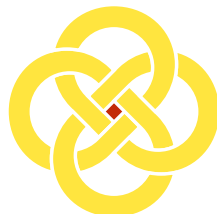


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CIAM Group Limited**  
**事安集團有限公司\***

*(Member of CITIC International Assets Management Limited  
incorporated in Bermuda with limited liability)  
(Stock Code: 378)*

**PROFIT WARNING**

This announcement is made by CIAM Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that the Company expects to record an increase in loss attributable to the shareholders of the Company for the six months ended 30 June 2014 (the “**Relevant Period**”) as compared to the corresponding period ended 30 June 2013 (the “**Comparable Period**”). Based on the preliminary assessment of the unaudited management accounts of the Company for the Relevant Period and information currently available to the Board, the expected increase in loss, on a year-on-year basis, was primarily attributable to (i) the share of loss in the Relevant Period from an associate acquired in November 2013; and (ii) no material fair value gain through profit or loss accounts in the Relevant Period as compared with such fair value gain in the Comparable Period.

**Share of loss from an associate**

Agnita Limited (“**Agnita**”) is an associate principally engaged in vehicle design and the design, manufacture and sales of electric vehicles which the Group acquired 41.5% equity interest in November 2013. Following the disclosure of Agnita’s business development in the Company’s annual report for the year ended 31 December 2013 (the “**2013 Annual Report**”), Agnita has been making progress as planned in constructing the manufacturing facilities in Hangzhou and testing of new electric vehicles. Agnita incurred an operating loss during the

Relevant Period and the Group shared approximately HK\$11 million of the net loss. The loss arising from Agnita at this stage is anticipated in accordance to its business plan and will continue until commercial production commences and sales develop to a commercially viable scale.

### **Current investment portfolio measured at fair value**

As an investment company, the Group records fair value gain or loss from the revaluation of our investment portfolio, from time to time, in accordance with the prevailing accounting standard and Group policy. During the Comparable Period, fair value gain of HK\$6 million on a listed equity investment was recorded. During the Relevant Period, no material fair value change was recognised on the Group's investment portfolio.

Separately, the Board wishes to give an update on an overdue loan following the disclosure made in the 2013 Annual Report. As disclosed in the 2013 Annual Report, a loan made to a mining company in Yunnan (the “**Borrower**”) with a principal amount of RMB50 million (the “**Loan**”) has been overdue since October 2011. 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 a revised repayment schedule was agreed and pursuant to which, the Borrower shall repay RMB10 million by June 2014 as the first revised instalment. As of the date of this announcement, no repayment was made to the Group. The Group has been actively liaising with the Borrower for the settlement of the first instalment and was given to understand that the funding for the repayment was expected to be obtained from the Borrower's customer upon the delivery of iron ores. Unfortunately, the delivery process of the iron ores has been delayed due to various operational reasons until late July 2014. The Group is now working closely with the Borrower on fund flow to ensure the soonest remittance and repayment of monies upon receipt from its customer. More updates will be provided regarding the settlement of this RMB10 million repayment in the Group's coming interim results announcement for the six months ended 30 June 2014.

A consistent and cautious approach has been adopted by the Group's management on the impairment review of the Loan in terms of its recoverability, with reference to the value of the collateral, the execution risk, timing of the recovery, etc. Based on the valuation report issued by a qualified independent third party appraiser dated 29 January 2014, the fair value of the collateral, being the mining rights of an iron ore mine owned by the Borrower, was RMB255 million (equivalent to HK\$318 million). Nevertheless, management has revisited the impairment review of the Loan with a more prudent approach, taking into account of the latest development on the Borrower's business and any other alternatives available to the Group in terms of the recovery. RMB7 million (equivalent to HK\$8 million) interest was accrued in accordance with the terms of the Loan and the same amount was impaired in the Relevant Period. Management considers the impairment provision to be adequate in view of the full coverage of the fair value of the collateral against the carrying value of the Loan, and will continue monitoring the conditions in the second half of the year and assess if further impairment is required.

The Board is of the view that the increase in loss attributable to the shareholders of the Company for the Relevant Period as compared to the Comparable Period as a result of the above factors, which will be reflected in the Consolidated Statement of Comprehensive Income of the Company for the Relevant Period, does not have any adverse impact on the business operation and the cash flow position of the Group.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Company for the Relevant Period and information currently available and such information has not been audited nor reviewed by the Company's auditors. There may be adjustments following further review and finalization of the unaudited management accounts by the Board. The interim results of the Group are expected to be published before the end of August 2014.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**CIAM Group Limited**  
**Kyna Y.C. Wong**  
*Company Secretary*

Hong Kong, 31 July 2014

*As at the date of this announcement, the Board comprises Mr. Dou Jianzhong (Chairman), Mr. Lo Wing Yat Kelvin (Executive Vice-chairman), Mr. Huang Bin<sup>+</sup>, Mr. Hung Chi Yuen Andrew<sup>#</sup>, Mr. Lu Zhicheng<sup>+</sup>, Mr. Sit Fung Shuen Victor<sup>#</sup>, Mr. Toh Hock Ghim<sup>#</sup> and Mr. Wong Yau Kar David<sup>+</sup>.*

<sup>\*</sup> *For identification purpose only*

<sup>+</sup> *Non-executive Director*

<sup>#</sup> *Independent Non-executive Director*