

Green and
Growth



CIAM Group Limited

事安集團有限公司 HKSE 0378

Subsidiary of CITIC International Assets Management Limited

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Corporate Information

Board of Directors

Dou Jianzhong (*Chairman*)

Lo Wing Yat Kelvin

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

Scott Anderberg Callon*

Lu Zhicheng*

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 environment in the first half of 2011

In the first half of 2011 CIAM Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) continued to source “Green” related investments with sustainable growth in mainland China to enhance the quality and value of the Group’s investment portfolio. However, given the uncertainty on the global front over European debt crisis and US recovery as well as the inflation and monetary tightening challenges faced by the Chinese economy, the Group had to remain cautious in the investment approach. During the period under review, the Group has taken a conservative stand in new project investment. While some of the projects and investments in the Group’s portfolio were performing as expected, two of them have been adversely affected by the tough industry environment, and hence, the Group’s performance was impacted. In particular, the Group has to make an impairment provision of HK\$67 million on a loan to a wind blade manufacturer, which its business has been seriously affected by the tightened liquidity and industry consolidation, driven by the recent fiscal policy by the Central government.

Investment in environmental friendly businesses

In January 2011, the Group has committed US\$5 million (equivalent to about HK\$39 million) to subscribe in different tranches for a maximum of 1,500 Series B Preferred Shares in UPC Renewables China Holdings Ltd. (“UPC”), a renewable energy producer specifically focusing in wind energy development with 150MW wind projects in construction and a 7GW development pipeline. The Group expects this investment in UPC will bring valuable and profitable return once its wind projects gradually commence operation in the longer run, although the short term performance will be hindered by the industry consolidation at the moment.

During the first half of 2011, the Group’s investment in 華能壽光風力發電有限公司 (“Huaneng Shouguang”), which operates a 49.5MW wind farm in Shandong Province in the People’s Republic of China (“PRC”), contributed approximately HK\$9 million of profit to the Group. Since the project commenced operation in 2009, it has been providing the Group with steady profits that represented a double-digit annual return on investment. Going forward, the Group will continue to seek for similar investment opportunities in wind farm or other related segments that can offer long-term and stable profits to the Group.

Management Discussion and Analysis

As at 30 June 2011, the Group held 28 million shares in Sun.King Power Electronics Group Limited (“Sun.King”), a Hong Kong listed company specialising in the manufacturing of high-end electronic components mainly used in railway electric locomotives and power transmission and distribution sector in mainland China. During the first half of 2011, the decline in Sun.King’s share price has resulted in an unrealised loss of approximately HK\$24 million to the Group. In April 2011, the 6-month lock-up period of these listed shares has expired.

The Group has provided an RMB100 million loan to Century Energy Pte. Ltd. (“Century Energy”), which holds 99% interest of a wind blade manufacturer located in Dezhou, PRC, for a 24-month period with an annual interest rate of 20%. The loan was made with the original intention, back in early 2010, to acquire Century Energy by phases, to pave the way for a new energy related investment portfolio. According to the agreed payment schedule, Century Energy will make full repayment with interest in August 2012, or the Group can convert the loan into equity stake of Century Energy if the Group decides to proceed for the acquisition. However, the continuous drop in wind blade average selling prices and industry consolidation in mainland China since the beginning of 2011 have caused significant adverse impact on Century Energy’s operation performance, hence, its operating cash flow is currently under pressure. With the foreseeable unfavorable industry situation in coming months, the Group is now pro-actively looking ways to help the business of Century Energy and in parallel trying to reengineer the deal structure, to the best interest of the Company and Century Energy development. In view of the current situation, the Company has made an announcement on 22 July 2011 regarding its potential impacts to the Group’s financial performance. On 26 August 2011, the

Board of Directors decided to make a HK\$67 million impairment provision on this loan, which is approximately 50% of the carrying value of the loan receivable as of 30 June 2011, in order to reflect the recent development. Together with other stakeholders of Century Energy, the Group targets to agree a new business plan for Century Energy in coming months and will increase its participation in their business development. The Group will look for new strategic partners from the wind industry to participate in this company, and will focus on new product development to increase the chance of sustainable development during this difficult industry consolidation period.

Short-term financing/investment

One of the short-term financing projects of the Group is an RMB50 million loan made to a mining company in Yunnan, PRC through entrusted loans and other financing arrangements. The loan will mature in October 2012 and will contribute approximately HK\$20 million of revenue to the Group including interest and advisory fee in 2011.

Another RMB30 million entrusted loan was made to a PRC company with an expected gross return of 20% per annum. It will mature in December 2011. A total of HK\$20 million interest and advisory fee income is expected from this transaction. Approximately HK\$10 million will be recognised in 2011.

During the first half of 2011, the Group has also invested a small portion of funds in a relatively liquid fund managed by an independent asset manager which focuses on product investment in capital markets and treasury products. The management considers to continue this investment in the year ahead in order to enhance the yield of the Group’s idle fund while continues to seek for appropriate opportunities at the same time.

Asset under management

As mentioned in the 2010 annual report of the Group, the change in the fiscal policy on Renminbi trust plan in mainland China reduced attractiveness of the Group's asset management segment due to its increasing capital intensity requirement and the uncertainty on further fiscal policy changes which may effectively move into a more complex regulated environment. Due to high initial running costs and longer tenor on return from asset management business in general, shifting the Group's investments in asset management business to other "Green" related direct investments is one of the options that can make better use of resources of the Group in both monetary and human resources terms.

After considering the abovementioned factors the Group announced in May 2011 its decision on disposing the Group's approximately 17% of total units in 中信信逸一號中小企業發展集合資金信托計劃("Trust Plan Interests") and 30% equity interest in 河南農開投資基金管理有限責任公司("Henan Fund Management Co. Interests"). The Group is expected to record a gain from disposal of the Trust Plan Interests and realise profits before tax of between RMB6.4 million and RMB9.2 million, representing the difference between the consideration for the disposal of the Trust Plan Interests received and the carrying value of the Trust Plan Interests as at 31 December 2010; and the revaluation gain before tax reclassified from available-for-sale fair value reserve accumulated up to 31 December 2010 on the disposal of Trust Plan Interests of RMB14.3 million (after tax RMB10.7 million), contributed to a total gain of between RMB20.7 million and RMB23.5 million. As at 30 June 2011, the balance accumulated in the available-for-sale fair value reserve (before tax)

amounted to RMB20.7 million (after tax RMB15.5 million). The Group is expected to record a gain of between RMB1.3 million and RMB1.5 million from the disposal of Henan Fund Management Co. Interests, representing the difference between the consideration for the disposal of Henan Fund Management Co. Interests and the audited carrying value of Henan Fund Management Co. Interests as at 31 December 2010 (please refer to the Company's Circular dated 27 May 2011 for further details). The disposals of the Trust Plan Interests and the Henan Fund Management Co. Interests are expected to complete in the second half of 2011 and the actual gain from the disposals to be recorded by the Company will depend on the carrying value of the assets of the Trust Plan Interests and Henan Fund Management Co. Interests as at the disposal completion date.

As for CIAM Hitech Energy Fund ("Hitech Fund"), the Group is in discussion with the partners in relation to further collaboration and potential investment projects. Due to the change of market environment in fund management business and the shift of priorities on this project among partners, the management aims to develop a solid business plan with the partners before the Group further proceeds any investments through the platform of Hitech Fund.

The Group's 2011 interim financial performance

For the six months ended 30 June 2011, loss attributable to equity shareholders of the Company amounted to HK\$63 million (six months ended 30 June 2010: HK\$12 million), and loss per share was HK\$0.1415 (six months ended 30 June 2010: HK\$0.0278).

Management Discussion and Analysis

As mentioned in above business review, during the period under review, the Group reported HK\$8 million advisory fee income and HK\$7 million interest income on two entrusted loan transactions in the PRC. The Group also recorded HK\$9 million share of profits from direct investment in Huaneng Shouguang. In accordance with the Inter-companies Service and Cost Allocation Agreement (the “Service Agreement”) entered into in October 2008, the Group is also reimbursed approximately HK\$16 million from the parent company, CITIC International Assets Management Limited (“CIAM Parent”).

The overall loss of the Group was mainly contributed by the above income offset by an unrealised loss of HK\$24 million of Sun.King and an impairment loss of HK\$67 million on loan investment in Century Energy.

Liquidity and financial position

As at 30 June 2011, the Group’s total assets were HK\$797 million, including HK\$162 million free cash and HK\$107 million pledged bank deposits, of which 7% was denominated in Renminbi and remaining was mainly denominated in United States and Hong Kong dollars. The secured bank loans of HK\$96 million are related to project financing denominated in Renminbi and were pledged by the bank deposits of HK\$107 million. The net asset value per share changed to HK\$1.45 (31 December 2010: HK\$1.56).

Exposure on foreign exchange fluctuations and interest rates

As of 30 June 2011, the Group had no material exposure to foreign exchange risk and interest rate risk. 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 bank borrowings denominated in Renminbi were arranged for two entrusted loan transactions in the PRC. The management will closely monitor its exposure to these risks and consider if hedging is needed for such exposure.

Contingent liabilities and pledge of assets

As of 30 June 2011, the Group had no contingent liabilities identified.

As of 30 June 2011, the Group pledged HK\$107 million deposits with a bank to secure bank borrowings which were all related to project financing.

Significant investments, acquisition and disposal

At the special general meeting of the Company held in June 2011, the resolutions in respect of the disposal of the Trust Plan Interests and the Henan Fund Management Co. Interests were duly passed by the independent shareholders of the Company and such disposal is expected to generate profits as said in previous discussion in second half of 2011.

Human resources management

The Service Agreement between the Company and CIAM Parent will be expiring this November. As the Group's strategy has been developed and the Group will be more focus on its investment activities, the management is now reviewing the best operational structure, by leveraging the resources of CIAM Parent, to the best interests of the Group.

The Group currently has approximately 70 employees serving different functions and business initiatives under both the Company and CIAM Parent levels. As the Group's investment activities and business is getting more focus, it may be more sensible for the Group to maintain a small investment professional team, rather than sharing a bigger pool with CIAM Parent which will be running a more diversified investment business going forward.

The Company will seek independent opinion in the review process and announce the proposal when appropriate.

Our "Green" road map

Following the announcement of the Twelfth Five-Years Plan in March, the Central government has demonstrated its commitment to promote environmental protection on nature conservation and sustainable development. The Group continue to believe the "Green and Growth" approach is well supported by such a firm commitment from the Central government in the long run. Despite the strong support from the Central government, the Group notes that the current industry consolidation in the wind sector in mainland China since the beginning of the year has caused intensifying competition in the industry, thus, has created pressure which may affect the overall financial performance of the Group in 2011.

Considering the possible headwind amid economic and market uncertainty in the second half of 2011, the Group will continue to take a conservative stand in new project investments. Moreover, the management will continue to take advantage of the extensive business network of CIAM Parent and seek partnership opportunities with major local and international players in various green and other sectors, to enhance the quality and value of the investment portfolio, and ultimately providing a solid foundation affording a steady and reasonable return to the Group's shareholders.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011

	Note	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue			
Net gain on held-for-trading investments		2,585	490
Net (loss)/gain on financial assets designated at fair value through profit or loss		(22,711)	793
Investment income		19,522	2,429
Advisory fee income		7,964	3,071
Assets under management fee income		888	855
		8,248	7,638
Management fee income	21(a)	15,800	31,000
Other income		93	707
Administrative expenses		(30,895)	(59,859)
		(6,754)	(20,514)
Loss from operations			
Impairment losses on loan and other receivables		(67,248)	–
Finance costs	4(a)	(2,635)	(802)
Net gain on disposal of a subsidiary	19	4,940	–
Share of profit of an associate		199	509
Share of profit of a jointly controlled entity		8,896	8,430
		(62,602)	(12,377)
Loss before taxation			
Income tax	5	(330)	–
		(62,932)	(12,377)
Loss for the period			
Other comprehensive income for the period (after tax and reclassification adjustments)			
Exchange differences on translation of financial statements of foreign operations		4,103	1,742
Available-for-sale investment: net movement in the fair value reserve		5,795	–
Transfer of exchange reserve upon liquidation of a subsidiary		–	(32)
		9,898	1,710
		(53,034)	(10,667)
Total comprehensive income for the period			

	Note	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Loss for the period attributable to:			
– Equity shareholders of the Company		(62,930)	(12,339)
– Non-controlling interests		(2)	(38)
		(62,932)	(12,377)
Other comprehensive income for the period attributable to:			
– Equity shareholders of the Company		9,898	1,712
– Non-controlling interests		–	(2)
		9,898	1,710
Total comprehensive income for the period attributable to:			
– Equity shareholders of the Company		(53,032)	(10,627)
– Non-controlling interests		(2)	(40)
		(53,034)	(10,667)
Loss per share			
Basic and diluted	6	HK(14.15) cents	HK(2.78) cents

The notes on pages 14 to 31 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2011

	Note	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	7	4,708	5,842
Interest in an associate	8	–	14,899
Interest in jointly controlled entities	9	130,380	117,754
Financial assets at fair value through profit or loss	10	22,570	–
Loan and other receivables	11	97,028	201,897
Other non-current assets		1,104	1,464
Pledged bank deposit	12	65,000	65,000
		320,790	406,856
Current assets			
Available-for-sale investment	13	–	75,871
Financial assets at fair value through profit or loss	10	68,041	95,011
Loan and other receivables	11	88,493	36,910
Amount due from ultimate holding company	21(b)	15,800	14,996
Pledged bank deposit	12	41,500	41,500
Cash and cash equivalents	14	161,975	197,882
		375,809	462,170
Assets held for sale	15	100,499	–
		476,308	462,170
Current liabilities			
Accruals and other payables	16	29,868	55,350
Amount due to ultimate holding company	21(b)	16,030	–
Amounts due to fellow subsidiaries	21(b)	323	15,793
Loans from non-controlling shareholders	21(b)	202	202
Secured bank loan	17	36,113	35,409
Current taxation		4,642	4,201
		87,178	110,955
Liabilities directly associated with assets held for sale	15	6,229	–
		93,407	110,955
Net current assets		382,901	351,215
Total assets less current liabilities		703,691	758,071

	Note	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Non-current liabilities			
Secured bank loan	17	60,188	59,015
Deferred tax liabilities		–	4,214
		60,188	63,229
NET ASSETS		643,503	694,842
CAPITAL AND RESERVES			
Share capital	18(b)	444,633	444,633
Reserves		180,575	250,349
Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale	15	18,437	–
Total equity attributable to equity shareholders of the Company		643,645	694,982
Non-controlling interests		(142)	(140)
TOTAL EQUITY		643,503	694,842

The notes on pages 14 to 31 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011 – unaudited

	Attributable to equity shareholders of the Company								Total	Non-controlling interests	Total equity	
	Share capital	Share premium	Contributed surplus	Exchange reserve	Share option reserve	Available-for-sale fair value reserve	Other reserve	Retained profits				Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Note 18(c)(i)	Note 18(c)(ii)	Note 18(c)(iii)	Note 18(c)(iv)	Note 18(c)(v)	Note 18(c)(vi)					
Balance at 1 January 2011	444,633	31,970	82,445	6,806	11,252	12,642	1,581	103,653	-	694,982	(140)	694,842
Changes in equity for the six months ended 30 June 2011:												
Loss for the period	-	-	-	-	-	-	-	(62,930)	-	(62,930)	(2)	(62,932)
Other comprehensive income	-	-	-	4,103	-	5,795	-	-	-	9,898	-	9,898
Total comprehensive income for the period	-	-	-	4,103	-	5,795	-	(62,930)	-	(53,032)	(2)	(53,034)
Transfer of amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale	-	-	-	-	-	(18,437)	-	-	18,437	-	-	-
Equity settled share-based transactions	-	-	-	-	1,265	-	-	430	-	1,695	-	1,695
Balance at 30 June 2011	444,633	31,970	82,445	10,909	12,517	-	1,581	41,153	18,437	643,645	(142)	643,503
Balance at 1 January 2010	444,633	31,970	82,445	176	3,560	-	1,581	59,504	-	623,869	5,003	628,872
Changes in equity for the six months ended 30 June 2010:												
Loss for the period	-	-	-	-	-	-	-	(12,339)	-	(12,339)	(38)	(12,377)
Other comprehensive income	-	-	-	1,712	-	-	-	-	-	1,712	(2)	1,710
Total comprehensive income for the period	-	-	-	1,712	-	-	-	(12,339)	-	(10,627)	(40)	(10,667)
Equity settled share-based transactions	-	-	-	-	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 and 1 July 2010	444,633	31,970	82,445	1,888	8,901	-	1,581	47,165	-	618,583	33	618,616
Changes in equity for the six months ended 31 December 2010:												
Profit for the period	-	-	-	-	-	-	-	56,488	-	56,488	(173)	56,315
Other comprehensive income	-	-	-	4,918	-	12,642	-	-	-	17,560	-	17,560
Total comprehensive income for the period	-	-	-	4,918	-	12,642	-	56,488	-	74,048	(173)	73,875
Equity settled share-based transactions	-	-	-	-	2,351	-	-	-	-	2,351	-	2,351
Balance at 31 December 2010	444,633	31,970	82,445	6,806	11,252	12,642	1,581	103,653	-	694,982	(140)	694,842

The notes on pages 14 to 31 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2011

	Note	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities		(22,602)	4,101
Investing activities			
Payment for purchase of property, plant and equipment	7	(234)	(936)
Proceeds from disposal of a subsidiary	19	5,300	–
Payment for capital injection to a jointly controlled entity		(1,325)	–
Payment for purchase of financial assets designated at fair value through profit or loss		(22,545)	–
Loans repaid by third parties		5,499	2,269
Loans to third parties		–	(44,083)
Proceeds from settlement of consideration receivable for disposal of subsidiaries in previous year		–	165,000
Net cash (used in)/generated from investing activities		(13,305)	122,250
Financing activities			
Proceeds from secured bank loans		–	34,439
Dividend paid to a non-controlling shareholder		–	(2,783)
Return of capital to a non-controlling shareholder upon liquidation of a subsidiary		–	(2,147)
Repayment of loans from non-controlling shareholders		–	(36,553)
Net cash used in financing activities		–	(7,044)
Net (decrease)/increase in cash and cash equivalents		(35,907)	119,307
Cash and cash equivalents at 1 January		197,882	241,778
Cash and cash equivalents at 30 June	14	161,975	361,085

The notes on pages 14 to 31 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 26 August 2011.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 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 CIAM Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) since the 2010 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 32.

The financial information relating to the financial year ended 31 December 2010 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 2010 are available at the Company’s principal place of business. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 March 2011.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“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:

- HKAS 24 (revised 2009), Related party disclosures
- Improvements to HKFRSs (2010)

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

The above developments related primarily to clarification of certain disclosure requirements applicable to the Group’s financial statements. These developments have had no material impact on the contents of this interim financial report.

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:

Direct investments:	This segment is principally engaged in financing, securities trading and asset investments.
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.
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 most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2011 and 2010 is set out below.

	Direct investments		AUM		Property investments		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Revenue	7,360	6,783	888	855	-	-	8,248	7,638
Segment results	8,769	5,066	(551)	436	-	(114)	8,218	5,388
Impairment losses on loan and other receivables	(67,248)	-	-	-	-	-	(67,248)	-
Finance costs	(2,566)	(802)	(69)	-	-	-	(2,635)	(802)
Share of profit of an associate	-	-	199	509	-	-	199	509
Share of profit of a jointly controlled entity	8,896	8,430	-	-	-	-	8,896	8,430
Unallocated corporate income							20,833	31,707
Central administrative costs and directors' remuneration							(30,865)	(57,609)
Loss before taxation							(62,602)	(12,377)

3. Segment reporting (continued)

(a) Segment results (continued)

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

Included in revenue of HK\$8,248,000 (six months ended 30 June 2010: HK\$7,638,000) was investment income of HK\$19,522,000 (six months ended 30 June 2010: HK\$2,429,000). Of which, the interest income and the dividend income were HK\$19,193,000 and HK\$329,000 (six months ended 30 June 2010: HK\$2,429,000 and HK\$Nil) respectively.

Segment profit/(loss) represents profit/(loss) attributable to each segment without allocation of corporate income, central administrative costs and directors' remuneration.

These measures are reported to the Group's 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 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Segment assets		
Direct investments	389,192	437,518
AUM (Note)	112,029	100,781
Total segment assets	501,221	538,299
Cash and cash equivalents and pledged bank deposits	268,475	304,382
Unallocated assets	27,402	26,345
Consolidated assets	797,098	869,026
Segment liabilities		
Direct investments	100,462	118,555
AUM (Note)	32,311	15,649
Total segment liabilities	132,773	134,204
Unallocated liabilities	20,822	39,980
Consolidated liabilities	153,595	174,184

Note: As at 30 June 2011, assets held for sale of HK\$100,499,000 and liabilities directly associated with assets held for sale of HK\$6,229,000 (note 15) were allocated to the segment of AUM.

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, amount due from ultimate holding company, pledged bank deposits, cash and cash equivalents, other non-current assets and the unallocated prepayments, deposits and other receivables; and
- All liabilities are allocated to reportable segments other than the unallocated accruals and other payables, amounts due to fellow subsidiaries and current taxation.

4. Loss before taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
(a) Finance costs		
Interest on secured bank loans and other borrowings wholly repayable within five years	2,635	802
(b) Other items		
Staff costs	13,269	39,275
Directors' remuneration	4,876	6,773
Depreciation of property, plant and equipment	1,385	1,387
Operating lease rentals in respect of land and buildings	4,277	4,393

The amounts presented are gross amounts before reimbursement from CITIC International Assets Management Limited ("CIAM Parent") under the Inter-companies Service and Cost Allocation Agreement ("Service Agreement") between CIAM Parent and the Company.

5. Income tax

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Current tax – Outside Hong Kong		
Provision for the period	1,700	–
Over-provision for withholding tax in respect of prior periods	(1,370)	–
	330	–

No provision for Hong Kong Profits Tax has been made as the Group does not have any Hong Kong assessable profit for the six months ended 30 June 2011 and 2010. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

6. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$62,930,000 (six months ended 30 June 2010: HK\$12,339,000) and 444,633,217 weighted average number of ordinary shares (six months ended 30 June 2010: 444,633,217 shares) in issue during the interim period.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2011 and 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.

7. Property, plant and equipment

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of HK\$234,000 (six months ended 30 June 2010: HK\$936,000).

There was no material disposal of property, plant and equipment for the six months ended 30 June 2011 and 2010.

Notes to the Unaudited Interim Financial Report

8. Interest in an associate

As at 31 December 2010, interest in an associate represented the 30% equity interest in 河南農開投資基金管理有限責任公司 (“Henan Fund Management Co. Interests”) held by the Company’s wholly-owned subsidiary, 逸百年投資諮詢(深圳)有限公司.

In May 2011, the interest in an associate was reclassified to assets held for sale (note 15).

9. Interest in jointly controlled entities

Particulars of the jointly controlled entities at 30 June 2011 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 ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
華能壽光風力發電有限公司	Incorporated	The People's Republic of China (“PRC”)	RMB186,730,000	45%	–	45%	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
天津事安海泰創業投資管理有限公司	Incorporated	PRC	RMB2,000,000	55%	–	55%	Management of fund investment business, provision of investment advisory and related consultancy services

10. Financial assets at fair value through profit or loss

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Non-current		
Financial assets designated at fair value through profit or loss:		
– unlisted debt securities with embedded options	22,570	–
Current		
Held-for-trading investments:		
– listed equity securities	2,961	9,732
– unlisted private equity funds	9,052	6,515
	12,013	16,247
Financial assets designated at fair value through profit or loss:		
– listed equity securities	34,440	58,212
– unlisted fund	21,588	20,552
	56,028	78,764
	68,041	95,011

Notes to the Unaudited Interim Financial Report

11. Loan and other receivables

Included in loan and other receivables are loan receivables with the following ageing analysis:

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Current	227,419	210,916
Less than 12 months past due	–	9,877
More than 12 months past due	11,612	1,500
Gross loan receivables (Note)	239,031	222,293
Prepayments, deposits and other receivables	15,238	18,014
Individually assessed impairment allowances	254,269 (68,748)	240,307 (1,500)
	185,521	238,807

Note: Included in the balance were loans of HK\$91,248,000 (31 December 2010: HK\$94,423,000) granted by commercial banks incorporated in PRC on behalf of the Group to external PRC customers under the entrusted arrangements which the Group bears the risk and reward.

Included in the carrying amounts of loan receivables as at 30 June 2011 and 31 December 2010 were accumulated impairment loss of HK\$68,748,000 and HK\$1,500,000 respectively, which related to receivables which were past due as at the end of the reporting period or of which the estimated future cash flow from the operation of the relevant borrower declined.

12. Pledged bank deposits

The pledged bank deposits are used to secure bank loans (note 17). The pledged bank deposits carry interest at a prevailing deposit rates ranging from 0.02% to 2.64% per annum (31 December 2010: 0.58% to 2.64% per annum).

13. Available-for-sale investment

As at 31 December 2010, available-for-sale investment represented approximately 17% of the total units in 中信信逸一號中小企業發展集合資金信托計劃 (“Trust Plan Interests”) for which the Group acts as the investment consultant. The trust provides loans to the PRC enterprises. In the opinion of the directors, the Group has not provided for impairment loss since the loans under the trust are fully pledged, secured or guaranteed by certain property interests in the PRC of the borrowers.

In May 2011, the available-for-sale investment was reclassified to assets held for sale (note 15).

14. Cash and cash equivalents

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Deposits placed with other financial institutions	305	186
Bank balances and cash	161,670	197,696
	161,975	197,882

Notes to the Unaudited Interim Financial Report

15. Assets held for sale

Pursuant to a Master Agreement dated 6 May 2011 (“Master Agreement”) executed between the Company and CITIC YBN Capital Limited (“CITIC YBN”), a fellow subsidiary of the Company, the Company agreed to dispose of the Henan Fund Management Co. Interests (note 8) to CITIC YBN or its wholly-owned subsidiary at a consideration of not more than RMB15,000,000 (equivalent to approximately HK\$18,056,000) and the Trust Plan Interests (note 13) to 逸百年(中國)投資有限公司, a wholly-owned subsidiary of CITIC YBN, at a consideration of not more than RMB75,000,000 (equivalent to approximately HK\$90,281,000) on a date not later than 14 November 2011.

In May 2011, Henan Fund Management Co. Interests and Trust Plan Interests were reclassified from interest in an associate and available-for-sale investment respectively to assets held for sale. These assets held for sale, together with liabilities directly associated with them, were presented as a disposal group in the consolidated statement of financial position.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for available-for-sale investment as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exception to this measurement policy so far as the financial statements of the Group are concerned is available-for-sale investment. Available-for-sale investment, even if held for sale, would continue to be measured at fair value with changes in fair value recognised in other comprehensive income and accumulated separately in equity, except for impairment losses which are recognised in profit or loss.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

15. Assets held for sale (continued)

The major classes of disposal group as at 30 June 2011 are as follows:

	At 30 June 2011 HK\$'000 (Unaudited)
Assets:	
Interest in an associate	15,394
Available-for-sale investment	85,105
	100,499
Liabilities:	
Deferred tax liabilities	6,229

In addition, accumulated available-for-sale fair value reserve recognised directly in equity relating to the disposal group amounted to HK\$18,437,000 at 30 June 2011. On disposal, such fair value reserve is recycled to the profit or loss.

The disposal is expected to be completed on or before 14 November 2011.

16. Accruals and other payables

All other payables are unsecured and expected to be settled or recognised in profit or loss within one year or are repayable on demand.

Notes to the Unaudited Interim Financial Report

17. Secured bank loans

At 30 June 2011, the bank loans were repayable as follows:

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Current		
– Within 1 year or on demand	36,113	35,409
Non-current		
– After 1 year but within 2 years	60,188	59,015
	96,301	94,424

At 30 June 2011, all the bank loans were secured by bank deposits (note 12) and bear interest rates ranging from 5.13% to 6.40% per annum (31 December 2010: 5.13% to 5.60% per annum).

18. Capital, reserves and dividends

(a) Dividends

No dividend had been paid or declared during the period in respect of previous financial year. The board of directors does not recommend the payment of a dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(b) Share capital

	Number of shares	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$1 each, at 1 January 2010, 31 December 2010 and 30 June 2011	750,000,000	750,000
<i>Issued and fully paid:</i>		
At 1 January 2010, 31 December 2010 and 30 June 2011	444,633,217	444,633

18. Capital, reserves and dividends (continued)

(c) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by Section 40 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 grant date fair value of unexercised share options granted to employees of the Company.

(v) Available-for-sale fair value reserve

The available-for-sale fair value reserve represents the cumulative net change in fair value of available-for-sale investments held at the end of the reporting period.

(vi) 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.

Notes to the Unaudited Interim Financial Report

18. Capital, reserves and dividends (continued)

(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 2011, 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 25,980,000 (31 December 2010: 28,030,000).

2,050,000 options were forfeited during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil). No options were granted or exercised during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

19. Disposal of a subsidiary

During the six months ended 30 June 2011, the Group disposed of its entire interests in Gold Treasure Enterprise (HK) Limited at a consideration of \$9,899,000.

The net assets disposed of at the date of disposal were as follows:

	HK\$'000 (Unaudited)
Net assets disposed of:	
Membership license	360
Cash at bank	4,599
Gain on disposal of a subsidiary	4,940
	<hr/>
Total consideration received, satisfied in cash	9,899
	<hr/>
Net cash inflow arising on disposal of a subsidiary	
Cash consideration	9,899
Cash at bank disposed of	(4,599)
	<hr/>
Net cash inflow	5,300
	<hr/>

20. Capital commitments

	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– capital contribution to a fund (Note)	–	90,957
– capital investment in unlisted debt securities with embedded options	15,565	38,870
– capital investment in unlisted private equity funds	8,508	8,391
– capital commitment for the acquisition of property, plant and equipment	196	196
	24,269	138,414

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 US\$11,700,000 in a fund with a target size of US\$99,990,000. The commitment period was lapsed during the period ended 30 June 2011.

21. Related party disclosures

(a) Transactions with related companies

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

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Management fee income from ultimate holding company	15,800	31,000
Interest income from non-controlling shareholders	–	989

Notes to the Unaudited Interim Financial Report

21. Related party disclosures (continued)

(b) Balances with related companies

	Note	At 30 June 2011 HK\$'000 (Unaudited)	At 31 December 2010 HK\$'000 (Audited)
Amount due from ultimate holding company	(i)	15,800	14,996
Amount due to ultimate holding company	(i)	16,030	–
Bank deposits with related companies (included in cash and cash equivalents)	(ii)	141,869	179,026
Amounts due to fellow subsidiaries	(iii)	323	15,793
Loans from non-controlling shareholders	(iv)	202	202

Notes:

- (i) The amount is non-interest bearing, unsecured and is expected to be settled within one year.
- (ii) The balances represent bank balances with two banking institutions, which are related companies of the ultimate holding company.
- (iii) The amount at 30 June 2011 is non-interest bearing, unsecured and expected to be settled within one year. The amount at 31 December 2010 bore interest at 4% per annum, was unsecured and expected to be settled within one year.
- (iv) The amount is non-interest bearing, unsecured and repayable on demand.

21. Related party disclosures (continued)

(c) 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	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	9,547	9,797

The amounts presented are net of amounts reimbursed from CIAM Parent under the Service Agreement. The amounts were presented on the same basis for the six months ended 30 June 2010.

The remuneration of directors and key executives is determined by the Nomination and Remuneration Committee of the Company having regard to the performance of individuals and market trends.

(d) Connected transaction with a fellow subsidiary

During the period, the Company had entered into a connected transaction with a fellow subsidiary as described in note 15.

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 8 to 31 which comprises the consolidated statement of financial position of CIAM Group Limited (the “Company”) as of 30 June 2011 and the related consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 2011 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

26 August 2011

Supplementary Information

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

As at 30 June 2011, the interests or short positions of the Directors and the 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 a)	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 (Note b)	–	800,000	800,000	0.18%
Zhao Tieliu	–	400,000	400,000	0.09%

Notes:

- (a) 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.
- (b) Mr. Yip Chi Chiu resigned as Executive Director of the Company on 25 August 2011.

Save as disclosed above, as at 30 June 2011, 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 and eligible employees 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, grant options to the following classes of participants, 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 advisors 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 2011, 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 25,980,000 representing approximately 5.8% 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.

Details of the share options outstanding and movements during the six months ended 30 June 2011 are as follows:

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price HK\$	Number of share options		
					Outstanding at 1.1.2011	Forfeited during the period	Outstanding at 30.06.2011
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

Supplementary Information

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price HK\$	Number of share options		
					Outstanding at 1.1.2011	Forfeited during the period	Outstanding at 30.06.2011
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
Yip Chi Chiu (Note c)	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	7,865,000	(1,025,000)	6,840,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	7,865,000	(1,025,000)	6,840,000
					15,730,000	(2,050,000)	13,680,000
Other participants	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					28,030,000	(2,050,000)	25,980,000

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) Mr. Yip Chi Chiu resigned as Executive Director of the Company on 25 August 2011.
- (d) 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.
- (e) During the period under review, no share options were granted or exercised by any director, chief executive of the Company or other participants.
- (f) All dates are shown day/month/year.

The fair value of the services received in return for the share options granted under the Scheme is measured by reference to the fair value of the share options granted. The estimate of the fair value of the share options granted is measured on the Black-Scholes Option Pricing Model (the "Pricing Model"). The contractual life of the share option is used as an input into the Pricing Model. Expectations of early exercise are incorporated into the Pricing Model.

Fair Value of share options and assumptions:

	Share options with a vesting period of one year	Share options with a vesting period of two years
Fair value per share option at measurement date	HK\$0.42	HK\$0.59
Closing price on grant date	HK\$1.79	HK\$1.79
Exercise price	HK\$1.79	HK\$1.79
Expected volatility	63.725% per annum	63.725% per annum
Expected life of share options	1 year	2 years
Expected dividend yield	–	–
Risk-free interest rates (based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary Authority)	0.491% per annum	1.157% per annum

The expected volatility is based on the historical volatility of the Company's share price, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Expenses recognised in the Group's financial statements as a result of granting share options for the six months ended 30 June 2011 amounted to HK\$1,696,000 (six months ended 30 June 2010:HK\$5,340,000).

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

Supplementary Information

Interests and Short Positions of Substantial Shareholders

As at 30 June 2011, 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 1)
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 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 shares as at 30 June 2011.
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 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.
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 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 2011.

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. Throughout the six months ended 30 June 2011, the Company has complied with all the applicable Code Provisions in the Code on Corporate Governance Practices (the "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 15 June 2011 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 2011.

Disclosure under Rules 13.13 and 13.20 of the Listing Rules

Pursuant to the Loan Agreement dated 11 August 2010 executed between Common Ray Limited (“Common Ray”), a wholly owned subsidiary of the Company, and Century Energy Pte. Ltd. (“Century Energy”), Common Ray provided to Century Energy a loan in the principal amount of RMB100,000,000 for a period of 2 years at an interest rate of 20% per annum, which is repayable on the second anniversary of the date of drawdown on 19 August 2010. As at 30 June 2011, the loan provided to Century Energy constituted an advance to an entity discloseable under Rules 13.13 and 13.20 of the Listing Rules as the transaction amount of this loan exceeded 8% under the asset ratio as defined under Rule 14.07 of the Listing Rules. Further details of this loan have been disclosed in the Company’s circular dated 31 August 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.