INTERIM REPORT **2014**

Green and Growth

CIAM Group Limited
事安集團有限公司 HKSE 0378

Member of CITIC International Assets Management Limited

Contents

This interim report is printed on Elemental Chlorine Free (ECF) paper.

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

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Stock Code

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Management Discussion and Analysis

Our investment in the electric transportation industry

To follow through with the "Green and Growth" strategy of CIAM Group Limited (the "Company") and its subsidiaries (collectively the "Group"), the Group set foot in electric transportation industry through our investment into Agnita Limited ("Agnita"), a vehicle design company progressing into electric vehicles manufacturing, and 天津銘度科技有限公司 ("Tianjin MTEC"), a developer of electric bike driving units, in late 2013 and early 2014, respectively. The two investments have helped strengthening our foothold in the "Green" industry.

Despite the gradually slowdown of the country's economy as structural transformation continues, the "Green" industry shows strong growth. To combat pollution and cut energy dependence, the Government of the People's Republic of China ("PRC") has increased its measures to support the electric transportation industry, including the "no-queue" license plate policy and purchase tax exemption. Such expanded measures will inevitably help spur consumer demand for electric vehicles. We continue to believe the electric transportation industry will command significant growth prospects and will provide the same positive environment to our two recent investments.

The Group acquired 41.5% equity interest in Agnita in November 2013 and the Company issued new shares as consideration. Since then Agnita is an associate of the Company. The Group subsequently extended a loan of HK$150 million to Agnita in December 2013. Agnita has commenced the construction of production facility in February 2014 and its production is expected to commence in early 2015. The production facility will be designed to ultimately reach annual capacity of 100,000 units of electric vehicles. Meanwhile, Agnita has made significant progress on the major testing of our selected focus models of electric vehicles, including the prototype of mid-size buses and commercial vehicles under extreme cold weather early this year. We are encouraged by the various progresses demonstrated by Agnita and optimistic about the electric transportation industry.

The Group subscribed for 20% equity interest in Tianjin MTEC for RMB15 million in February 2014. Tianjin MTEC commenced construction of an automated production line. As household income continues to rise in the PRC, people naturally will demand for better quality and higher performance electric bikes, and we believe such shift in demand will open door for Tianjin MTEC. Tianjin MTEC is still in early stage of development, with its proprietary technology, aiming at medium to high-end product range competitive to imported products' specification in terms of quality and functionality.

Other existing portfolio

Following our full disposal of listed shares of Sun.King Power Electronics Group Limited in 2013, listed securities portfolio of the Group reduced significantly. During the six months ended 30 June 2014 ("Current Period"), there was no material change in the fair value arisen from the movement of the share prices of the listed securities held by the Group.

The Group holds 45% equity interest in 華能壽光風力發電有限公司 ("Huaneng Shouguang"). For the Current Period, Huaneng Shouguang recorded revenue of similar level to the same period last year with contributable profit of HK$1 million.

A loan to a mining company in Yunnan (the "Borrower") was extended by the Group in October 2010 in the form of an entrusted loan with the principal amount of RMB50 million for a term of two years (the "Loan"). During the term, the Loan accrued an interest of RMB15 million and a consultancy fee of RMB15 million; of which, RMB20 million was repaid. The Loan has a carrying value (loan principal plus accrued consultancy fee and interests, net of impairment) of RMB63 million (equivalent to HK$79 million) as at 30 June 2014. A loan restructuring agreement was entered into between the Group and the Borrower on 24 March 2014 whereby the Borrower shall repay RMB10 million as the first revised instalment by June 2014, but up to the date of this Interim Report, no repayment was made to the Group mainly due to delay in iron ore delivery to customers resulting from various operational reasons. The Group is working closely with the Borrower on the fund flow to ensure soonest remittance and repayment of monies upon receipt of sales proceeds. For sake of prudence, the interest accrued during the Current Period amounted to RMB7 million (equivalent to HK$8 million) was impaired after taking into consideration the latest business development of the Borrower, execution risk and the timing of recovery for different options on hand for the repayment or recovery. Nevertheless, the Loan with the carrying value of HK$79 million, even including the impaired interest accruals and possible costs on recovery, is still reasonably below the fair value of the collateral of RMB255 million (equivalent to HK$318 million) based on the latest valuation report issued by a qualified independent appraiser.

Interim financial results

During the Current Period, the Group's loss attributable to equity shareholders of the Company amounted to HK$24 million (six months ended 30 June 2013: HK$5 million) and loss per share was HK$0.0253 (six months ended 30 June 2013: HK$0.0108).

The results of the Group during the Current Period was mainly hit by HK$11 million share of loss of Agnita, of which 41.5% equity interest was acquired by the Group in November 2013. The loss incurred by Agnita at this stage was expected and in accordance with its business plan. Profit contribution from Agnita is anticipated upon commercial production commences and sales develop to a commercially viable scale.

Out of the investment income of HK$10 million, HK$8 million was penalty interest accrued for the overdue Loan. As discussed in previous section, although the Loan is overdue, impairment assessment performed by the management indicated no recoverability issue on the carrying value of the loan. To be consistent with the conservative approach adopted in 2013, the Group fully provided impairment on the HK$8 million penalty interest accrued for the Current Period.

The Group continued its tight cost control policy and leveraging resources with CITIC International Assets Management Limited ("CIAM Parent"), a substantial shareholder of the Company, to achieve overall cost efficiency, as demonstrated by the reduced level of administrative expenses comparing with same period last year.

Financial position

As at 30 June 2014, the Group's net assets attributable to equity shareholders of the Company amounted to HK$1,305 million (31 December 2013: HK$1,336 million). Net assets attributable to equity shareholders of the Company per share was HK$1.40 (31 December 2013: HK$1.43). The Group's total assets of HK$1,329 million mainly consisted of equity investment in and a loan to Agnita of HK$543 million and HK$150 million respectively, and cash and cash equivalents of HK$382 million. Following the new share subscription in November 2013 with net proceeds of HK$248 million, the level of free cash pooled for pipeline investments and general working capital increased significantly. The following summarized the use of funds since November 2013:

	HK$ million
Cash available before share subscription	277
Net proceeds from share subscription	248
Cash available after share subscription	525
Loan to Agnita in December 2013	(150)
Cash inflows from existing investments	27
General working capital	(2)
Cash available at 31 December 2013	400
Subscription of equity interest in Tianjin MTEC in February 2014	(19)
Realisation of an unlisted fund	18
General working capital	(17)
Cash available at 30 June 2014	382

Currency and interest rate risk exposure

During the Current Period, the Group had no material exposure to interest rate risk. While the Group's investments mainly located in the PRC and exposure to foreign exchange risk on Renminbi exists, the investment tenors are mainly medium to long term and thus effect of short-term swing factors on Renminbi is limited. Management continues to monitor and assess the risk exposure level on Renminbi to ensure prompt action when hedging is necessary.

Contingent liabilities and pledge of assets

As at 30 June 2014, the Group had no contingent liabilities identified and no assets were pledged.

Capital commitments

As at 30 June 2014, contracted capital commitments outstanding for investments amounted to HK$3 million (31 December 2013: HK$3 million).

Human resources

There were no significant changes in human resources plan and compensation policy during the Current Period. The Group continues to leverage the human resources of CIAM Parent, through the Inter-companies Services and Cost Allocation Agreements signed between the Company and CIAM Parent on 30 December 2013.

Way forward

2014 will be another challenging year for the Group to apply its available funding to further fine tune the investment portfolio for the benefits of the Group as a Green investment platform, and at the same time, maximizing the benefits to its shareholders.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	NOTE	Six months ended 30 June **2014** **HK$'000** **(Unaudited)**	 2013 HK$'000 (Unaudited and restated)
Revenue			
Net gain/(loss) on held-for-trading investments		**64**	(892)
Net (loss)/gain on financial assets at fair value through profit or loss		**(1,025)**	5,691
Investment income		**10,121**	13,849
		9,160	18,648
Other net income		**195**	47
Administrative expenses		**(14,490)**	(16,025)
(Loss)/profit from operations before impairment		**(5,135)**	2,670
Impairment loss on loan and other receivables	10(b)	**(8,251)**	(9,539)
Gain on disposal of subsidiaries	14	**–**	658
Share of loss of an associate		**(11,491)**	–
Share of profits less losses of joint ventures		**1,210**	1,461
Loss before taxation	4	**(23,667)**	(4,750)
Income tax	5	**–**	(40)
Loss for the period		**(23,667)**	(4,790)
Other comprehensive income for the period (after tax and reclassification adjustments)			
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		**(8,111)**	3,574
– Reclassification adjustment upon disposal of a subsidiary	14	**–**	(139)
		(8,111)	3,435
Total comprehensive income for the period		**(31,778)**	(1,355)

	NOTE	Six months ended 30 June **2014** **HK$'000** **(Unaudited)**	2013 HK$'000 (Unaudited)
Loss for the period attributable to:			
– Equity shareholders of the Company		**(23,657)**	(4,790)
– Non-controlling interests		**(10)**	–
		(23,667)	(4,790)
Other comprehensive income for the period attributable to:			
– Equity shareholders of the Company		**(8,111)**	3,435
– Non-controlling interests		**–**	–
		(8,111)	3,435
Total comprehensive income for the period attributable to:			
– Equity shareholders of the Company		**(31,768)**	(1,355)
– Non-controlling interests		**(10)**	–
		(31,778)	(1,355)
Loss per share			
Basic and diluted (HK cents)	6	**(2.53)**	(1.08)

The notes on pages 13 to 34 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2014

	NOTE	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**780**	932
Interest in an associate	7	**542,526**	556,435
Interest in joint ventures	8	**111,691**	113,198
Financial assets at fair value through profit or loss	9	**47,010**	28,295
Loan and other receivables	10	**491**	451
Other non-current assets		**1,104**	1,104
		703,602	700,415
Current assets			
Financial assets at fair value through profit or loss	9	**11,648**	30,290
Loan and other receivables	10	**231,649**	234,072
Cash and cash equivalents	11	**381,716**	399,621
		625,013	663,983
Current liabilities			
Accruals and other payables	12	**15,332**	18,119
Amount due to a substantial shareholder	17(b)	**3,406**	2,597
Loans from a non-controlling shareholder	17(b)	**31**	31
Current taxation		**4,357**	7,151
		23,126	27,898
Net current assets		**601,887**	636,085
NET ASSETS		**1,305,489**	1,336,500

	NOTE	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
CAPITAL AND RESERVES			
Share capital	13(b)	**935,133**	935,133
Reserves		**370,326**	401,327
Total equity attributable to equity shareholders of the Company		**1,305,459**	1,336,460
Non-controlling interests		**30**	40
TOTAL EQUITY		**1,305,489**	1,336,500

The notes on pages 13 to 34 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 – unaudited

	Attributable to equity shareholders of the Company									
	Share capital HK$'000 Note 13(c)(i)	Share premium HK$'000 Note 13(c)(ii)	Contributed surplus HK$'000 Note 13(c)(iii)	Exchange reserve HK$'000 Note 13(c)(iv)	Share option reserve HK$'000 Note 13(c)(v)	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2014	935,133	341,137	82,445	25,326	8,912	5,763	(62,256)	1,336,460	40	1,336,500
Changes in equity for the six months ended 30 June 2014:										
Loss for the period	–	–	–	–	–	–	(23,657)	(23,657)	(10)	(23,667)
Other comprehensive income	–	–	–	(8,111)	–	–	–	(8,111)	–	(8,111)
Total comprehensive income for the period	–	–	–	(8,111)	–	–	(23,657)	(31,768)	(10)	(31,778)
Equity settled share-based transactions (note 13(d))										
– amortisation for the period	–	–	–	–	767	–	–	767	–	767
Balance at 30 June 2014	935,133	341,137	82,445	17,215	9,679	5,763	(85,913)	1,305,459	30	1,305,489
Balance at 1 January 2013	444,633	31,970	82,445	18,654	7,094	5,301	(39,713)	550,384	40	550,424
Changes in equity for the six months ended 30 June 2013:										
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 (note 13(d))										
– amortisation for the period	–	–	–	–	653	–	–	653	–	653
– transfer to accumulated losses upon forfeiture	–	–	–	–	(74)	–	74	–	–	–
Balance at 30 June 2013 and 1 July 2013	444,633	31,970	82,445	22,089	7,673	5,356	(44,484)	549,682	40	549,722
Changes in equity for the six months ended 31 December 2013:										
Loss for the period	–	–	–	–	–	–	(17,439)	(17,439)	–	(17,439)
Other comprehensive income	–	–	–	3,237	–	–	–	3,237	–	3,237
Total comprehensive income for the period	–	–	–	3,237	–	–	(17,439)	(14,202)	–	(14,202)
Profit appropriation to statutory surplus reserve (note 13(c)(v))	–	–	–	–	–	407	(407)	–	–	–
Issue of new shares (note 13(b)(iii))	490,500	309,167	–	–	–	–	–	799,667	–	799,667
Equity-settled share-based transactions										
– amortisation for the period	–	–	–	–	1,313	–	–	1,313	–	1,313
– transfer to accumulated losses upon forfeiture	–	–	–	–	(74)	–	74	–	–	–
Balance at 31 December 2013	935,133	341,137	82,445	25,326	8,912	5,763	(62,256)	1,336,460	40	1,336,500

The notes on pages 13 to 34 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	NOTE	Six months ended 30 June 2014 HK$'000 (Unaudited)	 2013 HK$'000 (Unaudited)
Net cash used in operating activities		**(15,798)**	(14,895)
Investing activities			
Payment for purchase of financial assets at fair value through profit or loss		**(19,308)**	–
Proceeds from disposal of subsidiaries	14	**–**	238
Proceeds from disposal of financial assets at fair value through profit or loss		**17,717**	12,957
Loans repaid by third parties		**14**	291
Dividend received from a joint venture		**–**	8,813
Net cash (used in)/generated from investing activities		**(1,577)**	22,299
Net (decrease)/increase in cash and cash equivalents		**(17,375)**	7,404
Cash and cash equivalents at 1 January		**399,621**	246,820
Effect of foreign exchange rate changes		**(530)**	21
Cash and cash equivalents at 30 June	11	**381,716**	254,245

The notes on pages 13 to 34 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 22 August 2014.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of those 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 2013 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 35.

The financial information relating to the financial year ended 31 December 2013 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 2013 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 21 March 2014.

2 Changes in Accounting Policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of those, the following developments are relevant to the Group's financial statements:

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The initial adoption of these amendments in 2014 do not have an impact on the Group's interim financial report as the Group has not recognised or reversed any impairment loss on individual non-financial asset or CGU.

3 Segment Reporting

The Group is principally engaged in direct investments, including financing, securities trading and asset investment, which is regarded as a single reportable segment 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.

3 Segment Reporting (continued)

(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 2014 and 2013 is set out below:

	Direct investments Six months ended 30 June		Total Six months ended 30 June	
	2014 **HK$'000** **(Unaudited)**	2013 HK$'000 (Unaudited and restated)	**2014** **HK$'000** **(Unaudited)**	2013 HK$'000 (Unaudited and restated)
Revenue	**9,160**	18,648	**9,160**	18,648
Segment results	**7,686**	17,361	**7,686**	17,361
Impairment loss on loan and other receivables	**(8,251)**	(9,539)	**(8,251)**	(9,539)
Share of loss of an associate	**(11,491)**	–	**(11,491)**	–
Share of profits less losses of joint ventures	**1,210**	1,461	**1,210**	1,461
Unallocated corporate income			**1,494**	705
Central administrative costs and directors' remuneration			**(14,315)**	(14,738)
Loss before taxation			**(23,667)**	(4,750)

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

Segment results represent profit attributable to the 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:

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Segment assets		
Direct investments	**941,738**	958,928
Total segment assets	**941,738**	958,928
Cash and cash equivalents	**381,716**	399,621
Unallocated assets	**5,161**	5,849
Consolidated assets	**1,328,615**	1,364,398
Segment liabilities		
Direct investments	**31**	31
Total segment liabilities	**31**	31
Unallocated liabilities	**23,095**	27,867
Consolidated liabilities	**23,126**	27,898

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, 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 a substantial shareholder and the unallocated accruals and other payables.

4 Loss before Taxation

Loss before taxation is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Staff costs	**5,853**	7,739
Directors' remuneration	**2,506**	2,714
Depreciation of property, plant and equipment	**188**	316
Operating lease charges in respect of land and buildings	**1,949**	1,853

Note:

Above 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 CITIC International Assets Management Limited ("CIAM Parent"), a substantial shareholder (the ultimate holding company as at 30 June 2013) of the Company, on 30 December 2013 and 28 November 2011.

5 Income Tax

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Outside Hong Kong		
Provision for profits tax for the period	**–**	591
Over-provision for profits tax in respect of prior periods	**–**	(551)
	–	40

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2014 and 2013 as the Group does not have any assessable profit in Hong Kong in both periods. 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$23,657,000 (six months ended 30 June 2013: HK$4,790,000) and the weighted average number of 935,133,217 (six months ended 30 June 2013: 444,633,217) ordinary shares in issue during the interim period.

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2014 and 2013 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 Interest in an Associate

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Share of net assets attributable to equity shareholders of the associate	**84,235**	98,144
Goodwill	**458,291**	458,291
	542,526	556,435

Details of the principal associates as at 30 June 2014 are as follows:

				Proportion of ownership interest			
Name of associate	Form of business structure	Place of incorporation and operations	Issued and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Agnita Limited ("Agnita")	Incorporated	British Virgin Islands	USD10,000	41.5%	–	41.5%	Investment holding (Note)
天津銘度科技有限公司 ("Tianjin MTEC")	Incorporated	The People's Republic of China ("PRC")	RMB12,500,000	20%	–	20%	Development, manufacturing and sale of electric bike driving units

7 Interest in an Associate (continued)

Note: Agnita and its subsidiaries, a pioneer in the PRC to design and develop electric vehicles, possess a manufacturing license in the PRC with the plan of producing electric vehicles, which enables the Group to explore many other value chain investment opportunities surrounding new energy transportation.

Interest in Agnita is accounted for using the equity method in the consolidated financial statements.

Interest in Tianjin MTEC is exempted from applying the equity method and is recognised as a financial asset at fair value through profit or loss (note 9).

8 Interest in Joint Ventures

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Share of net assets	**111,691**	113,198

Details of the principal joint venture as at 30 June 2014 are as follows:

				Proportion of ownership interest			
Name of joint venture	**Form of business structure**	**Place of incorporation and operation**	**Issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
華能壽光風力發電有限公司	Incorporated	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 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Non-current		
Securities at fair value through profit or loss:		
Unlisted debt securities with embedded options	**28,280**	28,295
Unlisted equity securities	**18,730**	–
	47,010	28,295
Current		
Securities at fair value through profit or loss:		
Unlisted fund	**–**	18,727
Held-for-trading investments:		
Listed equity securities	**1,831**	1,748
Unlisted funds	**9,817**	9,815
	11,648	11,563
	11,648	30,290

All listed and unlisted investments classified as financial assets at fair value through profit or loss are issued by corporate entities.

As at 30 June 2014, the Group's unlisted equity investment amounting to a fair value of HK$18,730,000 (31 December 2013: HK$Nil) was an investment in an associate, Tianjin MTEC. This investment was exempted from applying the equity method and was recognised as a financial asset at fair value through profit or loss.

10 Loan and Other Receivables

(a) Loan and other receivables less impairment allowance

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

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Current	**150,521**	150,480
Less than 12 months past due	**–**	3
More than 12 months past due	**175,616**	177,141
Gross loan receivables (Note)	**326,137**	327,624
Prepayments, deposits and other receivables	**67,740**	60,858
	393,877	388,482
Individually assessed impairment allowances (note 10(b))	**(161,737)**	(153,959)
	232,140	234,523
Presented by:		
Non-current assets	**491**	451
Current assets	**231,649**	234,072
	232,140	234,523

Note: Included in the balance was an overdue loan of HK$61,206,000 (31 December 2013: HK$62,731,000) granted by a licensed bank incorporated in the PRC on behalf of the Group to an external customer under entrusted arrangement which the Group bears the risk and reward. The loan was secured by a mining right of an iron ore mine located in the PRC.

10 Loan and Other Receivables (continued)

(b) Movement in impairment allowances on loan and other receivables

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
At 1 January	**153,959**	135,996
Impairment loss charged to profit or loss during the period/year (Note)	**8,251**	19,463
Uncollectible amount written off	**–**	(1,500)
Exchange adjustment	**(473)**	–
At 30 June/31 December (note 10(a))	**161,737**	153,959

Note: The carrying value (loan principal plus accrued consultancy fee and interests, net of impairment) of an entrusted loan to a mining company as at 30 June 2014 amounted to HK$79,229,000 (31 December 2013: HK$81,203,000). Based on the impairment assessment performed by the management, an individually assessed impairment allowance of HK$8,251,000 was provided for the six months ended 30 June 2014, which represented the interest accrued for the six months ended 30 June 2014 (six months ended 30 June 2013: HK$9,539,000).

11 Cash and Cash Equivalents

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Deposits placed with other financial institutions	**1,432**	1,431
Bank balances and cash	**380,284**	398,190
	381,716	399,621

12 Accruals and Other Payables

All accruals and 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 2014 (six months ended 30 June 2013: Nil).

(b) Share capital

(i) Authorised and issued share capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$1 each		
Authorised:		
At 1 January 2013	750,000,000	750,000
Increase in authorised share capital on 13 November 2013 (note 13(b)(ii))	1,750,000,000	1,750,000
At 31 December 2013 and 30 June 2014	2,500,000,000	2,500,000
Issued and fully paid:		
At 1 January 2013	444,633,217	444,633
Issue of new shares on 27 November 2013 (note 13(b)(iii))	490,500,000	490,500
At 31 December 2013 and 30 June 2014	935,133,217	935,133

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13 Capital, Reserves and Dividends (continued)

(b) Share capital (continued)

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 13 November 2013, the Company's authorised share capital was increased to HK$2,500,000,000 by the creation of additional 1,750,000,000 ordinary shares of HK$1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

(iii) New shares issued

Acquisition of an associate

On 27 November 2013, the Company issued and allotted an aggregate of 290,500,000 shares to five third parties for the acquisition of 41.5% equity interest in Agnita and HK$175,000,000 shareholder's loan to Agnita. Total value of the consideration shares of HK$551,950,000 was determined based on the closing share price of the Company as quoted on the Stock Exchange on 27 November 2013, the completion date of the acquisition. HK$290,500,000 was credited to share capital and the balance of HK$261,450,000 was credited to the share premium account.

New subscriptions

On 27 November 2013, the Company issued and allotted an aggregate of 200,000,000 shares at a consideration of HK$250,000,000 to three third parties under the subscription agreements dated 29 May 2013 upon the completion of the acquisition of Agnita. Total net proceeds of HK$247,717,000 had been received from the subscriptions, of which HK$200,000,000 was credited to share capital and the balance of HK$47,717,000 was credited to the share premium account.

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.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(1) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(2) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(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.

13 Capital, Reserves and Dividends (continued)

(d) Equity settled share-based transactions

The Company adopted a share option scheme (the "Scheme") on 12 October 2007, pursuant to which options will be granted to eligible persons (including the directors and employees of the Company) for the purpose of providing incentives or rewards to them. A consideration of HK$1.00 is payable on acceptance of the offer of options and each option entitles the holder the right to subscribe for one share of HK$1.00 each of the Company. On 9 September 2009, 29,810,000 options were granted by the Company. 50% of these options had a vesting period of one year and had expired on 8 September 2012; remaining 50% of these options had a vesting period of two years with exercisable period ended on 8 September 2014. On 15 April 2013, a total of 10,050,000 new options ("New Options") were granted, among which, 1,200,000 options were granted with no vesting period and exercisable immediately upon acceptance of the offer until 8 September 2014 while the other 8,850,000 options had a vesting period of one year and were exercisable from 15 April 2014 to 14 April 2016. The fair value of the New Options granted under the Scheme was HK$2,733,000. As at 30 June 2014, 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 21,765,000 (31 December 2013: 21,765,000).

Expenses recognised in the Group's financial statements for the six months ended 30 June 2014 as a result of granting share options amounted to HK$767,000 (six months ended 30 June 2013: HK$653,000).

No options were lapsed during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil). No options were forfeited during the six months ended 30 June 2014 (six months ended 30 June 2013: 125,000). No options were exercised during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

14 Disposal of Subsidiaries

During the six months ended 30 June 2014, there was no disposal of subsidiary by the Group.

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 following summarises the effect of the disposal in the consolidated financial statements:

	HK$'000 (Unaudited)
Net liabilities disposed of:	
Cash and cash equivalents	24
Other receivables	43
Amounts due to ultimate holding company	(185)
Accruals and other payables	(139)
Gain on disposal of subsidiaries (note 17(a))	658
Exchange differences reclassified from equity to profit or loss on disposal of a subsidiary	(139)
Total consideration received, satisfied in cash	262
Net cash inflow arising on disposal of subsidiaries:	
Cash consideration	262
Cash and cash equivalents disposed of	(24)
Net cash inflow	238

15 Fair Value Measurement of Financial Instruments

(a) Financial instruments measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has teams headed by different investment division general managers performing valuations for the financial instruments, including unlisted debt securities and the conversion option embedded in convertible notes and unlisted equity securities which are categorised into Level 3 of the fair value hierarchy. 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.

15 Fair Value Measurement of Financial Instruments (continued)

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

(i) Fair value hierarchy (continued)

As at 30 June 2014

	Level 1 HK$'000 (Unaudited)	Level 2 HK$'000 (Unaudited)	Level 3 HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Held-for-trading investments:				
– Listed equity securities	1,831	–	–	1,831
– Unlisted funds	–	9,817	–	9,817
Financial assets at fair value through profit or loss:				
– Unlisted debt securities with embedded options	–	–	28,280	28,280
– Unlisted equity securities	–	–	18,730	18,730

As at 31 December 2013

	Level 1 HK$'000 (Audited)	Level 2 HK$'000 (Audited)	Level 3 HK$'000 (Audited)	Total HK$'000 (Audited)
Held-for-trading investments:				
– Listed equity securities	1,748	–	–	1,748
– Unlisted funds	–	9,815	–	9,815
Financial assets at fair value through profit or loss:				
– Unlisted debt securities with embedded options	–	–	28,295	28,295
– Unlisted fund	–	18,727	–	18,727

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 2014 and twelve months ended 31 December 2013, there were no transfer 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 determined 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 and unlisted equity securities are 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 2014, if the discount for lack of marketability had been 5% higher/lower, with all other variables held constant, the Group's loss after tax for the period would have been HK$1,502,000 higher/lower respectively (six months ended 30 June 2013: HK$2,007,000 higher/lower).

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:

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Unlisted debt securities with embedded options:		
At 1 January	28,295	28,287
Changes in fair value recognised in profit or loss during the period/year	(15)	8
At 30 June/31 December	28,280	28,295
Total (loss)/gain for the period included in profit or loss for assets held at the end of the reporting period	(15)	8
Unlisted equity securities:		
At 1 January	–	–
Payment for purchase	19,308	–
Exchange adjustment	(578)	–
At 30 June/31 December	18,730	–
Total loss for the period included in other comprehensive income for assets held at the end of the reporting period	(578)	–

The gain or loss arising from the remeasurement of the unlisted debt securities with embedded options and unlisted equity security are presented in "net (loss)/gain on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income.

(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 30 June 2014 and 31 December 2013 respectively.

16 Capital Commitments

Capital commitments outstanding for investments as at 30 June 2014 not provided for in the financial statements were as follows:

	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Contracted for	**2,620**	2,622

17 Major Related Party Transactions

(a) Transactions with related companies

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

		Six months ended 30 June	
	NOTE	**2014 HK$'000 (Unaudited)**	2013 HK$'000 (Unaudited)
Gain on disposal of subsidiaries to ultimate holding company and its subsidiary (note 14)		**–**	658
Expenses reimbursed from a substantial shareholder	(i)	**916**	–
Expenses reimbursed from ultimate holding company	(i)	**–**	1,981
Expenses reimbursed to a substantial shareholder	(i)	**(7,388)**	–
Expenses reimbursed to ultimate holding company	(i)	**–**	(8,033)

17 Major Related Party Transactions (continued)

(b) Balances with related companies

	NOTE	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
Loan to an associate	(ii)	**150,000**	150,000
Amount due to a substantial shareholder	(ii)	**(3,406)**	(2,597)
Loans from a non-controlling shareholder		**(31)**	(31)

Notes:

(i) The amounts represented expenses reimbursed from/(to) a substantial shareholder (the ultimate holding at 30 June 2013), CIAM Parent, under the Services Agreements as mentioned in note 4.

(ii) The amounts are non-interest bearing, unsecured and is expected to be settled within one year.

(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 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
Salaries and other short-term employee benefits	**4,908**	5,166

The amounts represented the net amount after expenses reimbursement arrangement under the Services Agreements as mentioned in note 4.

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.

18 Comparative Figures

Since 1 July 2013, the Group and the Company have presented the amount of interest income from an impaired loan to external customer and the corresponding impairment loss on the accrued interest receivable from the loan of equal amount in the consolidated statement of comprehensive income on a gross basis. As a result, the comparative figure of “investment income” and “impairment loss on loan and other receivables” in the consolidated statement of comprehensive income has been restated accordingly to conform to the current period’s presentation.

Independent Review Report

KPMG

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 7 to 34 which comprises the consolidated statement of financial position of CIAM Group Limited (the "Company") and its subsidiaries as of 30 June 2014 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 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

22 August 2014

Supplementary Information

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

As at 30 June 2014, the interests or short positions of the Directors and the Chief Executive of CIAM Group Limited (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:

Name of director/ chief executive	Number of shares under 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	0.27%
Lo Wing Yat Kelvin	35,000	3,800,000	3,835,000	0.41%
Huang Bin	–	400,000	400,000	0.04%
Hung Chi Yuen Andrew	–	400,000	400,000	0.04%
Lu Zhicheng	–	400,000	400,000	0.04%
Sit Fung Shuen Victor	–	400,000	400,000	0.04%
Toh Hock Ghim	–	400,000	400,000	0.04%
Wong Yau Kar David	–	400,000	400,000	0.04%

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 2014, 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 Company and its subsidiaries (collectively the "Group"). The Scheme will remain in force for 10 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 entities 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 members 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 2014, 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 21,765,000 representing approximately 2.3% 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 least 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 as at 30 June 2014 are as follows and there was no movement during the six months period ended 30 June 2014:

Name or category of participant	Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of shares under the share options Outstanding at 1.1.2014	Movement during the period	Outstanding at 30.6.2014
Directors							
Dou Jianzhong	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,250,000	–	1,250,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	1,250,000	–	1,250,000
Lo Wing Yat Kelvin	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,900,000	–	1,900,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	1,900,000	–	1,900,000
Huang Bin	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	400,000	–	400,000
Hung Chi Yuen Andrew	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	–	200,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Lu Zhicheng	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	–	200,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Sit Fung Shuen Victor	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	–	200,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Toh Hock Ghim	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	–	200,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Wong Yau Kar David	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	200,000	–	200,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Employees	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	5,565,000	–	5,565,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	4,500,000	–	4,500,000
	15.4.2013	(Note (iii))	18.4.2013 to 8.9.2014	1.79	1,200,000	–	1,200,000
Other participants	9.9.2009	(Note (i))	9.9.2011 to 8.9.2014	1.79	1,600,000	–	1,600,000
	15.4.2013	(Note (ii))	15.4.2014 to 14.4.2016	1.00	200,000	–	200,000
Total					21,765,000	–	21,765,000

Notes:

(i) 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.

(ii) 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.

(iii) The share options are exercisable immediately after acceptance of the offer until 8 September 2014.

(iv) 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.

(v) During the period, no share options were exercised by any Director, Chief Executive of the Company or other participants.

(vi) 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% per annum	67.923% 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)	0.090% per annum	0.183% per annum	1.157% per annum

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

Expenses recognised in the Group's financial statements as a result of granting share options for the six months ended 30 June 2014 amounted to HK$767,000 (six months ended 30 June 2013: HK$653,000).

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 2014, 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	32.17%
CITIC International Assets Management Limited ("CIAM Parent")	Beneficial owner	920,000	0.10%
	Interest held by controlled corporation (Note b)	300,878,860	32.17%
CITIC International Financial Holdings Limited ("CIFH")	Interest held by controlled corporation (Note b)	301,798,860	32.27%
China CITIC Bank Corporation Limited ("CNCB")	Interest held by controlled corporation (Note b)	301,798,860	32.27%
CITIC Corporation Limited (formerly known as CITIC Limited)	Interest held by controlled corporation (Note b)	301,798,860	32.27%
CITIC Group Corporation ("CITIC Group")	Interest held by controlled corporation (Note b)	301,798,860	32.27%
Champion Rise International Limited	Beneficial owner	100,000,000	10.69%
Cao Zhong	Interest held by controlled corporation	100,000,000	10.69%

Name of shareholder	Capacity	Number of shares held	Approximate percentage of issued share capital (Note a)
Galaxy Bridge International Limited	Beneficial owner	94,500,000	10.11%
Song Kejin	Interest held by controlled corporation	94,500,000	10.11%
Alpha Excel Investments Limited	Beneficial owner	70,000,000	7.49%
Shan Chang	Interest held by controlled corporation	70,000,000	7.49%
Silvanus Enterprises Limited	Beneficial owner	63,000,000	6.74%
Chong Sok Un	Interest held by controlled corporation	63,000,000	6.74%
Preferred Market Limited (Note c)	Beneficial owner	66,466,165	7.11%
FDG Electric Vehicles Limited (formerly known as Sinopoly Battery Limited) ("FDG") (Note c)	Interest held by controlled corporation	66,466,165	7.11%

Notes:

(a) The percentages are calculated based on the total number of issued shares of the Company of 935,133,217 shares as at 30 June 2014.

(b) By virtue of the SFO, CIAM Parent, CIFH, CNCB, CITIC Corporation 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 66.95% owned by CITIC Group through its wholly owned subsidiary, CITIC Corporation Limited.

(c) As disclosed in the announcement of the Company dated 19 December 2013, an option deed dated 19 December 2013 (the "Option Deed") was entered into among the Group, FDG and Preferred Market Limited, a wholly-owned subsidiary of FDG, pursuant to which, Preferred Market Limited agreed to grant an option to the Company to acquire additional 850 shares in Agnita Limited ("Agnita") at the exercise price of HK$88,400,000 which will be settled by the issuance of 66,466,165 consideration shares of the Company at the issue price of HK$1.33 each. As at 30 June 2014, the Company has not exercised the option and thus the consideration shares are not issued to Preferred Market Limited yet.

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 2014.

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

During the six months ended 30 June 2014, 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 applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, save 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 provision A.6.7 of the CG Code, the independent non-executive directors and the non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. At the annual general meeting of the Company held on 28 May 2014, save for Mr. Huang Bin and Mr. Lu Zhicheng, two Non-executive Directors of the Company, who were unable to attend that meeting due to other business engagements, all Directors were present at the 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. In response to specific enquiry by the Company, all Directors confirmed that they have fully complied with the required standard as set out in the aforesaid Model Code throughout the six months ended 30 June 2014.

Change in Information of Director

Pursuant to Rule 13.51(B) of the Listing Rules, the change in information of Director of the Company subsequent to the date of the 2013 Annual Report of the Company is as follows:

Mr. Wong Yau Kar David was appointed as an independent non-executive director of Sinopec Kantons Holdings Limited, the shares of which are listed on the Stock Exchange, on 31 March 2014.

Disclosure under Rules 13.13 and 13.20 of the Listing Rules

As at 30 June 2014, 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 of the loan exceeded 8% under the asset ratio as defined under Rule 14.07 of the Listing Rules.

Pursuant to the loan agreement dated 19 December 2013 entered into between CIAM Investment (BVI) Limited ("CIAM Investment"), a wholly-owned subsidiary of the Company, and Agnita, CIAM Investment has provided an interest-free loan in the principal amount of HK$150,000,000 (the "Loan") to Agnita. The term of the Loan is nine months from the date of drawdown of the Loan. Agnita shall repay CIAM Investment in full in cash upon maturity. Details of the Loan have been disclosed in the Company's announcement dated 19 December 2013.

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 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, and the Company's Audit Committee, which comprises three Independent Non-executive Directors of the Company.