performance

For the six months ended 30 June 2010, loss attributable to equity shareholders of the Company amounted to HK\$12.34 million (six months ended 30 June 2009: profit HK\$17.54 million), and loss per share was HK\$0.0278 (six months ended 30 June 2009: earnings per share HK\$0.0413).

During the period under review, the Group reported HK\$3.07 million advisory fee income and HK\$1.25 million interest income on a loan financing transaction in mainland China, and HK\$0.86 million asset management fee income from Xinyi Fund. The Group also recorded a share of profit of RMB7.39 million (equivalent to HK\$8.43 million) from the Group’s 45% interest in Huaneng Shouguang Wind Power Company Limited.

The Company is expected to receive approximately HK\$9 million fee income and to be reimbursed HK\$22 million from the parent company, CITIC International Assets Management Limited (“CIAM Parent”) in accordance with the Inter-companies Services and Cost Allocation Agreement (the “Service Agreement”) entered into in October 2008. The Group’s net expenses for the six months ended 30 June 2010 was approximately HK\$28.86 million.

Financial position

As of 30 June 2010, the Group’s equity attributable to equity shareholders was HK\$619 million (31 December 2009: HK\$624 million), and net asset value per share was HK\$1.39 (31 December 2009: HK\$1.40).

Management Discussion and Analysis

As of 30 June 2010, the Group's total assets amounted to approximately HK\$713 million (31 December 2009: HK\$706 million). Following the completion of divestment of property under development at Grampian Road, Hong Kong and the receipt of the remaining consideration of HK\$165 million in March 2010, the Group's cash and bank balances (including pledged deposits) increased from HK\$281 million at the end of 2009 to HK\$400 million. The secured bank loan represented project financing amounted to HK\$34 million (31 December 2009: nil) which was pledged by bank deposits of HK\$39 million.

Currency exposure and exchange risk

As of 30 June 2010, 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 dollar 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 of 30 June 2010, the Group had no contingent liabilities identified.

As of 30 June 2010, the Group pledged a HK\$39 million deposit with a bank to secure a banking facility of HK\$43 million, of which HK\$9 million remained unused.

Employees

As at 30 June 2010, the Group had more than 50 employees serving head office at Hong Kong and various establishments in Beijing, Shenzhen, Tianjin and Henan. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured in alignment with prevailing market practices and linking to individuals' performance. In addition, the Company provides incentive scheme with discretionary bonus, carried interest scheme and share option scheme for different employee groups and Directors to motivate and reward for their contributions to the Group. The Group also acts as a human resources service provider to CIAM Parent under the Service Agreement, which agreed to share the employee pool on general management, investment and administrative activities.

Our "Green" road map

With the current size of the Group, the Management believes that the focused investment approach on selected segment can be more effective than managing a diversified portfolio. With the ground works done in the past two years, the Management has started to narrow down our bigger "Green" investment theme. The Management believes that a series of closely related investments on certain segment will help to create additional value through the leveraging of existing business network among our investee partners.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010 – unaudited

	Note	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Revenue			
Net fair value gain on held-for-trading investments		490	38,101
Net fair value gain on financial assets designated at fair value through profit or loss		793	–
Investment income		2,429	1,031
Advisory fee income		3,071	–
Assets under management fee income		855	–
		7,638	39,132
Management fee income	21(i)	31,000	14,387
Other income		707	210
Administrative expenses		(59,859)	(36,214)
(Loss)/profit from operations		(20,514)	17,515
Finance costs	4(a)	(802)	(641)
Gain on disposal of an associate	8	–	800
Share of profit less losses of an associate		509	–
Share of profit less losses of a jointly controlled entity		8,430	–
(Loss)/profit before taxation	4	(12,377)	17,674
Income tax	5	–	(125)
(Loss)/profit for the period		(12,377)	17,549
Other comprehensive income for the period (after tax):			
Exchange differences on translation of financial statements of foreign operations		1,742	(26)
Transfer of exchange reserve upon liquidation of a subsidiary		(32)	–
Total comprehensive income for the period		(10,667)	17,523

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010 – unaudited

	Note	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
(Loss)/profit for the period attributable to:			
– Equity shareholders of the Company		(12,339)	17,543
– Non-controlling interests		(38)	6
		(12,377)	17,549
Other comprehensive income for the period attributable to:			
– Equity shareholders of the Company		1,712	(26)
– Non-controlling interests		(2)	–
		1,710	(26)
Total comprehensive income for the period attributable to:			
– Equity shareholders of the Company		(10,627)	17,517
– Non-controlling interests		(40)	6
		(10,667)	17,523
(Loss)/earnings per share	6		
Basic and diluted		HK(2.78) cents	HK4.13 cents

The notes on pages 12 to 25 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2010 – unaudited

	Note	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Non-current assets			
Property, plant and equipment	7	7,120	7,564
Interest in an associate	8	14,592	13,937
Interest in a jointly controlled entity	9	107,903	98,385
Available-for-sale investment	10	57,399	56,803
Financial assets at fair value through profit or loss	11	24,911	24,118
Mortgage loan receivables – non-current portion	12	2,110	4,300
Other loan receivable	13	34,440	–
Other non-current assets		1,824	1,824
		250,299	206,931
Current assets			
Prepayments, deposits and other receivables	14	3,524	167,470
Financial assets at fair value through profit or loss	11	18,618	33,241
Mortgage loan receivables – current portion	12	98	177
Amount due from ultimate holding company	21(ii)	31,000	17,850
Other loan receivable	13	9,643	–
Pledged bank deposits	15	39,000	39,000
Cash and cash equivalents	16	361,085	241,778
		462,968	499,516

Consolidated Statement of Financial Position

at 30 June 2010 – unaudited

	Note	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Current liabilities			
Accruals and other payables	17	43,071	24,032
Taxation payable		2,474	2,474
Amount due to a fellow subsidiary	21(ii)	14,465	14,314
Loans from non-controlling shareholders	21(ii)	202	36,755
Secured bank loan	18	34,439	–
		94,651	77,575
Net current assets		368,317	421,941
NET ASSETS		618,616	628,872
CAPITAL AND RESERVES			
Share capital	19(b)	444,633	444,633
Reserves		173,950	179,236
Total equity attributable to equity shareholders of the Company		618,583	623,869
Non-controlling interests		33	5,003
TOTAL EQUITY		618,616	628,872

The notes on pages 12 to 25 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2010 – unaudited

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Contributed surplus	Exchange reserve	Share option reserve	Other reserve	Retained profits	Total reserves	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 19(c)(i)	Note 19(c)(ii)	Note 19(c)(iii)	Note 19(c)(iv)	Note 19(c)(v)						
Balance at 1 January 2009	400,633	-	82,445	2	-	1,581	(4,828)	79,200	479,833	2,856	482,689
Changes in equity for the six months ended 30 June 2009:											
Total comprehensive income for the period	-	-	-	(26)	-	-	17,543	17,517	17,517	6	17,523
Issuance of shares	44,000	34,320	-	-	-	-	-	34,320	78,320	-	78,320
Shares issue expenses	-	(2,350)	-	-	-	-	-	(2,350)	(2,350)	-	(2,350)
Balance at 30 June 2009 and 1 July 2009	444,633	31,970	82,445	(24)	-	1,581	12,715	128,687	573,320	2,862	576,182
Changes in equity for the six months ended 31 December 2009:											
Total comprehensive income for the period	-	-	-	200	-	-	46,789	46,989	46,989	2,810	49,799
Equity settled share-based transactions	-	-	-	-	3,560	-	-	3,560	3,560	-	3,560
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(669)	(669)
Balance at 31 December 2009 and 1 January 2010	444,633	31,970	82,445	176	3,560	1,581	59,504	179,236	623,869	5,003	628,872
Changes in equity for the six months ended 30 June 2010:											
Total comprehensive income for the period	-	-	-	1,712	-	-	(12,339)	(10,627)	(10,627)	(40)	(10,667)
Equity settled share-based transactions	-	-	-	-	5,341	-	-	5,341	5,341	-	5,341
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(2,783)	(2,783)
Return of capital to a non-controlling shareholder upon liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(2,147)	(2,147)
Balance at 30 June 2010	444,633	31,970	82,445	1,888	8,901	1,581	47,165	173,950	618,583	33	618,616

The notes on pages 12 to 25 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2010 – unaudited

	Note	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
Net cash generated from operating activities		4,101	8,192
Investing activities			
Proceeds from disposal of subsidiaries		165,000	–
Repayment of mortgage loan receivables		2,269	–
Loans (granted to)/repaid by third parties		(44,083)	43,306
Investment in a jointly controlled entity		–	(95,341)
Payment for purchases of available-for-sale investment		–	(56,764)
Payment for purchase of property, plant and equipment		(936)	(919)
Other investing activities		–	874
Net cash generated from/(used in) investing activities		122,250	(108,844)
Financing activities			
Net proceeds from issuance of new shares		–	75,970
Repayment of loan from non-controlling shareholders		(36,553)	(80)
Proceeds from/(repayment of) secured bank loan and other borrowings		34,439	(8)
Dividend paid to a non-controlling shareholder		(2,783)	–
Return of capital to a non-controlling shareholder upon liquidation of a subsidiary		(2,147)	–
Net cash (used in)/generated from financing activities		(7,044)	75,882
Net increase/(decrease) in cash and cash equivalents		119,307	(24,770)
Cash and cash equivalents at 1 January		241,778	282,169
Cash and cash equivalents at 30 June	16	361,085	257,399

The notes on pages 12 to 25 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 27 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 26.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available at the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 March 2010.

2. Changes in accounting policies

The HKICPA has issued one revised HKFRS, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*
- Amendments to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*

Notes to the Unaudited Interim Financial Report

2. Changes in accounting policies (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HKAS 39 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revision to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as the change will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008).
- In accordance with the transitional provisions in HKFRS 3 (revised 2008) and amendments to HKAS 27, the new accounting policies will be applied prospectively to any business combinations in the current or future periods.
- HK(IFRIC) 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group measured such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

Notes to the Unaudited Interim Financial Report

3. Segment reporting

In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. The following summary describes the operations in each of the Group's reportable segments:

Assets under management ("AUM"): This segment is principally engaged in fund set up and management in which the Group acts as the general partner and/or investment manager and leverages third party and seed money into selected investment portfolios.

Direct investments: This segment is principally engaged in securities trading and asset investments.

Property investments: This business segment engages in property development.

(a) Segment results

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 June							
	AUM		Direct investments		Property investments		Total	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue	855	-	6,783	39,132	-	-	7,638	39,132
Segment results	436	-	5,066	34,607	(114)	(910)	5,388	33,697
Unallocated corporate income							31,707	14,597
Central administration costs and directors' salaries							(57,609)	(30,779)
Finance costs							(802)	(641)
Gain on disposal of an associate							-	800
Share of profit less losses of an associate							509	-
Share of profit less losses of a jointly controlled entity							8,430	-
(Loss)/profit before taxation							(12,377)	17,674

Notes to the Unaudited Interim Financial Report

3. Segment reporting (continued)

(a) Segment results (continued)

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

Segment (loss)/profit represents (loss)/profit attributable to each segment without allocation of corporate income, central administration costs and directors' salaries, finance costs, gain on disposal of an associate, share of profit less losses of an associate and share of profit less losses of a jointly controlled entity.

These measures are reported to the Group's Office of Chief Executive Officer for the purposes of resources allocation and assessment of segment performance.

(b) Segments assets and liabilities

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

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Segment assets		
AUM	81,672	70,740
Direct investments	188,346	160,221
Property investments	–	165,000
Total segment assets	270,018	395,961
Bank balances, cash and pledged bank deposits	399,767	279,022
Other unallocated assets	43,482	31,464
Consolidated assets	713,267	706,447
Segment liabilities		
AUM	24,051	14,315
Direct investments	40,039	7,169
Property investments	–	37,091
Total segment liabilities	64,090	58,575
Unallocated liabilities	30,561	19,000
Consolidated liabilities	94,651	77,575

Notes to the Unaudited Interim Financial Report

3. Segment reporting (continued)

(b) Segments assets and liabilities (continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than property, plant and equipment, other non-current assets, prepayments, deposits and other receivables, amount due from ultimate holding company, pledged bank deposits, cash and cash equivalents; and
- All liabilities are allocated to reportable segments other than accruals and other payables.

4. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
(a) Finance costs:		
Interest on secured bank loan and other borrowings	802	2,209
Less: interest expense capitalised into investment properties under development	–	(1,568)
	802	641
(b) Other items:		
Staff costs	39,275	16,323
Directors' remuneration	6,773	4,454
Depreciation of property, plant and equipment	1,387	609
Amortisation of land held under operating leases	–	603
Operating lease rentals in respect of land and buildings	4,393	2,463

Notes to the Unaudited Interim Financial Report

5. Income tax

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current tax – Hong Kong Profits Tax	–	125

No provision for Hong Kong Profits Tax has been made as the Group does not have any assessable profit for the six months ended 30 June 2010. For the six months ended 30 June 2009, the provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5%. Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

6. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$12,339,000 (six months ended 30 June 2009: profit of HK\$17,543,000) and 444,633,217 weighted average number of ordinary shares (2009: 424,942,609 shares) in issue during the interim period.

(b) Diluted (loss)/earnings per share

Diluted loss per share for the six months ended 30 June 2010 was equal to the basic loss per share as the potential ordinary shares outstanding during the period had no dilutive effect on the basic loss per share for the period.

For the six months ended 30 June 2009, diluted earnings per share was equal to the basic earnings per share as there were no potential ordinary shares as at the period end.

7. Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment with a cost of HK\$936,000 (six months ended 30 June 2009: HK\$919,000).

There was no material disposal of property, plant and equipment for the six months ended 30 June 2010 and 30 June 2009.

Notes to the Unaudited Interim Financial Report

8. Interest in an associate

In September 2009, the Company, through a wholly-owned subsidiary, injected a capital of RMB12,600,000 (equivalent to HK\$14,299,000) for 30% interest in Henan Agricultural Developing Investment Fund Management Co., Ltd.

In May 2009, the Group fully disposed of its 22% interest in Teclink Development Limited at a gain of HK\$800,000.

Particulars of the associate at 30 June 2010 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of registered capital held by the Group	Form of investment	Principal activity
Henan Agricultural Developing Investment Fund Management Co., Ltd.	Incorporated	People's Republic of China ("PRC")	RMB42,000,000	30%	Sino-foreign enterprise	Fund management

9. Interest in a jointly controlled entity

In February and April 2009, the Company, through a wholly-owned subsidiary, injected a capital of RMB84,030,000 (equivalent to HK\$95,341,000) in total for 45% interest in Huaneng Shouguang Wind Power Company Limited.

Particulars of the jointly controlled entity at 30 June 2010 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of registered capital held by the Group	Form of investment	Principal activity
Huaneng Shouguang Wind Power Company Limited	Incorporated	PRC	RMB186,730,000	45%	Sino-foreign enterprise	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

Notes to the Unaudited Interim Financial Report

10. Available-for-sale investment

At 30 June 2010 and 31 December 2009, the amount represented approximately 17% of the total units in a trust for which the Group acts as the investment consultant (“Unit Trust Investment”). The Unit Trust Investment provides loans to PRC enterprises. The fair value of the units in the trust was based on the underlying fixed-rate loans as at the end of reporting period. In the opinion of the directors, the Group has not provided for impairment loss since the loans are fully pledged, secured or guaranteed by certain property interests in the PRC of the borrowers.

11. Financial assets at fair value through profit or loss

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Held-for-trading investments (included in current assets):		
– listed equity securities	11,257	26,092
– unlisted equity funds	7,361	7,149
Designated at fair value through profit or loss (included in non-current assets):		
– unlisted debt securities (Note)	24,911	24,118
	43,529	57,359

Note: The Group is entitled to convert the debt securities into shares of the investee within two years at pre-determined conversion prices or formula for the calculation of conversion prices.

12. Mortgage loan receivables

The mortgage loan receivables are secured by sub-mortgages on certain residential properties in Hong Kong.

Included in the carrying amount of mortgage loan receivables as at 30 June 2010 and 31 December 2009 was accumulated impairment loss of HK\$1,500,000, which related to receivable which was past due as at the end of the reporting period and the relevant debtors were in financial difficulties. Other than the above, no significant mortgage loan receivables balance has been past due at the end of the reporting period for which the Group has not provided for impairment loss.

Notes to the Unaudited Interim Financial Report

13. Other loan receivables

The aging analysis of other loan receivables is as follows:

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Current	34,440	–
More than one month and within three months past due	9,643	–
	44,083	–

The loan receivables as at 30 June 2010 included two loans granted to two PRC entities. The credit terms for the loans are set by management with reference to the financial background and the value of collaterals pledged by the borrowers. The granting of these loans has been approved and monitored by the management in charge of the Group's investment division. No provision for impairment was made for the other loan receivables at period end.

14. Prepayments, deposits and other receivables

Included in the balance as at 31 December 2009 was the consideration receivable from the disposal of subsidiaries of HK\$165,000,000. The full amount of the consideration receivable had been subsequently settled in March 2010.

15. Pledged bank deposits

The pledged bank deposits are used to secure a bank loan (note 18). The deposits carry interest at a prevailing deposit rate of 0.5% per annum.

16. Cash and cash equivalents

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Deposits placed with other financial institutions	318	1,756
Bank balances and cash	360,767	240,022
Cash and cash equivalents in the condensed consolidated statement of cash flows	361,085	241,778

Notes to the Unaudited Interim Financial Report

17. Accruals and other payables

All other payables are unsecured and expected to be settled within one year.

18. Secured bank loan

The secured bank loan is wholly repayable within one year and bears interest rate of 4.78% per annum. The bank loan is fully secured by pledged bank deposits (note 15).

19. Capital, reserves and dividends

(a) Dividends

No dividend had been paid or declared during the period in respect of previous financial year. The directors do not recommend the payment of a dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

(b) Share capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$1 each, at 1 January 2009, 31 December 2009 and 30 June 2010	750,000,000	750,000
<i>Issued and fully paid:</i>		
At 1 January 2009	400,633,217	400,633
Issue of shares during 2009	44,000,000	44,000
At 31 December 2009 and 30 June 2010	444,633,217	444,633

On 16 March 2009, arrangements were made for acquisition by 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 procured 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.

Notes to the Unaudited Interim Financial Report

19. Capital, reserves and dividends (continued)

(c) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40B of the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

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.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iv) Share option reserve

The share option reserve represents the equity movement arising from the fair value of services received determined by reference to the fair value of the share options granted at the grant date.

(v) Other reserve

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.

(d) Equity settled share-based transactions

The Company adopted a share option scheme (the "Scheme") on 12 October 2007, pursuant to which options will be granted to eligible persons (including the directors and employees of the Company) for the purpose of providing incentives or rewards to them. A consideration of HK\$1.00 is payable on acceptance of the offer of options and each option entitles the holder the right to subscribe for one share of HK\$1.00 each of the Company. On 9 September 2009, 29,810,000 options were granted with a vesting period of one year and two years, each represented by 50% of the options granted. As at 30 June 2010, the total number of shares of the Company that may be issued upon exercise of the options granted and yet to be exercised under the Scheme was 29,810,000.

Notes to the Unaudited Interim Financial Report

20. Capital commitments

	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– capital contribution to a fund (Note)	91,080	90,729
– capital investment in unlisted equity funds	8,456	8,546
– capital commitment for the acquisition of property, plant and equipment	196	391
	99,732	99,666

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 (equivalent to approximately HK\$778,387,000). The fund will focus on investments in high technology and energy businesses in the PRC.

21. Related party disclosures

(i) Transactions with related companies

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

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Management fee income from ultimate holding company	31,000	14,387
Interest income from non-controlling shareholders	989	–

Notes to the Unaudited Interim Financial Report

21. Related party disclosures (continued)

(ii) Balances with related companies

	Note	At 30 June 2010 HK\$'000	At 31 December 2009 HK\$'000
Amount due from ultimate holding company	(a)	31,000	17,850
Bank deposits with related companies (included in cash and cash equivalents)	(b)	298,161	170,033
Amount due to a fellow subsidiary	(c)	14,465	14,314
Loans from non-controlling shareholders		202	36,755

Notes:

- (a) The amount is unsecured, interest-free and is expected to be recovered within one year.
- (b) The balances represent bank balances with two banking institutions, which are related companies of the ultimate holding company.
- (c) The amount bears interest at 4% per annum, is unsecured and expected to be recovered within one year.

(iii) Key management personnel compensation

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

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Salaries and other short-term employee benefits	18,562	15,455

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

Notes to the Unaudited Interim Financial Report

22. Non-adjusting post balance sheet events

On 11 August 2010, Common Ray Limited (the “Lender”), a wholly-owned subsidiary of the Company, entered into a loan agreement with Century Energy Pte. Ltd. (the “Borrower”), pursuant to which the Lender agreed to lend to the Borrower a US Dollar denominated loan equivalent to RMB100,000,000 for a period of 2 years at interest rate of 20% per annum (the “Loan”). The Loan is secured by a share charge entered into with the shareholders of the Borrower (the “Chargors”) whereby the Chargors pledged in aggregate their 20.2% shareholding interest in the Borrower in favour of the Lender, and is otherwise non-recourse to the other assets of the Chargors.

On the same day, in consideration of US\$1 paid to each of the Chargors, the Company has separately entered into a call option agreement with the Chargors whereby the exercise of such call option requires the Chargors to transfer to the Company (or its subsidiary) such number of shares representing 20.2% shareholding interest in the Borrower and upon completion of such transfer, the Company shall procure the Lender to waive all claims against the Borrower in respect of repayment of the Loan and all indebtedness arising thereof. Such call option may be exercised at any time when the Borrower fails to repay any indebtedness under the loan agreement.

Independent Review Report

Review report to the board of directors of CIAM Group Limited

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 6 to 25 which comprises the consolidated statement of financial position of CIAM Group Limited (the “Company”) as of 30 June 2010 and the related consolidated statement of comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 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 the interim financial report 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 report as at 30 June 2010 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

27 August 2010

Supplementary Information

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, the interests or short positions of the Directors and Chief Executive of the Company and their associates in the 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 notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code") set out in the Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange:

Name of Director/Chief Executive	Number of shares Personal interests	Number of underlying shares held under equity derivatives (Note)	Total	Approximate percentage of issued share capital
Dou Jianzhong	–	2,500,000	2,500,000	0.56%
Hung Chi Yuen Andrew	–	400,000	400,000	0.09%
Lo Wing Yat Kelvin	35,000	3,800,000	3,835,000	0.86%
Lu Zhicheng	–	400,000	400,000	0.09%
Sit Fung Shuen Victor	–	400,000	400,000	0.09%
Toh Hock Ghim	–	400,000	400,000	0.09%
Graham Roderick Walker	–	800,000	800,000	0.18%
Wong Yau Kar David	–	400,000	400,000	0.09%
Yip Chi Chiu	–	800,000	800,000	0.18%
Zhao Tieliu	–	400,000	400,000	0.09%

Note: These interests represented the interest in underlying shares in respect of the share options granted by the Company under its share option scheme adopted on 12 October 2007 to these directors as beneficial owners, further details of which are set out in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2010, none of the Directors or Chief Executive of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be 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.

Supplementary Information

Share Option Scheme

The Company operates a share option scheme (the “Scheme”), which was approved and adopted by the shareholders at the special general meeting of the Company on 12 October 2007 for the primary purpose of providing incentives or rewards to Directors, eligible employees and other participants for their contribution to the Group. The Scheme will remain in force for ten years from the date of its adoption, unless otherwise cancelled or amended.

Under the Scheme, the Board of Directors (the “Board”) of the Company may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up share options to subscribe for shares of the Company subject to the terms and conditions stipulated therein:

- (i) any employees or proposed employees (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of its subsidiaries or any entity (the “Invested Entity”) in which the Group holds an equity interest;
- (ii) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (iii) any suppliers of goods or services to any member of the Group or any Invested Entity;
- (iv) any customer of the Group or any Invested Entity;
- (v) any person or entity that provides research, development, or other technological support to the Group or any Invested Entity; and
- (vi) any shareholder of any member of the Group or any Invested Entity, or any holder of any securities issued by any member of the Group or any Invested Entity.

The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme must not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme. As at 30 June 2010, the total number of shares of the Company that may be issued upon exercise of all share options granted and yet to be exercised was 29,810,000 representing approximately 6.7% of the issued share capital as at that date. The total number of shares issued and to be issued upon exercise of all share options granted to each participant in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to shareholders’ approval at a general meeting.

The period within which a share option may be exercised under the Scheme will be determined by the Board at its absolute discretion, save that it shall end in any event not later than 10 years from the date of grant of the share option (the “Offer Date”) subject to the provisions for early termination.

The exercise price in respect of the share option shall be at the discretion of the Board, save that it must be at the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Company’s share. A consideration of HK\$1.00 is payable within 28 days from the Offer Date on acceptance of each offer of share options.

Supplementary Information

Details of the share options outstanding and movements during the six months ended 30 June 2010 are as follows:

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price (HK\$)	Number of share options	
					Outstanding as at 1.1.2010	Outstanding as at 30.06.2010
Directors/Chief Executive						
Dou Jianzhong	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	1,250,000	1,250,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	1,250,000	1,250,000
Hung Chi Yuen Andrew	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000
Lo Wing Yat Kelvin	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	1,900,000	1,900,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	1,900,000	1,900,000
Lu Zhicheng	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000
Sit Fung Shuen Victor	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000
Toh Hock Ghim	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000
Graham Roderick Walker	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	400,000	400,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	400,000	400,000
Wong Yau Kar David	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000

Supplementary Information

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price (HK\$)	Number of share options	
					Outstanding as at 1.1.2010	Outstanding as at 30.06.2010
Yip Chi Chiu	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	400,000	400,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	400,000	400,000
Zhao Tieliu	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	200,000	200,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	200,000	200,000
					10,300,000	10,300,000
Employees	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	8,755,000	8,755,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	8,755,000	8,755,000
					17,510,000	17,510,000
Other participants (Notes c & d))	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	1,000,000	1,000,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	1,000,000	1,000,000
					2,000,000	2,000,000
Total					29,810,000	29,810,000

Notes:

- (a) The share options are subject to a vesting period of one year from the date of grant and will be exercisable for a period of two years thereafter.
- (b) The share options are subject to a vesting period of two years from the date of grant and will be exercisable for a period of three years thereafter.
- (c) Following the resignation of Mr. Fung Ka Pun as Director and Vice-chairman of the Company on 1 April 2010, all share options granted to Mr. Fung were included under "Other participants".
- (d) Following the resignation of Mr. Mohamed Abdulrahman Husain Abdulla Bucheeri as Non-executive Director of the Company on 2 November 2009, all share options granted to Mr. Husain were included under "Other participants".
- (e) The closing price of the shares of the Company immediately before 9 September 2009, on which the share options were granted, was HK\$1.79.

Supplementary Information

- (f) During the period under review, no share options were exercised by any Director, Chief Executive of the Company or other participants. In addition, no share options were granted, cancelled or lapsed during the period under review.
- (g) All dates are shown day/month/year.

The fair value of the share options granted under the Scheme during the year ended 31 December 2009 was HK\$15,099,000. The fair value of the share options granted is calculated using the Black-Scholes Option Pricing Model (the "Model"). The inputs into the Model and the estimated fair value of the share options granted were summarised as follows:

	Share options with a vesting period of one year	Share options with a vesting period of two years
Exercise price	HK\$1.79	HK\$1.79
Expected life of share options	1 year	2 years
Expected volatility	63.725% per annum	63.725% per annum
Expected dividend yield	–	–
Risk free rates	0.491% per annum	1.157% per annum
Fair value per share option	HK\$0.42	HK\$0.59

The Model is one of the commonly used models to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of a share option varies with different variables of certain subjective assumptions.

Expected volatility was determined by using the historical volatility of the Company's share price over the past year. The early exercise assumption used in the Model has been estimated, based on management's best estimate, for the effect of behavioural considerations.

The Group recognised the share-based payment expense of HK\$5,340,000 for the six months ended 30 June 2010 (year ended 31 December 2009: HK\$3,560,000) in relation to share options granted by the Company.

Supplementary Information

Interests and Short Positions of Substantial Shareholders

As at 30 June 2010, so far as was known to the Directors and the Chief Executive of the Company, the following persons (other than any Director or Chief Executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of issued share capital (Note a)
Right Precious Limited ("Right Precious")	Beneficial owner	323,555,154	72.77%
CITIC International Assets Management Limited ("CIAM Parent")	Interest held by controlled corporation (Note b)	323,555,154	72.77%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation (Note b)	323,555,154	72.77%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation (Note b)	323,555,154	72.77%
CITIC Group	Interest held by controlled corporation (Note b)	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 c)	44,000,000	9.90%
Radiant Enterprises Group Limited ("Radiant")	Interest held by controlled corporation (Note c)	44,000,000	9.90%
The Dundee Merchant Bank ("Dundee Merchant")	Interest held by controlled corporation (Note c)	44,000,000	9.90%
Liu Hailong	Interest held by controlled corporation (Note c)	44,000,000	9.90%
Dundee Corporation	Interest held by controlled corporation (Note c)	44,000,000	9.90%

Supplementary Information

Notes:

- a. The percentages are calculated based on the total number of issued shares of the Company of 444,633,217 shares as at 30 June 2010.
- b. By virtue of the SFO, CIAM Parent, CIFH, CNCB and CITIC Group are deemed to be interested in 323,555,154 shares held by Right Precious. Right Precious is a wholly-owned subsidiary of CIAM Parent which CIFH owns 40%. CIFH is 70.32% owned by CNCB which, in turn, is 61.78% owned by CITIC Group.
- c. 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 of the Company.

Save as disclosed above, the Company had not been notified and is not aware of any other persons who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2010.

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. Throughout the six months ended 30 June 2010, the Company has complied with all the applicable Code Provisions in the Code on Corporate Governance Practices ("Code on Corporate Governance Practices") as set out in Appendix 14 of the Listing Rules except for the deviation as described below.

Pursuant to Code Provision A.4.1 of the Code on Corporate Governance Practices, the non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term. Instead, same as for all other Directors of the Company, the Non-executive Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meetings 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 on Corporate Governance Practices.

Pursuant to Code Provision E.1.2 of the Code on Corporate Governance Practices, the Chairman of the Board should attend the annual general meeting but he was unable to attend the Company's annual general meeting held on 1 June 2010 due to an ad hoc overseas engagement.

Supplementary Information

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific inquiry of the Directors of the Company, all Directors of the Company have complied with the required standard set out in the Model Code during the six months ended 30 June 2010.

Changes in Directors' Information

Changes of Directors' information since the publication of the 2009 Annual Report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

Mr. Lo Wing Yat Kelvin resigned as non-executive director of Longlife Group Holdings Limited, the shares of which are listed on the Stock Exchange, with effect from 9 April 2010.

Mr. Sit Fung Shuen Victor has been appointed as an independent non-executive director of Asia Energy Logistics Group Limited, the shares of which are listed on the Stock Exchange, with effect from 7 June 2010.

Review of Interim Financial Report

The interim financial report is unaudited but has been reviewed by KPMG, 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.