

**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*)

Huang Bin\*

Hung Chi Yuen Andrew\*\*

Lu Zhicheng\*

Sit Fung Shuen Victor\*\*

Toh Hock Ghim\*\*

Wong Yau Kar David\*

\* *Non-executive Director*

\*\* *Independent Non-executive Director*

### Audit Committee

Hung Chi Yuen Andrew (*Chairman*)

Sit Fung Shuen Victor

Toh Hock Ghim

### 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

23<sup>rd</sup> 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  
26 Burnaby Street, Hamilton HM 11, 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](http://www.ciamgroup.com)

## Management Discussion and Analysis

### Challenging Environment, Yet Positive to Green Sector

The Chinese economy has endured challenging first six months in 2013. Amid worries of slowing export growth, capital chain disruption and cash crunch, the Chinese economy recorded a GDP growth of 7.6% in the first half of 2013. The growth rate has been slowing down and quarterly growth of GDP has shown decreases in seven of the last eight quarters up to the second quarter of 2013.

Despite the challenges to the economy in general, the Chinese government has stated its commitment to economic transformation to support stable and sustainable development. The recent release of new fiscal policies to support the energy saving and environmental friendly businesses development gives confidence to the Company on our choice of “Green and Growth”. We maintained our prudent and pragmatic investment approach on picking our new investments. We continue to search for ideal entrepreneur partnerships in a particular industry sector. We believe that it is time for the Company to make moves and take further steps to expand its investment portfolio in a meaningful way under a selected focus sector.

### Existing Investment Portfolio

During the period under review, the Group’s turnover benefited from the gain from its listed equity investment and the share of profits from a wind-farm investment. Summary below is the performance and status of the Group’s investments and short-term financing projects:

The Group’s 45% equity interest in 華能壽光風力發電有限公司 (“Huaneng Shouguang”), which operates a wind-farm in Shandong Province, the People’s Republic of China (“PRC”) commanding a 49.5MW capacity, shared approximately HK\$2 million of profit in the six months ended 30 June 2013 (HK\$1 million in the same period

in 2012). Huaneng Shouguang benefited from the higher wind speed and the quantity of electricity sold increased by 19.5% in the first six months of the year comparing 2012.

Another investment, UPC Renewables China Holdings Ltd. (“UPC”), a wind farm developer which operates an aggregate capacity of 174MW wind farm projects, continues their construction on 445.5MW capacity wind farms with another 1.5GW capacity projects in pipeline.

Two short term loans to a mining company in Yunnan and a property developer in Shaanxi, PRC, contributed in total approximately HK\$4 million interest income to the Group for the six months ended 30 June 2013.

### Pipeline Investment

As announced by the Company on 21 August 2013, the Group has entered into the agreements to invest in a company involved in the business of the design and development of auto vehicles including electric vehicles in the PRC. The target group has plans in place to construct facilities dedicated to the manufacturing of pure electric vehicles designed and developed. The Company is currently performing due diligence on the target group. Satisfactory findings of the due diligence are one of the conditions precedent to the completion, along with shareholders’ approval.

The Company believes that the electric vehicle industry commands significant economic potential in alignment with prevailing fiscal policy and global environmental friendly sentiment. Electric vehicles are regarded as “green” transportation means and have a higher tank-to-wheel efficiency as compared to conventional vehicles. Pure electric vehicles also do not emit any tailpipe pollution, which is promoted by central and local PRC government authorities in dealing with air quality issue.

More details will be announced in due course in compliance with listing rules regarding this potential investment.

## Interim Financial Results

For the six months ended 30 June 2013, the Group's loss attributable to equity shareholders of the Company amounted to HK\$5 million (six months ended 30 June 2012: HK\$11 million), and loss per share was HK\$0.0108 (six months ended 30 June 2012: HK\$0.0237).

As mentioned above, during the period under review, the Group reported HK\$4 million interest income from entrusted loans in the PRC. Shared profits from Huaneng Shouguang was HK\$2 million. The Group also reported in aggregate HK\$6 million realised and unrealised gain from listed shares investments. The increase in administrative expenses compared to the same period last year was generally in line with the market inflation.

## Financial Position

As at 30 June 2013, the Group's net assets amounted to HK\$550 million and net asset per share was HK\$1.24. Total assets were HK\$573 million, of which HK\$254 million were free cash readily available for investment opportunities in our pipeline, including the possible investment in the electric vehicles business as mentioned above.

## Currency and Interest Rate Risk Exposure

As at 30 June 2013, the Group had no material exposure to interest rate risk. The majority of the Group's assets were denominated in its functional currency of either Hong Kong Dollars or Renminbi. Management will closely monitor the risk exposure level and consider if hedging is needed for such exposure.

## Contingent Liabilities

As at 30 June 2013, the Group had no contingent liabilities identified.

## Capital Commitment

Except for details disclosed in the above section "Pipeline Investment", the Group had no significant capital commitment as at 30 June 2013.

## Human Resources

The Company's ultimate holding company, CITIC International Assets Management Limited ("CIAM Parent") continues to provide functional supports to the Group by leveraging resources through implementation of the Inter-companies Services and Cost Allocation Agreements ("Services Agreements"). The Company's strategy in maintaining minimal headcount to conduct investment activities in order to maximize cost efficiency prevails.

The Services Agreements will be expiring in coming December. Management is now reviewing the operating structure for the best interests of the Group, taking into account the Group's latest business development.

There was no significant changes in headcount and compensation policy to staff since the publication of our annual report for the year ended 31 December 2012.

## Our "Green" Road Map

The Company will maintain the "Green and Growth" investment philosophy, with a focus on creating business synergy and integration potential inside its investment portfolio which will ultimately enhance the overall risk adverse capability and business sustainability.

The proposed electric vehicle investment can be an important step for the Company in pursuing the "Green and Growth" investment philosophy with a few selected entrepreneurship partners.

## Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	NOTE	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Revenue</b>			
Net (loss)/gain on held-for-trading investments		(892)	488
Net gain/(loss) on financial assets designated at fair value through profit or loss		5,691	(4,041)
Investment income		4,310	5,335
Advisory fee income		–	4,700
		<b>9,109</b>	<b>6,482</b>
Other net income/(loss)		47	(57)
Administrative expenses		(16,025)	(13,987)
		<b>(6,869)</b>	<b>(7,562)</b>
<b>Loss from operations</b>			
Finance costs	4(a)	–	(1,592)
Gain on disposal of subsidiaries	14	658	–
Share of profits less losses of joint ventures		1,461	624
		<b>(4,750)</b>	<b>(8,530)</b>
<b>Loss before taxation</b>			
Income tax	5	(40)	(2,002)
		<b>(4,790)</b>	<b>(10,532)</b>
<b>Loss for the period</b>			
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
– Exchange differences on translation of financial statements of foreign operations		3,574	(910)
– Transfer of exchange reserve upon disposal of a subsidiary	14	(139)	–
		<b>3,435</b>	<b>(910)</b>
		<b>(1,355)</b>	<b>(11,442)</b>
<b>Total comprehensive income for the period</b>			

		Six months ended 30 June	
	NOTE	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Loss for the period attributable to:</b>			
– Equity shareholders of the Company		(4,790)	(10,530)
– Non-controlling interests		–	(2)
		<b>(4,790)</b>	<b>(10,532)</b>
<b>Other comprehensive income for the period attributable to:</b>			
– Equity shareholders of the Company		3,435	(910)
– Non-controlling interests		–	–
		<b>3,435</b>	<b>(910)</b>
<b>Total comprehensive income for the period attributable to:</b>			
– Equity shareholders of the Company		(1,355)	(11,440)
– Non-controlling interests		–	(2)
		<b>(1,355)</b>	<b>(11,442)</b>
<b>Loss per share</b>			
Basic and diluted	6	<b>HK(1.08) cents</b>	HK(2.37) cents

The notes on pages 11 to 28 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2013

	NOTE	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	7	1,217	1,525
Interest in joint ventures	8	126,145	122,850
Financial asset at fair value through profit or loss	9	28,307	28,287
Loan and other receivables	10	466	38,791
Other non-current assets		1,104	1,104
		<b>157,239</b>	192,557
<b>Current assets</b>			
Financial assets at fair value through profit or loss	9	35,642	43,820
Amount due from ultimate holding company	17(b)	–	79
Loan and other receivables	10	125,948	90,907
Cash and cash equivalents	11	254,245	246,820
		<b>415,835</b>	381,626
<b>Current liabilities</b>			
Accruals and other payables	12	14,587	17,651
Amount due to ultimate holding company	17(b)	2,549	–
Loans from non-controlling shareholders	17(b)	31	31
Current taxation		6,185	6,077
		<b>23,352</b>	23,759
<b>Net current assets</b>		<b>392,483</b>	357,867
<b>NET ASSETS</b>		<b>549,722</b>	550,424



	NOTE	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
<b>CAPITAL AND RESERVES</b>			
Share capital	13(b)	444,633	444,633
Reserves		105,049	105,751
<b>Total equity attributable to equity shareholders of the Company</b>		<b>549,682</b>	550,384
<b>Non-controlling interests</b>		<b>40</b>	40
<b>TOTAL EQUITY</b>		<b>549,722</b>	550,424

The notes on pages 11 to 28 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013 – 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	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Note 13(c)(i)	Note 13(c)(ii)	Note 13(c)(iii)	Note 13(c)(iv)	Note 13(c)(v)				
<b>Balance at 1 January 2013</b>	444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424
<b>Changes in equity for the six months ended 30 June 2013:</b>										
Loss for the period	-	-	-	-	-	-	(4,790)	(4,790)	-	(4,790)
Other comprehensive income	-	-	-	3,435	-	-	-	3,435	-	3,435
Total comprehensive income for the period	-	-	-	3,435	-	-	(4,790)	(1,355)	-	(1,355)
Profit appropriation to statutory surplus reserve (note 13(c)(v))	-	-	-	-	-	55	(55)	-	-	-
Equity settled share-based transactions – amortisation for the period	-	-	-	-	653	-	-	653	-	653
– transfer to retained profits upon forfeiture	-	-	-	-	(74)	-	74	-	-	-
<b>Balance at 30 June 2013</b>	444,633	31,970	82,445	22,089	7,673	5,356	(44,484)	549,682	40	549,722
<b>Balance at 1 January 2012</b>	444,633	31,970	82,445	14,772	13,033	4,403	(30,067)	561,189	(138)	561,051
<b>Changes in equity for the six months ended 30 June 2012:</b>										
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)
<b>Balance at 30 June 2012 and 1 July 2012</b>	444,633	31,970	82,445	13,862	13,033	4,403	(40,597)	549,749	(140)	549,609
<b>Changes in equity for the six months ended 31 December 2012:</b>										
Loss for the period	-	-	-	-	-	-	(4,157)	(4,157)	(2)	(4,159)
Other comprehensive income	-	-	-	4,792	-	-	-	4,792	-	4,792
Total comprehensive income for the period	-	-	-	4,792	-	-	(4,157)	635	(2)	633
Profit appropriation to statutory surplus reserve (note 13(c)(v))	-	-	-	-	-	898	(898)	-	-	-
Equity settled share-based transactions – transfer to retained profits upon forfeiture	-	-	-	-	(5,939)	-	5,939	-	-	-
Acquisition of interest from non-controlling shareholders	-	-	-	-	-	-	-	-	182	182
<b>Balance at 31 December 2012</b>	444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424

The notes on pages 11 to 28 form part of this interim financial report.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	NOTE	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Net cash used in operating activities</b>		<b>(14,895)</b>	(5,671)
<b>Investing activities</b>			
Proceeds from disposal of subsidiaries	14	238	–
Proceeds from disposal of financial assets designated at fair value through profit or loss		12,957	–
Loans repaid by third parties		291	36,481
Dividend received from a joint venture		8,813	–
<b>Net cash generated from investing activities</b>		<b>22,299</b>	36,481
<b>Financing activity</b>			
Repayment to ultimate holding company		–	(14,057)
<b>Net cash used in financing activity</b>		<b>–</b>	(14,057)
<b>Net increase in cash and cash equivalents</b>		<b>7,404</b>	16,753
<b>Cash and cash equivalents at 1 January</b>		<b>246,820</b>	267,824
<b>Effect of foreign exchange rate changes</b>		<b>21</b>	–
<b>Cash and cash equivalents at 30 June</b>	11	<b>254,245</b>	284,577

The notes on pages 11 to 28 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 23 August 2013.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 2012 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 29.

The financial information relating to the financial year ended 31 December 2012 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 2012 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 22 March 2013.

## 2 Changes in Accounting Policies

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*
- HKFRS 10, *Consolidated financial statements*
- HKFRS 11, *Joint arrangements*
- HKFRS 12, *Disclosure of interests in other entities*
- HKFRS 13, *Fair value measurement*

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

### **Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income**

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in these financial statements has been modified accordingly.

### **HKFRS 10, Consolidated financial statements**

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

## 2 Changes in Accounting Policies (continued)

### **HKFRS 10, Consolidated financial statements** (continued)

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

### **HKFRS 11, Joint arrangements**

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments continue to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

### **HKFRS 12, Disclosure of interests in other entities**

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting HKFRS 12.

### **HKFRS 13, Fair value measurement**

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 15. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

### 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 reportable segment. The following summary describes the operation of the Group's reportable segment:

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

#### (a) Segment results

Information regarding the Group's reportable segment as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2013 and 2012 is set out below:

	Direct investments		Total	
	Six months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>9,109</b>	6,482	<b>9,109</b>	6,482
<b>Segment results</b>	<b>7,822</b>	6,304	<b>7,822</b>	6,304
Finance costs	–	(1,592)	–	(1,592)
Share of profits less losses of joint ventures	<b>1,461</b>	624	<b>1,461</b>	624
Unallocated corporate income/ (expense)			<b>705</b>	(57)
Central administrative costs and directors' remuneration			<b>(14,738)</b>	(13,809)
<b>Loss before taxation</b>			<b>(4,750)</b>	(8,530)

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

Segment results represents loss from operations attributable to each segment without allocation of corporate income, central administrative costs and directors' remuneration.

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

### 3 Segment Reporting *(continued)*

#### (b) Segment assets and liabilities

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

	<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
<b>Segment assets</b>		
Direct investments	<b>312,149</b>	320,560
Total segment assets	<b>312,149</b>	320,560
Cash and cash equivalents	<b>254,245</b>	246,820
Unallocated assets	<b>6,680</b>	6,803
Consolidated assets	<b>573,074</b>	574,183
<b>Segment liabilities</b>		
Direct investments	<b>31</b>	31
Total segment liabilities	<b>31</b>	31
Unallocated liabilities	<b>23,321</b>	23,728
Consolidated liabilities	<b>23,352</b>	23,759

For the purposes of monitoring segment performance and allocating resources to segment:

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



## 4 Loss Before Taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>(a) Finance costs</b>		
Interest on secured bank loan wholly repayable within five years	–	1,592
<b>(b) Other items (Note)</b>		
Staff costs	<b>7,739</b>	5,521
Directors' remuneration	<b>2,714</b>	2,643
Depreciation of property, plant and equipment	<b>316</b>	542
Operating lease charges in respect of land and buildings	<b>1,853</b>	1,372

Note:

These amounts represented the net amount after expenses reimbursement arrangement under the Inter-companies Services and Cost Allocation Agreements ("Services Agreements") signed between the Company and its ultimate holding company, CITIC International Assets Management Limited ("CIAM Parent") (note 17(i)).

## 5 Income Tax in the Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	–	–
<b>Current tax – Outside Hong Kong</b>		
Provision for profits tax for the period	591	2,002
Over-provision for profits tax in respect of prior periods	(551)	–
	40	2,002
	40	2,002

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 2013 and 2012. 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\$4,790,000 (six months ended 30 June 2012: HK\$10,530,000) and on the ordinary shares of 444,633,217 (six months ended 30 June 2012: 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 2013 and 2012 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 2013 and 2012, the Group did not acquire any items of property, plant and equipment.

There was no material disposal of property, plant and equipment for the six months ended 30 June 2013 and 2012.

## 8 Interest in Joint Ventures

Details of the principal joint venture at 30 June 2013 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	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

## 9 Financial Assets at Fair Value Through Profit or Loss

	At 30 June 2013 HK\$'000 (Unaudited)	At 31 December 2012 HK\$'000 (Audited)
<b>Non-current</b>		
Securities designated at fair value through profit or loss:		
– unlisted debt securities with embedded options	28,307	28,287
<b>Current</b>		
Securities designated at fair value through profit or loss:		
– listed equity securities	5,325	12,180
– unlisted fund	19,048	19,479
	24,373	31,659
Held-for-trading investments:		
– listed equity securities	1,562	1,756
– unlisted funds	9,707	10,405
	11,269	12,161
	35,642	43,820

## 10 Loan and Other Receivables

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

	<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
Current	<b>35,914</b>	35,734
Less than 12 months past due	<b>144,033</b>	169,955
More than 12 months past due	<b>32,378</b>	6,995
Gross loan receivables (Note)	<b>212,325</b>	212,684
Prepayments, deposits and other receivables	<b>48,585</b>	53,010
Individually assessed impairment allowances	<b>260,910 (134,496)</b>	265,694 (135,996)
	<b>126,414</b>	129,698
<b>Presented by:</b>		
Non-current assets	<b>466</b>	38,791
Current assets	<b>125,948</b>	90,907
	<b>126,414</b>	129,698

Note: Included in the balance were loans of HK\$97,417,000 (31 December 2012: HK\$95,985,000) granted by licensed banks incorporated in the PRC on behalf of the Group to external customers under entrusted arrangements which the Group bears the risk and reward.

Included in the carrying amounts of loan receivables as at 30 June 2013 and 31 December 2012 were accumulated impairment loss of HK\$134,496,000 and HK\$135,996,000 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.

## 11 Cash and Cash Equivalents

	<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
Deposits placed with other financial institutions	1,740	784
Cash at bank and in hand	<b>252,505</b>	246,036
	<b>254,245</b>	246,820

## 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 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 2013 (six months ended 30 June 2012: Nil).

### (b) Share capital

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$1 each, at 1 January 2012, 31 December 2012 and 30 June 2013	750,000,000	750,000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 January 2012, 31 December 2012 and 30 June 2013	444,633,217	444,633

## 13 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) 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.

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 by the Company. 50% of these options had a vesting period of one year and were exercisable up to 8 September 2012; remaining 50% of these options had a vesting period of two years with exercisable period ended in 8 September 2014. On 15 April 2013, 1,200,000 options and 8,850,000 options were granted with no vesting period and a vesting period of one year respectively. As at 30 June 2013, 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 21,890,000 (31 December 2012: 11,965,000).

125,000 options were forfeited during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil). No options were exercised during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

## 14 Disposal of Subsidiaries

During the six months ended 30 June 2013, the Group disposed of its interests in certain wholly owned subsidiaries to CIAM Parent and its subsidiary at a total consideration of HK\$262,000.

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

	HK\$'000 (Unaudited)
<b>Net assets disposed of:</b>	
Cash at bank	24
Loans and other receivables	43
Amounts due to ultimate holding company	(185)
Accruals and other payables	(139)
Gain on disposal of subsidiaries (note 17(a))	658
Cumulative exchange differences in respect of net assets of the subsidiaries reclassified from equity to profit or loss on disposal of subsidiaries	(139)
	<hr/>
Total consideration received, satisfied in cash	262
<b>Net cash inflow arising on disposal of a subsidiary:</b>	
Cash consideration	262
Cash at bank disposed of	(24)
	<hr/>
Net cash inflow	238
	<hr/>

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

## 15 Fair Value Measurement of Financial Instruments

### (a) Financial instruments measured at fair value

#### (i) Fair value hierarchy

	Fair value measurement as at 30 June 2013 using			
	Fair value at 30 June 2013 HK\$'000	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
<b>Recurring fair value measurement</b>				
<b>Held-for-trading investments:</b>				
– Listed equity securities	1,562	1,562	–	–
– Unlisted funds	9,707	–	9,707	–
<b>Financial assets designated at fair value through profit or loss:</b>				
– Unlisted debt securities with embedded options	28,307	–	–	28,307
– Listed equity securities	5,325	5,325	–	–
– Unlisted fund	19,048	–	19,048	–



## 15 Fair Value Measurement of Financial Instruments (continued)

### (a) Financial instruments measured at fair value (continued)

#### (i) Fair value hierarchy (continued)

	Fair value measurement as at 31 December 2012 using			
	Fair value at 31 December 2012 HK\$'000	Quoted prices in active market for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
<b>Recurring fair value measurement</b>				
<b>Held-for-trading investments:</b>				
– Listed equity securities	1,756	1,756	–	–
– Unlisted funds	10,405	–	10,405	–
<b>Financial assets designated at fair value through profit or loss:</b>				
– Unlisted debt securities with embedded options	28,287	–	–	28,287
– Listed equity securities	12,180	12,180	–	–
– Unlisted fund	19,479	–	19,479	–

## 15 Fair Value Measurement of Financial Instruments (continued)

### (a) Financial instruments measured at fair value (continued)

#### (i) Fair value hierarchy (continued)

During the six months ended 30 June 2013 and twelve months ended 31 December 2012, there were no significant transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

#### (ii) Valuation techniques and inputs used in Level 2 fair value measurements

Fair value of unlisted funds in Level 2 is based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs at the end of the reporting period without any deduction for transaction costs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

#### (iii) Information about Level 3 fair value measurements

The fair value of unlisted debt securities with embedded options is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors, adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2013, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's profit or loss by HK\$2,007,000.

## 15 Fair Value Measurement of Financial Instruments (continued)

### (a) Financial instruments measured at fair value (continued)

#### (iii) Information about Level 3 fair value measurements (continued)

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
Unlisted debt securities with embedded options:		
At 1 January	28,287	28,346
Changes in fair value recognised in profit or loss during the period	20	(59)
At 30 June/31 December	28,307	28,287
Total gain or loss for the period included in profit or loss for assets held at the end of the reporting period	20	(59)

The gains/(losses) arising from the remeasurement of the unlisted debt securities with embedded options are presented in “net gain/(loss) on financial assets designated at fair value through profit or loss” in the consolidated statement of comprehensive income.

The Group has teams headed by different investment division general managers performing valuations for the financial instruments, including the unlisted debt securities and the conversion option embedded in convertible notes. The teams report directly to the management. A valuation report with analysis of changes in fair value measurement is prepared by the teams at each interim and annual reporting date, and is reviewed and approved by the management. Discussion of the valuation process and results with the management is held twice a year, to coincide with the reporting dates.

### (b) Fair values of financial assets and liabilities carried at other than fair value

All of the carrying amounts of the Group’s financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013.

## 16 Capital Commitments

	<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements	<b>2,623</b>	5,159

## 17 Major Related Party Transactions

### (a) Transactions with related companies

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

		<b>Six months ended 30 June</b>	
	NOTE	<b>2013 HK\$'000 (Unaudited)</b>	2012 HK\$'000 (Unaudited)
Gain on disposal of subsidiaries to ultimate holding company and its subsidiary (note 14)		<b>658</b>	–
Expenses reimbursed from ultimate holding company	(i)	<b>1,981</b>	2,718
Expenses reimbursed to ultimate holding company	(i)	<b>(8,033)</b>	(5,027)

### (b) Balances with related companies

		<b>At 30 June 2013 HK\$'000 (Unaudited)</b>	At 31 December 2012 HK\$'000 (Audited)
	NOTE		
Amount due from ultimate holding company	(ii)	–	79
Bank deposits with related companies (included in cash and cash equivalents)	(iii)	<b>216,315</b>	234,415
Amount due to ultimate holding company	(ii)	<b>2,549</b>	–
Loans from non-controlling shareholders		<b>31</b>	31
Dividend receivable from a joint venture	(ii)	–	8,813

## 17 Major Related Party Transactions *(continued)*

Notes:

- (i) The amounts represented expenses reimbursed from/(to) ultimate holding company under the Services Agreements.
- (ii) The amounts are non-interest bearing, unsecured and is expected to be settled within one year.
- (iii) The balances represent bank balances with two banking institutions, which are related companies of the ultimate holding company.

### (c) Key management personnel compensation

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

	<b>Six months ended 30 June</b>	
	<b>2013</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2012 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	<b>5,166</b>	4,142

The amounts represented the net amount after expenses reimbursement arrangement under the Services Agreements.

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 28 which comprises the consolidated statement of financial position of CIAM Group Limited (the “Company”) as of 30 June 2013 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 2013 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

23 August 2013

## Supplementary Information

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

As at 30 June 2013, 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 were as follows:

#### (i) Long positions in the shares, underlying shares of the Company

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%
Lo Wing Yat Kelvin	35,000	3,800,000	3,835,000	0.86%
Huang Bin	–	400,000	400,000	0.09%
Hung Chi Yuen Andrew	–	400,000	400,000	0.09%
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%
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.

**(ii) Long positions in the shares of the Company's associated corporation**

<b>Name of director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Number of shares interested/held</b>	<b>Approximate percentage of the total issued share capital of associated corporation</b>
Huang Bin	CITIC Merchant Co., Limited	Interest of controlled corporation	49	49%

Save as disclosed above, as at 30 June 2013, 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, eligible employees and other participants for their contribution to the Group. The Scheme will remain in force for ten years from the date of its adoption, unless otherwise cancelled or amended.

Under the Scheme, the Board of 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 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 2013, the total number of shares of the Company that may be issued upon exercise of the share options granted and yet to be exercised was 21,890,000 representing approximately 4.92% 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 2013 are as follows:

Name or category of participant	Date of grant	Vesting Period	Exercise period	Exercise price HK\$	Number of shares under the share options				Outstanding at 30.06.2013
					Outstanding at 1.1.2013	Granted during the period	Forfeited during the period	Movement during the period (Note d)	
<b>Directors</b>									
Dou Jianzhong	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	1,250,000	–	–	–	1,250,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	1,250,000	–	–	1,250,000
Lo Wing Yat Kelvin	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	1,900,000	–	–	–	1,900,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	1,900,000	–	–	1,900,000
Huang Bin	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	–	–	–	400,000	400,000
Hung Chi Yuen Andrew	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
Lu Zhicheng	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
Sit Fung Shuen Victor	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
Toh Hock Ghim	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
Wong Yau Kar David	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	200,000	–	–	–	200,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
<b>Employees</b>									
	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	5,815,000	–	(125,000)	–	5,690,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	4,500,000	–	–	4,500,000
	15.4.2013	(Note c)	18.4.2013 to 8.9.2014	1.79	–	1,200,000	–	–	1,200,000
<b>Other participants</b>									
	9.9.2009	(Note a)	9.9.2011 to 8.9.2014	1.79	2,000,000	–	–	(400,000)	1,600,000
	15.4.2013	(Note b)	15.4.2014 to 14.04.2016	1.00	–	200,000	–	–	200,000
<b>Total</b>					11,965,000	10,050,000	(125,000)	0	21,890,000

## Notes:

- (a) 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.
- (b) 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.
- (c) The share options are exercisable immediately after acceptance of the offer until 8 September 2014.
- (d) Following the resignation of Mr. Chan Peng Kuan as a Non-executive Director of the Company on 31 May 2013, all share options granted to Mr. Chan were included under "Other participants". Following the appointment of Mr. Huang Bin as a Non-executive Director of the Company on 31 May 2013, all share options granted to him were moved from the category of "Other participants" to the category of "Directors".
- (e) The closing prices of the shares of the Company immediately before 9 September 2009 and 15 April 2013, on which the share options were granted, were HK\$1.79 and HK\$0.89 per share respectively.
- (f) During the year, no share options were exercised by any director, chief executive of the Company or other participants.
- (g) 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 no vesting period	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\$0.09	HK\$0.30	HK\$0.59
Closing price on grant date	HK\$0.89	HK\$0.89	HK\$1.79
Exercise price	HK\$1.79	HK\$1.00	HK\$1.79
Expected volatility	90.599%	67.923%	63.725%
	per annum	per annum	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)	–	0.183%	1.157%
		per annum	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 2013 amounted to HK\$653,000 (six months ended 30 June 2012: Nil).

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 2013, 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	300,878,860	67.67%
CITIC International Assets Management Limited ("CIAM Parent")	Beneficial owner Interest held by controlled corporation (Note b)	920,000 300,878,860	0.21% 67.67%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation (Note b)	301,798,860	67.88%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation (Note b)	301,798,860	67.88%
CITIC Limited	Interest held by controlled corporation (Note b)	301,798,860	67.88%
CITIC Group Corporation ("CITIC Group")	Interest held by controlled corporation (Note b)	301,798,860	67.88%
Dundee Greentech Limited ("Dundee Greentech")	Beneficial owner	44,000,000	9.90%
Liu Hailong	Interest held by controlled corporation (Note c)	44,000,000	9.90%
Carbon Reserve Investments Limited ("Carbon Reserve")	Beneficial Owner	22,676,294	5.10%
China Energy Conservation and Environmental Protection (Hong Kong) Investment Co., Limited ("CECEP HK")	Interest held by controlled corporation (Note d)	22,676,294	5.10%
China Energy Conservation and Environmental Protection Group ("CECEP Group")	Interest held by controlled corporation (Note d)	22,676,294	5.10%

## 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 2013.
- (b) By virtue of the SFO, CIAM Parent, CIFH, CNCB, CITIC Limited and CITIC Group are deemed to be interested in 301,798,860 shares of the Company. 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 Corporation through its wholly owned subsidiary, CITIC Limited.
- (c) Dundee Greentech is 100% owned by Liu Hailong. By virtue of the SFO, Liu Hailong is deemed to be interested in 44,000,000 shares of the Company.
- (d) Carbon Reserve is a wholly-owned subsidiary of CECEP HK which, in turn, is 100% owned by CECEP. By virtue of the SFO, CECEP HK and CECEP are all deemed to be interested in 22,676,294 shares of the Company.

On 21 August 2013, the Company announced that it has (a) on 29 May 2013 entered into an acquisition agreement (as amended by the supplemental agreement dated 20 August 2013) for the acquisition of 41.50% of the issued share capital in and the shareholder's loan to Agnita Limited, pursuant to which the Company will issue 94,500,000 Shares to Galaxy Bridge International Limited, 35,000,000 Shares to Complete Flourish Investments Limited, 35,000,000 Shares to Fame Depot Investments Limited, 88,200,000 Shares to Silvanus Enterprises Limited and 37,800,000 Shares to Better Decision Enterprises Limited to satisfy the consideration for the transaction; (b) on 29 May 2013 entered into a subscription agreement with Champion Rise International Limited pursuant to which Champion Rise International Limited will subscribe for 100,000,000 Shares; (c) on 29 May 2013 entered into a subscription agreement with Alpha Excel Investments Limited pursuant to which Alpha Excel Investments Limited will subscribe for 70,000,000 Shares; and (d) on 29 May 2013 entered into a subscription agreement with Oriental Stage Limited pursuant to which Oriental Stage Limited will subscribe for 30,000,000 Shares. All of these transactions are subject to shareholders' approval and have not been completed as at the date of publication of this report.

Subsequent to the entering of the acquisition agreement and subscription agreements mentioned in the above paragraph, the following persons have notified to the Company their respective interest in the shares of the Company which have been recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 June 2013, however, these interests are subject to the completions of the transactions contemplated under the relevant agreements.

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>
Galaxy Bridge International Limited	Beneficial owner	94,500,000
Song Kejin	Interest held by controlled corporation	94,500,000
Complete Flourish Investments Limited	Beneficial owner	35,000,000

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>
Lyu Changsheng	Interest held by controlled corporation	35,000,000
Fame Depot Investments Limited	Beneficial owner	35,000,000
China Innovation Foundation Limited	Interest held by controlled corporation	35,000,000
Miao Zhenguo (Note a)	Interest held by controlled corporation	129,500,000
Li Weibin	Interest held by controlled corporation	35,000,000
Silvanus Enterprises Limited	Beneficial owner	88,200,000
Chong Sok Un	Interest held by controlled corporation	88,200,000
Better Decision Enterprises Limited	Beneficial owner	37,800,000
Zhang Xinyong	Interest held by controlled corporation	37,800,000
Champion Rise International Limited	Beneficial owner	100,000,000
Cao Zhong	Interest held by controlled corporation	135,000,000
Alpha Excel Investments Limited	Beneficial owner	70,000,000
Shan Chang	Interest held by controlled corporation	70,000,000
Oriental Stage Limited	Beneficial owner	30,000,000
Wong Ling Ling	Interest held by controlled corporation	30,000,000
Super Engine Limited (Note b)	Beneficial owner	78,750,000
Wu Yangnian (Note b)	Interest held by controlled corporation	78,750,000
Super Sleek Limited (Note b)	Beneficial owner	31,500,000
Wang Chengying (Note b)	Interest held by controlled corporation	31,500,000

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of shares held</b>
Infinity Wealth International Limited (Note b)	Beneficial owner	94,500,000
Designer Touch Limited (Note b)	Beneficial owner	63,000,000
Chen Cheng (Note b)	Interest held by controlled corporation	63,000,000
Captain Century Limited (Note b)	Beneficial owner	141,750,000
Chen Yanping (Note b)	Interest held by controlled corporation	141,750,000
Zhang Lu (Note b)	Interest held by controlled corporation	141,750,000

Note:

- a. Subsequent notification was received by the Company on 22 August 2013 from Mr. Miao Zhenguo that his interest in the Company was reduced from 129,500,000 shares to 35,000,000 shares.
- b. Subsequent notifications were received by the Company on 22 August 2013 which notified the Company that all these shareholders have ceased to hold any interest in 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 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## Corporate Governance Practices

The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2013, 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 Directors believe 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 provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings. At the annual general meeting of the Company held on 29 May 2013 (“2013 AGM”), save as two Non-executive Directors who were unable to attend due to other business engagement, all Directors of the Company had attended the 2013 AGM, at which the Directors had communicated with and developed a balanced understanding of the views of the Shareholders.

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 2013.

## Change in Information of Director

Pursuant to Rule 13.51(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, the change in information of Director of the Company subsequent to the date of the 2012 Annual Report of the Company is as follows:

Mr. Wong Yau Kar David was appointed as an independent non-executive director of Shenzhen Investment Limited, the shares of which are listed on The Stock Exchange of Hong Kong, on 13 June 2013.



## Disclosure under Rules 13.13 and 13.20 of the Listing Rules

During the six months ended 30 June 2013, the Group has the following loan outstanding which constituted an advance to an entity discloseable under Rules 13.13 and 13.20 of the Listing Rules as the transaction amount exceeded 8% under the asset ratio as defined under Rule 14.07 of the Listing Rules.

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責任公司 (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 (the “Loan”) through entrusted arrangement. Details of the Loan have been disclosed in the Company’s circular dated 6 October 2010. As at 30 June 2013, the total outstanding balance of the Loan together with the interest accrued amounted to RMB63,458,000.

## 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 of the Company.