CHINA PRIVATE EQUITY
INVESTMENT HOLDINGS LIMITED
福泰中國投資控股有限公司

CHAIRMAN'S STATEMENT

On behalf of the directors, I present the interim results of the Group for the 6-month period ended 30 June 2011.

I am pleased to report that the Group's unaudited net asset value as at 30 June 2011 stood at US$34,650,000 (30 June 2010: US$26,922,000). The increase in net assets was largely attributable to the acquisition of a 30% interest in Enfinium, referred to below, and appreciation in the value of the portfolio. The Group's unaudited consolidated loss for the period under review amounted to US$647,000 (compared with a loss of US$412,000 for the corresponding period last year).

In April 2011, the Company entered into an agreement with Furuya Consultants Limited ("FCL") to acquire a 30% interest in Enfinium for an initial consideration of US$6 million. Enfinium is a Hong Kong based financial services company which operates a regulated online FOREX trading platform, and provides a range of financial advisory services as a regulated entity in Australia. The Company satisfied the consideration of US$6 million by issuing 10 million new ordinary shares of no par value, representing 13.6% of the Company's enlarged issued share capital of 73,784,645 shares. As an incentive to FCL, the Company has agreed to issue a further 2,000,000 shares of no par value to FCL, if Enfinium achieves an audited post-tax profit of at least US$3,500,000 for the year ending 31 December 2011.

Fortel, a digital media and technology services company operating primarily in China, remained the main component of the Group's net asset value during the reporting period. The Group holds a 33.6% equity interest in Fortel, following a buy back by Fortel during April 2011 of 3.5% of its share capital from the Company. The buyback price of US$690.50 per Fortel share valued Fortel at US$72 million and raised US$3.8 million for the Company. If market conditions allow and Fortel continues to perform well, Fortel plans an IPO in Hong Kong towards the end of 2011 or early in 2012.

At an Extraordinary General Meeting held on 12 April 2011, the Company's investing policy was amended to enable investments also to be made in businesses operating outside China but with an exposure to the Chinese market. This will allow more flexibility and allow the Company to address a wider choice of investment projects. Enfinium was the first example of an investment made under the policy.

Patrick Macdougall
Chairman of the Board

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended		Year ended
		30 June	30 June	31 December
		2011	2010	2010
		Unaudited	Unaudited	Audited
	Note	***US$'000***	*US$'000*	*US$'000*
Gross portfolio return		**-**	-	2,869
Administrative expenses		**(696)**	(485)	(1,056)
Operating (loss) / profit	*5*	**(696)**	(485)	1,813
Finance income	*6*	**49**	73	140
(Loss) / profit before taxation		**(647)**	(412)	1,953
Taxation	*7*	**-**	-	-
(Loss) / profit for the period		**(647)**	(412)	1,953
Other comprehensive expense				
Currency translation differences		**(11)**	(89)	(68)
Total comprehensive (loss) / income for the period		**(658)**	(501)	1,885
(Loss) / earnings per share	*9*			
Basic		**(0.98 cents)**	(0.65 cents)	3.06 cents
Diluted		**(0.98 cents)**	(0.65 cents)	2.98 cents

The results above relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2011 Unaudited *US$'000***	As at 30 June 2010 Unaudited *US$'000*	As at 31 December 2010 Audited *US$'000*
Non-current assets				
Fixtures, fittings and equipment		**7**	1	8
Investment at fair value through profit or loss	*10*	**31,560**	23,834	28,718
Deposit		**-**	8	8
Total non-current assets		**31,567**	23,843	28,734
Currents assets				
Loans and other receivables		**3,286**	1,685	45
Quoted financial assets at fair value through profit or loss		**128**	807	-
Cash and cash equivalents		**496**	785	851
Total current assets		**3,910**	3,277	896
Total assets		**35,477**	27,120	29,630
Current liabilities				
Trade and other payables		**143**	189	308
Deferred consideration	*10*	**648**	-	-
Shareholder's loan		**36**	9	14
Total liabilities		**827**	198	322
Net current assets		**3,083**	3,079	574
Net assets		**34,650**	26,922	29,308
Equity and reserves				
Share capital	*11*	**30,572**	24,572	24,572
Share based payment reserves		**799**	799	799
Foreign translation reserve		**(79)**	-	(68)
Retained earnings		**3,358**	1,551	4,005
Total equity and reserves attributable to owners of the parent		**34,650**	26,922	29,308

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *US$'000*	Share based payment reserve *US$'000*	Foreign translation reserve *US$'000*	Retained earnings *US$'000*	Total *US$'000*
Balance at 1 January 2010	24,572	799	-	2,052	27,423
Loss for the period	-	-	-	(412)	(412)
Other comprehensive expense					
Currency translation differences	-	-	(89)	-	(89)
Total comprehensive expenses for the period	-	-	(89)	(412)	(501)
Balance at 30 June 2010	24,572	799	(89)	1,640	26,922
Profit for the period	-	-	-	2,365	2,365
Other comprehensive expense					
Currency translation differences	-	-	21	-	21
Total comprehensive income for the period	-	-	21	2,365	2,386
Balance at 31 December 2010 and 1 January 2011	24,572	799	(68)	4,005	29,308
Loss for the period	-	-	-	(647)	(647)
Other comprehensive expense					
Currency translation differences	-	-	(11)	-	(11)
Total comprehensive expenses for the period	-	-	(11)	(647)	(658)
Issue of shares	6,000	-	-	-	6,000
Balance at 30 June 2011	30,572	799	(79)	3,358	34,650

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2011 Unaudited *US$'000*	Six months ended 30 June 2010 Unaudited *US$'000*	Year ended 31 December 2010 Audited *US$'000*
Cash flow from operating activities			
(Loss) / profit before taxation	**(647)**	(412)	1,953
Adjustments for:			
Depreciation	**1**	-	1
Finance income	**(49)**	(72)	(142)
(Gain) / loss on disposal of quoted securities	**-**	(1)	2
Gross portfolio return	**-**	-	(2,869)
(Increase) / decrease in receivables	**(15)**	12	(14)
(Decrease) / increase in payables	**(165)**	13	133
Net cash used in operating activities	**(875)**	(460)	(936)
Cash flow from investing activities			
Acquisition of property, plant and equipment	**(1)**	-	(7)
Finance income received	**50**	-	142
(Purchase) / sale proceeds of quoted financial assets at fair value through profit or loss	**(129)**	54	179
Realised quoted financial assets at fair value through profit or loss	**-**	-	679
Purchase of convertible bonds	**-**	-	(1,502)
Sale proceeds of investment at fair value through profit or loss	**3,800**	-	-
Loans granted	**(4,635)**	(2,078)	-
Proceeds from repayment of loans granted	**1,416**	1,562	578
Net cash generated from / (used in) investing activity	**501**	(462)	69
Cash flows from financing activity			
Loan from shareholders	**22**	-	5
Net cash generated from financing activity	**22**	-	5
Net decrease in cash & cash equivalents during the period	**(352)**	(922)	(862)
Cash & cash equivalents at the beginning of the period	**851**	1,717	1,717
Effect of foreign exchange	**(3)**	(10)	(4)
Cash & cash equivalents at the end of the period	**496**	785	851

Notes to the financial information

1. CORPORATE INFORMATION

The Company is a limited company incorporated in the British Virgin Islands ("BVI") under the BVI Business Companies Act 2004 on 18 January 2008. The address of the registered office is Romasco Place, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, BVI VG 1110 and its principal place of business is situated at Unit 1903, 19/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The Company was set up with an intention to position itself to be a Chinese and Asian focused AIM listed private equity investment holding group. The Company seeks to identify suitable private equity investment opportunities in China.

The Company is listed on the AIM Market of the London Stock Exchange (code: CPEH).

The condensed consolidated interim financial information was approved for issue on 23 September 2011. The condensed consolidated interim financial information has not been audited nor reviewed by the auditors.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost convention, as modified by revaluation of financial assets and financial liabilities at fair value through the income statement.

The accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

The Group has adopted the following accounting policy in this accounting period:

Deferred contingent consideration

The deferred contingent consideration, which is classified as a financial liability, represents the fair value of the fixed number of shares to be issued dependent on certain milestones to be reached.

The value of shares to be issued is determined by the Company's share price as at the period end as well as the estimated likelihood of the shares being issued to the third party. Management monitors the ability of the Company to settle the deferred consideration through monitoring the current trends of the conditions attached to the shares to be issued. Where expectation is different from the original estimate, such differences will impact the carrying value of the investment held by the Group. Any indication of change in fair value is adjusted for accordingly as any changes in the estimated value are adjusted against the cost of investment.

3. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

The seasonality or cyclicality of operations does not impact on the interim financial information

4. SEGMENT INFORMATION

The operating segment has been determined and reviewed by the senior management and

Executive Board members to be used to make strategic decisions. The senior management and Executive Board members consider there to be a single business segment, being that of investing activity, therefore only one reportable segment.

The reportable segment derives its revenue primarily from the non-current investment in Fortel Technology Holdings Limited ("Fortel"), debt investment in several companies and quoted investments.

5. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated after charging:

	Six months ended		Year ended
	30 June	30 June	31 December
	2011	2010	2010
	US$'000	*US$'000*	*US$'000*
Depreciation	**1**	-	1
Fees payable to the Group's auditor for audit of the Company	**-**	-	28
Operating lease rentals – land and buildings	**18**	-	43

6. FINANCE INCOME

	Six months ended		Year ended
	30 June	30 June	31 December
	2011	2010	2010
	US$'000	*US$'000*	*US$'000*
Interest from bank and other loans	**50**	72	138
Change in fair value of quoted securities	**(1)**	-	-
Gain on disposal of quoted securities	**-**	1	1
Gain on foreign exchange	**-**	-	1
	49	73	140

7. TAXATION

No charge to taxation arises for the six months ended 30 June 2011 and 2010 as there were no taxable profits in either period. The Company and one of its subsidiaries, CPE TMT Holdings Limited, are both located in a tax-free jurisdiction, the BVI, and therefore are not subject to current or deferred income tax.
No related deferred tax asset has been recognised on the losses due to the unpredictability of future profit streams. Losses may be carried forward indefinitely and may be recoverable if relevant taxable profit arises in future periods

8. DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2011 (30 June 2010: Nil).

9. (LOSS) / EARNINGS PER SHARE

The calculation of the basic and diluted (loss) / earnings per share attributable to owners of the Group is based on the following:

		Six months ended		Year ended
		30 June 2011	30 June 2010	31 December 2010
		'000	*'000*	*'000*
Numerator				
Basic / Diluted:	Net (loss) / profit	**US$ (647)**	US$ (412)	US$ 1,953
Denominator				
Basic:	Weighted average shares	**66,271**	12,757	12,757
	Effect of bonus issue 4 June 2010	-	51,028	51,028
		66,271	63,785	63,785
	Effect of diluted securities: Share options	-	-	1,718
Diluted:	Adjusted weighted average shares	**66,271**	63,785	65,503

Where a loss has occurred, basic and diluted loss per share are the same because the outstanding share options are anti-dilutive. Accordingly, diluted loss per share equals the basic loss per share.

10. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2011	30 June 2010	31 December 2010
	US$'000	*US$'000*	*US$'000*
At the beginning of the period	**28,718**	23,911	23,911
Fair value through profit and loss	**-**	-	2,869
Additions	**6,648**	-	2,000
Disposals	**(3,800)**	-	-
Effect of foreign exchange	**(6)**	(77)	(62)
At the end of the period	**31,560**	23,834	28,718

On 8 September 2008, the Group through CPE TMT Holdings Limited ("CPE TMT"), a wholly owned subsidiary of the Company, acquired 38% of the issued share capital of Fortel. This has been accounted for as an investment as it is to be held as part of an investment portfolio. The Group will dispose of the shareholding upon approval by the investment committee which monitors the investment / divestment decision on an ongoing basis.

During the 6 months ended 30 June 2011, Fortel repurchased 5,503 of the ordinary shares of US$0.01 in Fortel held by CPE TMT. The repurchase was at an agreed price of US$690.50 per share and valued Fortel at US$72 million. CPE TMT retains a residual 33.6% stake in Fortel, from 37.1% previously.

The Company also entered into an agreement with Furuya Consultants Limited ("FCL") to acquire a 30% interest in Hong Kong-based Enfinium International Holdings Limited ("Enfinium"), for an initial consideration of US$6 million during the 6 months ended 30 June 2011. The consideration was settled by way of issuing 10 million new ordinary shares of no par value of the Company to FCL at a price of US$0.60 per share. In addition, under the terms of the agreement, the Company will issue an additional 2 million ordinary shares to FCL if Enfinium achieves a net audited post-tax profit of US$3.5 million or more for the year ending 31 December 2011. The Group has assessed and recognised in this interim financial information the fair value of this contingent consideration.

The Group adopted the recent investment methodology prescribed in the IPEVCV guidelines to value its investments at fair value through profit and loss. Applying the methodology, the Group has used the purchase consideration paid by third parties in the acquisition of new shares in Fortel and Enfinium as the basis to estimate the fair value of the investment in Fortel and Enfinium. There have been no further transactions occurring since the repurchase of Fortel's shares and the acquisition of Enfinium by the Company, which, in the opinion of the directors, provides evidence for the period end valuation. In undertaking this assessment, the directors have considered that these transactions are sufficiently close to the period end to not warrant undertaking an alternative valuation methodology.

10. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

During the year ended 31 December 2010, the Company entered into a subscription agreement with China iEducation Holdings Limited ("iEducation") to subscribe its guaranteed convertible note (the "Note") at a consideration of US$2,000,000. The major shareholder of iEducation is the guarantor of the Note. As the directors are not aware of any adverse elements that would materially affect the value of the Note, they consider the original cost is an appropriate valuation as at 30 June 2011.

11. SHARE CAPITAL

	Number of shares	**Amount** US$'000
Authorised, called-up and fully paid Ordinary shares of no par value each at 1 January 2010	12,756,929	24,572
Bonus issue on 4 June 2010	51,027,716	-
At 30 June and 31 December 2010	63,784,645	24,572
Ordinary shares issued on 17 May 2011 for acquisition of Enfinium	10,000,000	6,000
Authorised, called-up and fully paid Ordinary shares of no par value each at 30 June 2011	73,784,645	30,572

On 17 May 2011, 10 million new ordinary shares of no par value of the Company were issued by the Company to FCL at a price of US$0.60 per share for the acquisition of a 30% interest in Enfinium.

Pursuant to the specific mandate obtained from shareholders to issue new ordinary shares by way of a bonus issue of 51,027,716 new ordinary shares of no par value on a general meeting held on 3 June 2010, 51,027,716 new ordinary shares of no par value were issued by the Company to its shareholders on 4 June 2010.

12. RELATED PARTY TRANSACTIONS

During the periods under review, the Group entered into the following transactions with related parties and connected parties:

	Note	**30 June 2011** *US$'000*	30 June 2010 *US$'000*	31 December 2010 *US$'000*
Imperia Capital International Holdings Limited				
Amount due to	*(i)*	**36**	9	14
UCCTV Holdings Limited				
Amount due from	*(ii)*	**-**	530	2
Amount due to Directors	*(iii)*			
- Duncan Chui		**7**	43	71
- Hanson Cheah		**19**	16	35
- Chau Vinh Heng		**5**	22	12
- Wong Yiu Kit		**14**	57	127
- John Croft		**4**	4	4
- Patrick Macdougall		**6**	6	6

(i) As at 30 June 2011 and 31 December 2010, the Group owed approximately US$35,700 (31 December 2010: US$14,400) to Imperia Capital International Holdings Limited, a shareholder of the Company. The loan is repayable on demand and does not bear interest.

(ii) Duncan Chui was a director of UCCTV Holdings Limited ("UCCTV") as at 30 June 2011 and 31 December 2010. The amount due is fully guaranteed by the major shareholder of UCCTV, interest bearing at 5% per annum and repayable on demand.

(iii) Amount due to Directors are unsecured, interest free and have no fixed term of repayment.

(iv) During the current interim period, the remuneration for key management personnel of the Group (all are Directors) was US$258,288 (six months ended 30 June 2010: US$239,520). Director's benefit-in-kind of US$17,990 (six months ended 30 June 2010: US$21,580) was included in the above remuneration.

There were no other contracts of significance in which any Director has or had during the current interim period.

13. SUBSEQUENT EVENTS

There are no material subsequent events up to the date of approval of this report.