# NATIONAL INVESTMENTS FUND LIMITED 國盛投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1227)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the "Board") of National Investments Fund Limited (the "Company") is pleased to announce the unaudited condensed interim results of the Company for the six months period ended 30 June 2008 together with the comparative figures as follows:

#### CONDENSED INCOME STATEMENT

for the six months ended 30 June 2008

	Six months ended 30 June		
	Note	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000 (Re-stated)
Revenue	5	744	7
Other revenue	6	-	593
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(3,331)	255
Net realised gain on disposal of available-for-sale financial assets		-	1,013
Net unrealised loss on financial assets at fair value through profit or loss		(7,504)	(897)
Other operating expenses	7	(4,955)	(1,361)
Loss before taxation		(15,046)	(390)
Income tax expenses	8		<del>-</del>
Loss for the period		(15,046)	(390)
Attributable to: Equity holders of the Company		(15,046)	(390)
Interim dividend	9		<u>-</u>
Loss per share Basic, in HK cents	10	(1.38)	(0.61)
Diluted		N/A	N/A

#### **CONDENSED BALANCE SHEET**

as at 30 June 2008

	As at 30 June 2008 (Unaudited) HK\$'000	As at 31 December 2007 (Audited) HK\$'000
Non-current assets Property, plant and equipment	93	80
Current assets Financial assets at fair value through profit or loss Prepayment, deposits and other receivables Cash and bank balances	17,495 318 22,114 39,927	27,669 267 26,413 54,349
Total assets	40,020	54,429
Current liabilities Accrued charges and other accounts payable	361 361	507 507
Net current assets	39,566	53,842
Net assets	39,659	53,922
Capital and reserves attributable to the Company's equity holders Share capital Reserves	10,920 28,739	10,920 43,002
Total equity	39,659	53,922

#### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

#### **BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal activity of the Company is investment in listed and unlisted companies in Hong Kong. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 27 September 2002.

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), the Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

#### PRINCIPAL ACCOUNTING POLICY

The condensed financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007. In the current interim period, the Company has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Company's financial year beginning on 1 January 2008.

HK(IFRIC)*-INT 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)*-INT 12	Service Concession Arrangements
HK(IFRIC)*-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum
	Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Company for the current or prior accounting periods. Accordingly, no prior period adjustments has been recognised.

The Company has not early applied the following new and revised Hong Kong Accounting Standards ("HKASs") and HKFRSs or interpretations that have been issued but are not yet effective.

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HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
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HKAS 32 & 1	Puttable financial instruments and obligations
(Amendments)	arising on liquidation <sup>1</sup>
HKFRS 2	Vesting conditions and cancellations <sup>1</sup>
(Amendment)	Č
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>2</sup>
HK(IFRIC)*-INT 13	Customer loyalty programmes <sup>3</sup>
HK(IFRIC)*-INT 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC)*-INT 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

#### 2. PRINCIPAL ACCOUNTING POLICY (continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.
- <sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.
- <sup>4</sup> Effective for annual periods beginning on or after 1 October 2008.

#### 3. CHANGE IN THE PRESENTATION OF TURNOVER

In prior years, turnover included the sale proceeds from sale of financial assets at fair value through profit or loss, while the related costs were presented as "cost of financial assets at fair value through profit or loss".

In the current year, the Company revised the presentation of turnover in order to conform with market practices. Interest income is included as a component of turnover; and the sale proceeds from sale of financial assets at fair value through profit or loss are offset against the cost of financial assets at fair value through profit or loss and are presented as net realized gain or loss on financial assets at fair value through profit or loss (as a separate item) in the income statement.

The effects of the change in the presentation of turnover have been accounted for retrospectively with comparative figures restated. These changes do not have any impact on the results of the Company in respect of the current and prior years.

#### 4. SEGMENT INFORMATION

The Company has determined not to present further business segment information as the Company's revenues, contribution to operating loss, assets and liabilities are attributable to the investments in listed and unlisted companies.

In determining the Company's geographical segments, revenues are attributed to the segments based on the location of the markets, and assets are attributed to the segments based on the location of the assets.

The Company's segment assets and liabilities for the period, analysed by geographical market, are as follows:

	Hong Kong		Total	
	As at	As at	As at	As at
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	40,020	54,429	40,020	54,429
Segment liabilities	361	507	361	507

<sup>\*</sup> IFRIC represents the International Financial Reporting Interpretations Committee.

#### 5. REVENUE

	Six months ended		
	30 J	30 June	
	2008	2007	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Dividend income from financial assets at fair value through profit or loss Interest income	273 471	- 7	
	744	7	

#### 6. OTHER REVENUE

Six months ended		
30 June		
2008	2007	
(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	
	593	

#### 7. OTHER OPERATING EXPENSES

Waiver of amounts due to directors

Other operating expenses included the following:

3	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Equity settled share-based payment	783	-
Employee benefits expenses	1,420	446
Legal and professional fees	138	118

#### 8. INCOME TAX EXPENSES

No provision of Hong Kong profits tax is required as the Company has no assessable profits for the period (30 June 2007: Nil).

#### 9. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

#### 10. LOSS PER SHARE

The calculation of basic loss per share is based on the Company's net loss attributable to the shareholders of HK\$15,046,000 (30 June 2007: HK\$390,000) divided by the weighted average number of shares in issue during the period, being 1,092,000,000 (30 June 2007: 63,779,005).

Diluted loss per share for the six months period ended 30 June 2008 was the same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options are anti-dilutive.

There were no dilutive potential shares during the six months ended 30 June 2007 and therefore no diluted loss per share has been presented.

#### MANAGEMENT DISCUSSION AND ANALYSIS

#### **BUSINESS REVIEW AND PROSPECTS**

As at 30 June 2008, investment portfolio of the Company consisted of listed securities with market value HK\$17,495,000 (31 December 2007: HK\$27,669,000).

For the six months ended 30 June 2008, the Company recorded a net loss of HK\$15,046,000 (30 June 2007: HK\$390,000) and this was mainly attributable to the unrealized holding loss on financial assets at fair value through profit or loss of HK\$7,504,000 (30 June 2007: HK\$897,000).

The Company was investing and managing in a portfolio of various securities in the securities market. During the interim period, the Company had made various investment transactions in connection with the market in Hong Kong, the Board continues to seek, identify, evaluate and capture appropriate investment opportunities not only in Hong Kong, but also in the market around the world. The Board is optimistic to the future prospects of financial markets in Hong Kong and the Mainland China, and expects our investments to achieve attractive returns.

#### **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

#### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the Company had retained cash of HK\$22,114,000 (31 December 2007: HK\$26,413,000). As most of the retained cash was placed in Hong Kong Dollars with the Banks in Hong Kong, exposure to exchange fluctuation is considered minimal.

The Company had net current assets of HK\$39,566,000 (31 December 2007: HK\$53,842,000) and no borrowings or long-term liabilities as at 30 June 2008. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 June 2008, was 0.009 (31 December 2007: 0.009).

#### **EMPLOYEES**

As at 30 June 2008, the Company had 11 (31 December 2007: 11) employees, including executive directors, non-executive director and independent non-executive directors. Total staff costs for the interim period amounted to HK\$2,203,000 (30 June 2007: HK\$446,000) including the amortisation of share options amounted to HK\$783,000 (30 June 2007: Nil). The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employee.

#### CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Company's assets or any significant contingent liabilities as at 30 June 2008 (31 December 2007: Nil).

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months period ended 30 June 2008, the Company has not purchased, sold nor redeemed any of its listed securities.

#### COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICE

The Company was committed to maintain high level of corporate governance and has steered its development and protected the interests of shareholders in an enlightened and open manner.

As at 30 June 2008, the Board comprises three executive directors, one nonexecutive director and four independent non-executive directors. The Company has complied with the Code of Corporate Governance Practices ("Code Provisions") set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange during the six months period ended 30 June 2008, with deviation form Code Provision E.1.2.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICE** (continued) **Code Provision E.1.2**

According to Code Provision E.1.2, the Chairman of the Board, should attend the annual general meeting. In respect of the annual general meeting held on 23 May 2008, the Chairman of the Board, Mr. Wong Danny F., was engaged in an important business meeting on that date, therefore, he was not able to attend in that annual general meeting.

### COMPLICANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED SECURITIES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 of the Listing Rules, throughout the six months ended 30 June 2008. After having made specific enquiry to all directors of the Company, the directors are of the opinion that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the six months ended 30 June 2008.

#### **AUDIT COMMITTEE**

The audit committee, comprising three independent non-executive directors, has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including a review of the Company's unaudited interim financial statements for the six months ended 30 June 2008.

#### PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is posted on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) under "Latest Listed Companies Information" and the Company (www.nif-hk.com). The interim report will be despatched to the shareholders and posted on the aforementioned websites in due course.

By order of the Board

National Investments Fund Limited

Wong Danny F.

Chairman and Executive Director

Hong Kong, 26 September 2008

As at the date hereof, the executive directors of the Company are Mr. Wong Danny F., Mr. Wu Tse Wai, Frederick and Mr. Fong Chi Wah. The non-executive director of the Company is Ms. Yang XiaoFeng. The independent non-executive directors of the Company are Ms. Tam Heung Man, Mr. Char Shik Ngor, Stephen, Mr. Fung Kwok Leung and Mr. Liu Jin.