

Green and Growth



CIAM Group Limited

事安集團有限公司 HKSE 0378

Subsidiary of CITIC International Assets Management Limited

Contents

- 01 Corporate Information
- 02 Management Discussion and Analysis
- 05 Consolidated Statement of Comprehensive Income
- 07 Consolidated Statement of Financial Position
- 09 Consolidated Statement of Changes in Equity
- 10 Condensed Consolidated Statement of Cash Flows
- 11 Notes to the Unaudited Interim Financial Report
- 23 Independent Review Report
- 24 Supplementary Information

Corporate Information

Board of Directors

Dou Jianzhong (*Chairman*)

Lo Wing Yat Kelvin

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

Scott Anderberg Callon*

Chan Peng Kuan*

Lu Zhicheng*

Graham Roderick Walker*

Wong Yau Kar David*

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 2012

During the first half of 2012, the global economic performance was rather sluggish as the sovereign debt crisis escalated in Europe, the recovery in the US remained slow and major emerging markets experienced lower-than-expected growth due to the declines in both external and domestic demand. Amid the difficult situation abroad and tighter policies at home, China's GDP growth during the first six months of 2012 slid to 7.8% year-on-year basis. In light of the challenging macroeconomic environment and uncertainties ahead, CIAM Group Limited (the "Company") and its subsidiaries (collectively the "Group") maintained the cautious investment approach as we did in 2011. Nevertheless, 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.

Investment in Environmental Friendly Businesses

During the first half of 2012, 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 (the "PRC"), contributed approximately HK\$1 million of profit to the Group, down from HK\$9 million in the same period a

year ago mainly due to weaker wind resources and hence lower electricity output. PRC wind farm operators have experienced a disappointing first half of 2012 in general as there were more constraints on electricity output in some regions, wind speed has decreased compared to previous year and market price of Certified Emission Reductions has dropped.

Another wind related investment of the Group, UPC Renewables China Holdings Ltd., a renewable energy producer specifically focusing on wind energy development with 150MW wind projects in construction and a 7GW development pipeline, has yet to make any contribution to the Group during the first half of 2012. The Group expects this investment will gradually bring returns to the Group once its wind projects gradually commence operation and the operating environment improves in the longer run.

As at 30 June 2012, 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 2012, the decline in Sun.King's share price has resulted in an unrealised loss of approximately HK\$3 million to the Group.

Short-Term Financing/Investment

One of the short-term financing projects of the Group is a RMB50 million loan made to a mining company in Yunnan, the PRC, through the entrusted loan and other financing arrangements. The loan will mature in October 2012. It contributed approximately HK\$8 million of revenue to the Group including interest and advisory fees in first half of 2012.

During the period under review, the Group has also invested a small portion of funds in a relatively liquid fund managed by an independent assets 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.

Interim Financial Results

For the six months ended 30 June 2012, the Group's loss attributable to equity shareholders of the Company amounted to HK\$11 million (six months ended 30 June 2011: HK\$63 million), and loss per share was HK\$0.0237 (six months ended 30 June 2011: loss per share HK\$0.1415).

During the period under review, the Group reported HK\$8 million advisory fee and interest income from an entrusted loan in the PRC, HK\$1 million sharing of profits from wind farm investment, as well as HK\$3 million unrealised loss from listed shares of Sun.King

as mentioned above. The operating costs of the Group further reduced comparing same period last year under the two new Inter-companies Services and Cost Allocation Agreements ("New Services Agreements"), effective from 1 December 2011, with its ultimate holding company, CITIC International Assets Management Limited ("CIAM Parent"). The new arrangement can help the Group to leverage the infrastructure of CIAM Parent on corporate support, hence further reducing the headcount.

Financial Position

As at 30 June 2012, the Group's net assets amounted to HK\$550 million (31 December 2011: HK\$561 million). Net asset per share was HK\$1.24 (31 December 2011: HK\$1.26). As at 30 June 2012, the Group has HK\$285 million free cash readily available for any possible investments and/or acquisition with the opportunities in our pipeline.

Currency and Interest Rate Risk Exposure

As at 30 June 2012, the Group had no material exposure to foreign exchange and interest rate risk. The majority of the Group's assets were denominated in its functional currency of either Hong Kong Dollars or Renminbi. The secured bank loan of the Group is at fixed interest rate and therefore exposure to interest rate risk is minimal. Nevertheless, the management will closely monitor the risk exposure level and consider if hedging is needed for such exposure.

Contingent Liabilities and Pledge of Assets

As at 30 June 2012, the Group had no contingent liabilities identified.

As at 30 June 2012, the Group pledged HK\$65 million deposits with banks in order to secure bank loan of HK\$61 million, which was arranged for entrusted loan investment.

Human Resources

As mentioned above that the New Services Agreements with CIAM Parent has come to full effect in the first half of 2012. The Group can benefit from the new arrangement and further reduce the overall administration costs for about HK\$3 million for the first six months in 2012.

In general, there was no material change on headcount and compensation policy to staff since our last reported period ended.

Our “Green” Road Map

Although the Group has taken a cautious stand and eased its pace in investment, the Group continues to believe the “Green and Growth” approach is set to prosper in long-term as clean energy development is an inevitable trend and that the Chinese Government is firmly committed to promote renewable energy and protect the environment. Following the Group’s 2011 strategy, the management will continue to solicit and intend to close some green related projects in green sectors in the second half of 2012. Related announcement will be made once sufficient progress has been made.

While the Group will remain conservative in making new investments, it will continue to leverage its parent company’s extensive business network and place greater emphasis on building strategic alliance and further collaboration with the major player(s) in various green sectors. With a goal to maximise shareholder value, the Group will continue to identify and source quality investment opportunities in “Green” projects with sustainable growth and return in order to enhance the value of the Group’s investment portfolio.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Revenue			
Net gain on held-for-trading investments		488	2,585
Net loss on financial assets designated at fair value through profit or loss		(4,041)	(22,711)
Investment income		5,335	19,522
Advisory fee income		4,700	7,964
Assets under management fee income		–	888
Management fee income	17(a)	6,482	8,248
Other net (loss)/income		–	15,800
Administrative expenses		(57)	93
		(13,987)	(30,895)
Loss from operations		(7,562)	(6,754)
Impairment losses on loan and other receivables	9	–	(67,248)
Finance costs	3(a)	(1,592)	(2,635)
Net gain on disposal of a subsidiary	15	–	4,940
Share of profit of an associate		–	199
Share of profits of jointly controlled entities		624	8,896
Loss before taxation	3	(8,530)	(62,602)
Income tax	4	(2,002)	(330)
Loss for the period		(10,532)	(62,932)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Exchange differences on translation of financial statements of foreign operations		(910)	4,103
Available-for-sale investment: net movement in the fair value reserve		–	5,795
		(910)	9,898
Total comprehensive income for the period		(11,442)	(53,034)

	NOTE	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Loss for the period attributable to:			
– Equity shareholders of the Company		(10,530)	(62,930)
– Non-controlling interests		(2)	(2)
		(10,532)	(62,932)
Other comprehensive income for the period attributable to:			
– Equity shareholders of the Company		(910)	9,898
– Non-controlling interests		–	–
		(910)	9,898
Total comprehensive income for the period attributable to:			
– Equity shareholders of the Company		(11,440)	(53,032)
– Non-controlling interests		(2)	(2)
		(11,442)	(53,034)
Loss per share			
Basic and diluted	5	HK(2.37) cents	HK(14.15) cents

The notes on pages 11 to 22 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2012

	NOTE	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	6	2,302	3,522
Interest in jointly controlled entities	7	118,773	118,631
Financial assets at fair value through profit or loss	8	28,303	28,346
Loan and other receivables	9	1,417	1,551
Other non-current assets		1,104	1,104
		151,899	153,154
Current assets			
Financial assets at fair value through profit or loss	8	42,066	44,232
Amount due from ultimate holding company	17(b)	–	13,693
Loan and other receivables	9	83,361	119,483
Pledged bank deposits	10	65,000	65,000
Cash and cash equivalents	11	284,577	267,824
		475,004	510,232
Current liabilities			
Accruals and other payables	12	10,997	12,816
Amount due to ultimate holding company	17(b)	1,321	14,057
Loans from non-controlling shareholders	17(b)	202	202
Secured bank loans	13	61,000	61,251
Current taxation		3,774	14,009
		77,294	102,335
Net current assets		397,710	407,897
NET ASSETS		549,609	561,051

	NOTE	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	14(b)	444,633	444,633
Reserves		105,116	116,556
Total equity attributable to equity shareholders of the Company		549,749	561,189
Non-controlling interests		(140)	(138)
TOTAL EQUITY		549,609	561,051

The notes on pages 11 to 22 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012 – unaudited

	Attributable to equity shareholders of the Company											
	Share capital HK\$'000	Share premium Note 14(c)(i) HK\$'000	Contributed surplus Note 14(c)(ii) HK\$'000	Exchange reserve Note 14(c)(iii) HK\$'000	Share option reserve Note 14(c)(iv) HK\$'000	Available-for-sale fair value reserve Note 14(c)(v) HK\$'000	Other reserve Note 14(c)(vi) HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Amounts recognised in other comprehensive income and accumulated in equity relating to assets held for sale HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2012	444,633	31,970	82,445	14,772	13,033	–	4,403	(30,067)	–	561,189	(138)	561,051
Changes in equity for the six months ended 30 June 2012:												
Loss for the period	–	–	–	–	–	–	–	(10,530)	–	(10,530)	(2)	(10,532)
Other comprehensive income	–	–	–	(910)	–	–	–	–	–	(910)	–	(910)
Total comprehensive income for the period	–	–	–	(910)	–	–	–	(10,530)	–	(11,440)	(2)	(11,442)
Balance at 30 June 2012	444,633	31,970	82,445	13,862	13,033	–	4,403	(40,597)	–	549,749	(140)	549,609
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	–	–	–	–	–	–	–	–	–	–	–	–
– Amortisation for the year	–	–	–	–	1,695	–	–	–	–	1,695	–	1,695
– Transfer to retained profits upon forfeiture	–	–	–	–	(430)	–	–	430	–	–	–	–
Balance at 30 June 2011 and 1 July 2011	444,633	31,970	82,445	10,909	12,517	–	1,581	41,153	18,437	643,645	(142)	643,503
Changes in equity for the six months ended 31 December 2011:												
Loss for the period	–	–	–	–	–	–	–	(68,525)	–	(68,525)	4	(68,521)
Other comprehensive income	–	–	–	3,863	–	–	–	–	(18,437)	(14,574)	–	(14,574)
Total comprehensive income for the period	–	–	–	3,863	–	–	–	(68,525)	(18,437)	(83,099)	4	(83,095)
Profit appropriation to statutory surplus reserve	–	–	–	–	–	–	2,822	(2,822)	–	–	–	–
Equity settled share-based transactions	–	–	–	–	–	–	–	–	–	–	–	–
– Amortisation for the year	–	–	–	–	643	–	–	–	–	643	–	643
– Transfer to accumulated losses upon forfeiture	–	–	–	–	(127)	–	–	127	–	–	–	–
Balance at 31 December 2011	444,633	31,970	82,445	14,772	13,033	–	4,403	(30,067)	–	561,189	(138)	561,051

The notes on pages 11 to 22 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Net cash used in operating activities		(5,671)	(22,602)
Investing activities			
Payment for purchase of property, plant and equipment	6	–	(234)
Proceeds from disposal of a subsidiary	15	–	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		36,481	5,499
Net cash generated from/(used in) investing activities		36,481	(13,305)
Financing activities			
Repayment to ultimate holding company		(14,057)	–
Net cash used in financing activities		(14,057)	–
Net increase/(decrease) in cash and cash equivalents		16,753	(35,907)
Cash and cash equivalents at 1 January		267,824	197,882
Cash and cash equivalents at 30 June	11	284,577	161,975

The notes on pages 11 to 22 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 24 August 2012.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group’s financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2011 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 23.

The financial information relating to the financial year ended 31 December 2011 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 2011 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 16 March 2012.

2. 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 two 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.

(a) Segment results

Information regarding the Group's reportable segments for the six months ended 30 June 2012 and 2011 is set out below.

	Direct investments		AUM		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	6,482	7,360	-	888	6,482	8,248
Segment results	6,304	8,769	-	(551)	6,304	8,218
Impairment losses on loan and other receivables	-	(67,248)	-	-	-	(67,248)
Finance costs	(1,592)	(2,566)	-	(69)	(1,592)	(2,635)
Share of profit of an associate	-	-	-	199	-	199
Share of profits of jointly controlled entities	624	8,896	-	-	624	8,896
Unallocated corporate income					(57)	20,833
Central administrative costs and directors' remuneration					(13,809)	(30,865)
Loss before taxation					(8,530)	(62,602)

2. Segment Reporting *(continued)*

(a) Segment results *(continued)*

All of the segment revenue reported above is from external customers. Included in revenue of HK\$6,482,000 (six months ended 30 June 2011: HK\$8,248,000) was investment income of HK\$5,335,000 (six months ended 30 June 2011: HK\$19,522,000). Of which, the interest income and the dividend income were HK\$5,299,000 and HK\$36,000 (six months ended 30 June 2011: HK\$19,193,000 and HK\$329,000) respectively.

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

(b) Segments assets and liabilities

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

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Segment assets		
Direct investments	269,150	306,510
AUM	–	1,402
Total segment assets	269,150	307,912
Cash and cash equivalents and pledged bank deposits	349,577	332,824
Unallocated assets	8,176	22,650
Consolidated assets	626,903	663,386
Segment liabilities		
Direct investments	61,297	61,656
AUM	–	–
Total segment liabilities	61,297	61,656
Unallocated liabilities	15,997	40,679
Consolidated liabilities	77,294	102,335

2. 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 current taxation, amount due to ultimate holding company and the unallocated accruals and other payables.

3. Loss Before Taxation

Loss before taxation is arrived at after charging:

		Six months ended 30 June	
		2012	2011
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
(a)	Finance costs		
	Interest on secured bank loans wholly repayable within five years	1,592	2,635
(b)	Other items (Note)		
	Staff costs	5,521	13,269
	Directors' remuneration	2,643	4,876
	Depreciation of property, plant and equipment	542	1,385
	Operating lease rentals in respect of land and buildings	1,372	4,277

Note:

For the six months ended 30 June 2012, these amounts represented the net amount after expenses reimbursement arrangement under the two new Inter-companies Services and Cost Allocation Agreements ("New Services Agreements") signed between the Company and its ultimate holding company, CITIC International Assets Management Limited ("CIAM Parent"), effective from 1 December 2011, which replaced the Inter-companies Service and Cost Allocation Agreement dated 14 October 2008 ("Former Service Agreement") upon its expiry on 30 November 2011.

For the six months ended 30 June 2011, these amounts represented the gross expenses amounts incurred by the Group, which were partially reimbursed by CIAM Parent under the Former Service Agreement by means of management fee (note 17(a)). The management fee income was reimbursed through the provision of certain services including the investment and asset management services, business development and management services, administration, finance, compliance and operational services (the "General Services") by the Group to CIAM Parent on normal commercial terms determined at arm's length negotiations having considered the estimated utilisation of staff time and number of headcount of the Group providing the General Services.

4. Income Tax

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	–	–
Current tax – Outside Hong Kong		
Provision for profits tax for the period	2,002	1,700
Over-provision for withholding tax in respect of prior periods	–	(1,370)
	2,002	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 2012 and 2011. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

5. 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\$10,530,000 (six months ended 30 June 2011: HK\$62,930,000) and 444,633,217 weighted average number of ordinary shares (six months ended 30 June 2011: 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 2012 and 2011 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.

6. Property, Plant and Equipment

During the six months ended 30 June 2012, the Group did not acquire any items of property, plant and equipment (six months ended 30 June 2011: HK\$234,000).

There was no material disposal of property, plant and equipment for the six months ended 30 June 2012 and 2011.

7. Interest in Jointly Controlled Entities

Particulars of the jointly controlled entities at 30 June 2012 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

8. Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Non-current		
Financial assets designated at fair value through profit or loss: – unlisted debt securities with embedded options	28,303	28,346
Current		
Financial assets designated at fair value through profit or loss: – listed equity securities – unlisted fund	11,060 17,651	14,280 18,429
	28,711	32,709
Held-for-trading investments: – listed equity securities – unlisted private equity funds	2,924 10,431	2,872 8,651
	13,355	11,523
	42,066	44,232

9. Loan and Other Receivables

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

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Current	195,806	196,654
Less than 12 months past due	–	5,371
More than 12 months past due	1,500	11,790
Gross loan receivables (Note)	197,306	213,815
Prepayments, deposits and other receivables	23,468	43,215
Individually assessed impairment allowances	220,774 (135,996)	257,030 (135,996)
	84,778	121,034
Presented by:		
Non-current assets	1,417	1,551
Current assets	83,361	119,483
	84,778	121,034

Note: Included in the balance was a loan of HK\$59,810,000 (31 December 2011: HK\$85,978,000) granted by commercial banks incorporated in the 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 and other receivables as at 30 June 2012 and 31 December 2011 were accumulated impairment loss of HK\$135,996,000, which related to the 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.

Included in the impairment allowances of HK\$135,996,000 was an impairment charge of HK\$67,248,000 made during the six months ended 30 June 2011.

10. Pledged Bank Deposits

The pledged bank deposits are used to secure bank loans (note 13). The pledged bank deposits carry interest at a prevailing deposit rate of 0.02% per annum (31 December 2011: 0.02% to 2.64% per annum).

11. Cash and Cash Equivalents

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Deposits placed with other financial institutions	296	242
Cash at bank and in hand	284,281	267,582
	284,577	267,824

12. 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.

13. Secured Bank Loans

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Repayable within 1 year	61,000	61,251

At 30 June 2012, the bank loans are secured by bank deposits (note 10) and bear interest rate of 5.13% per annum (31 December 2011: 5.13% to 6.40% per annum).

14. 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 2012 (six months ended 30 June 2011: Nil).

(b) Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$1 each, at 1 January 2011, 31 December 2011 and 30 June 2012	750,000,000	750,000
Issued and fully paid:		
At 1 January 2011, 31 December 2011 and 30 June 2012	444,633,217	444,633

(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, (ii) goodwill reserve arising on acquisition of subsidiaries of the Company prior to 1 January 2005 and (iii) statutory surplus reserve for PRC subsidiaries.

14. Capital, Reserves and Dividends *(continued)*

(c) Nature and purpose of reserves *(continued)*

Each PRC subsidiary is required to allocate 10% of its net profit, as determined under the Accounting Standards for Business Enterprises and other relevant requirements issued by the Ministry of Finance, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

(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 2012, 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 25,630,000 (31 December 2011: 25,630,000).

No options were forfeited during the six months ended 30 June 2012 (six months ended 30 June 2011: 2,050,000). No options were granted or exercised during the six months ended 30 June 2012 and 2011.

15. Disposal of a Subsidiary

During the six months ended 30 June 2012, there was no disposal of subsidiary by the Group.

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 HK\$9,899,000.

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

	HK\$'000 (Unaudited)
Net assets disposed of:	
Other non-current assets	360
Cash at bank	4,599
Gain on disposal of a subsidiary	4,940
Total consideration received, satisfied in cash	9,899
Net cash inflow arising on disposal of a subsidiary	
Cash consideration	9,899
Cash at bank disposed of	(4,599)
Net cash inflow	5,300

16. Capital Commitments

	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements	15,728	16,985

17. 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	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Management fee income from ultimate holding company	–	15,800

Note: The amount for the period ended 30 June 2011 represented the management fee income from CIAM Parent under the Former Service Agreement. After the expiry of the Former Service Agreement, the New Services Agreements were effective from 1 December 2011. Certain expenses recognised in the Group's statement of comprehensive income for current period represented the net amount after expenses reimbursement arrangement under the New Services Agreements (note 3(b)).

(b) Balances with related companies

	NOTE	At 30 June 2012 HK\$'000 (Unaudited)	At 31 December 2011 HK\$'000 (Audited)
Amount due from ultimate holding company	(i)	–	13,693
Bank deposits with related companies (included in cash and cash equivalents)	(ii)	217,003	167,716
Amount due to ultimate holding company	(iii)	1,321	14,057
Loans from non-controlling shareholders	(iii)	202	202
Dividend receivable from a jointly controlled entity	(i)	8,628	16,431

17. Related Party Disclosures *(continued)*

(b) Balances with related companies *(continued)*

Notes:

- (i) The amounts are non-interest bearing, unsecured and are 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 amounts are non-interest bearing, unsecured and repayable on demand.

(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	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	4,142	9,547

For the six months ended 30 June 2012, the amounts represented the net amount after expenses reimbursement arrangement under the New Services Agreements.

For the six months ended 30 June 2011, the amounts presented are net of amounts reimbursed from CIAM Parent under the Former Service Agreement.

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.

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 5 to 22 which comprises the consolidated statement of financial position of CIAM Group Limited (the “Company”) as of 30 June 2012 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 2012 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

24 August 2012

Supplementary Information

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

As at 30 June 2012, 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)	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%

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 2012, none of the Directors or Chief Executive of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (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.

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 Directors), 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 members of the Group or any Invested Entity;
- (iv) any customers 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 shareholders of any members of the Group or any Invested Entity, or any holders 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 2012, 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 25,630,000 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, such 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 2012 are as follows:

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price HK\$	Number of share options		
					Outstanding at 1.1.2012	Forfeited during the period	Outstanding at 30.06.2012
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
					9,100,000	–	9,100,000

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price HK\$	Number of share options		
					Outstanding at 1.1.2012	Forfeited during the period	Outstanding at 30.06.2012
Employees	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	6,665,000	–	6,665,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	6,665,000	–	6,665,000
					13,330,000	–	13,330,000
Other participants	9.9.2009	(Note a)	9.9.2010 to 8.9.2012	1.79	1,600,000	–	1,600,000
	9.9.2009	(Note b)	9.9.2011 to 8.9.2014	1.79	1,600,000	–	1,600,000
					3,200,000	–	3,200,000
Total					25,630,000	–	25,630,000

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. Zhao Tielu as Non-executive Director of the Company on 20 April 2012, all share options granted to Mr. Zhao were included under “Other participants”.
- (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 year, no share options were granted to 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 “Model”). The contractual life of the share option is used as an input into the Model. Expectations of early exercise are incorporated into the 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.

The share option expense recognised in the Group's financial statements for the six months ended 30 June 2012 was HK\$Nil (six months ended 30 June 2011: HK\$1,696,000).

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.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2012, 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 ("RPL")	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 Limited	Interest held by controlled corporation (Note b)	323,555,154	72.77%
CITIC Group Corporation ("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%

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 2012.
- (b) By virtue of the SFO, CIAM Parent, CIFH, CNCB, CITIC Limited and CITIC Group are deemed to be interested in 323,555,154 shares held by RPL. RPL is a wholly-owned subsidiary of CIAM Parent which CIFH owns 40%. CIFH is 70.32% owned by CNCB which, in turn, is 61.85% owned by CITIC Group through its wholly owned subsidiary, CITIC Limited.
- (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 2012.

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

During the six months ended 30 June 2012, 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/ Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance and has complied as far as practicable with all the applicable code provisions in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules and the provisions in the previous Code on Corporate Governance Practices under the Listing Rules which has been replaced by the CG Code since 1 April 2012, except for the deviations as described below:

Pursuant to Code Provision A.4.1 of the CG Code, 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 Board believes that subjecting the Non-executive Directors to retirement by rotation and re-election achieves the intended aims of the CG Code. Due to the same rationale, there is no formal letter of appointment governing the terms of appointment of the Directors who are all subject to the same terms under the Bye-laws of the Company.

Pursuant to Code Provisions A.6.7 and E.1.2 of the CG Code, independent non-executive directors, non-executive directors and the chairman of the board should attend the annual general meeting. At the annual general meeting of the Company held on 14 June 2012, it was attended by Mr. Lo Wing Yat, Executive Vice-chairman and Chief Executive Officer, and Mr. Hung Chi Yuen Andrew, the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. Although other Directors were unable to attend that meeting due to other business engagement or travel overseas, the Board believes that the presence of Mr. Lo and Mr. Hung together with our external auditors KPMG was able to answer all the questions raised by the Company's shareholders at that annual general meeting.

Pursuant to Code Provision F.1.1 of the CG Code, the company secretary should be an employee of the Company. The Company Secretary of the Company is an employee of the Company's substantial shareholder and serves as the company secretary of this substantial shareholder and its group of companies underneath. She participates in daily operation of the Company with full support and assistance from the professionally qualified staff members of the Company in discharging her duties as company secretary.

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 2012.

Disclosure under Rules 13.13 and 13.20 of the Listing Rules

The Group has provided the following loans, each of which constituted an advance to an entity discloseable under Rules 13.13 and 13.20 of the Listing Rules as the transaction amount of each loan exceeded 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules as at 30 June 2012.

- (a) 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 has 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. Details of the loan to Century Energy have been disclosed in the Company's circular dated 31 August 2010.

Given the unsatisfactory operational performance of Century Energy, the Board resolved to make a full impairment provision of approximately HK\$134,496,000 on the carrying value of the loan to Century Energy for the financial year ended 31 December 2011.

- (b) Pursuant to the Entrusted Loan Agreement dated 27 September 2010 executed between 逸百年投資諮詢(深圳)有限公司 (YBN Investment Consulting Limited) ("YBN"), a wholly-owned subsidiary of the Company, and 雲龍縣鴻信礦業有限公司 (Yun Long Xian Hong Xin Mining Limited) ("Yun Long"), YBN has provided to Yun Long a loan in the principal amount of RMB50,000,000 through entrusted arrangement for a period 2 years at an interest rate of 19% per annum, which is repayable according to the payment schedule as mentioned therein and will expire in October 2012. Details of the loan to Yun Long have been disclosed in the Company's circular dated 6 October 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.