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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the “Board”) of National Investments Fund Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiary (the “Group”) for the six months period ended 30 June 2009 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 June 2009

		Six months ended 30 June	
		2009 (unaudited)	2008 (unaudited)
	<i>Note</i>	HK'000	HK'000
Revenue	3	12,748	(10,091)
Other operating expenses	5	(5,371)	(4,955)
Impairment loss on available-for-sale financial assets			
— previously recognised in available-for-sale financial assets equity reserve		(976)	—
— Fair value at 31 December 2008		(2,163)	—
Impairment loss on conversion options embedded in convertible notes		(950)	—
Profit/(Loss) before taxation		3,288	(15,046)
Income tax expense	6	—	—

**Six months ended
30 June**

	Note	2009 (unaudited) HK'000	2008 (unaudited) HK'000
Profit/(Loss) for the period		3,288	(15,046)
Attributable to:			
Equity holders of the Company		3,288	(15,046)
Other comprehensive income:			
Change in fair value of available-for-sale financial assets		98	—
Other comprehensive income for the period, net of tax		98	—
Total comprehensive income for the period		3,386	(15,046)
Total comprehensive income attributable to equity holders of the Company		3,386	(15,046)
Interim dividend	7	—	—
Earnings/(Loss) per share	8		
— Basic, in HK cents		0.28	(1.38)
— Diluted, in HK cents		0.27	—

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2009

	As at 30 June 2009 (unaudited) HK'000	As at 31 December 2008 (audited) HK'000
ASSETS		
Non-current assets		
Property, plant and equipment	58	75
Available-for-sale financial assets	5,772	2,163
Conversion options embedded in convertible notes	—	950
	5,830	3,188
Current assets		
Financial assets at fair value through profit or loss	31,372	314
Prepayment, deposits and other receivable	1,789	629
Cash and bank balances	3,563	23,045
	36,724	23,988
Total assets	42,554	27,176
EQUITY		
Capital and reserves attributable to the Company's equity holders:		
Share capital	13,104	10,920
Reserves	29,389	16,035
Total equity	42,493	26,955
Liabilities:		
Current liabilities		
Accrued charges and other payable	61	221
Total liabilities	61	221
Total equity and liabilities	42,554	27,176
Net current assets	36,663	23,767
Total assets less current liabilities	42,493	26,955

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. 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 shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 27 September 2002.

Principal activities of the Company and its subsidiary (the “Group”) include the investments in listed and unlisted financial instruments.

The unaudited condensed consolidated 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 (the “HKAS”) 34: Interim Financial Reporting and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standard (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value.

The accounting policies used in the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2008.

For the current interim period, the Group has applied the following new standards, amendments and interpretations (the “new HKFRSs”) issued by HKICPA, which are or have become effective. The adoption of the new HKFRSs has no material effects on how the results and financial position for the current or prior accounting periods are prepared and presented.

HKFRS 1 and HKAS 27 (Amendments)	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation Customer Loyalty Programmes
HK(IFRIC) — Int 13	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 15	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 16	

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 3 (Revised)	Business Combinations ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) — Int 18	Transfers of Assets from Customers ²

Apart from the above, the HKICPA has also issued Improvements to HKFRSs which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5, and HK(IFRIC) — Int 9, which are effective for annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results or financial position of the Group.

The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group in the period of initial application.

3. REVENUE

	Six months ended 30 June	2009 (unaudited) <i>HK\$'000</i>	2008 (unaudited) <i>HK\$'000</i>
Net gain/(loss) on financial assets at fair value through profit or loss (<i>Note (i)</i>)	12,707	(10,835)	
Interest income from bank deposits	32	471	
Dividend income from financial assets at fair value through profit or loss	9	273	
	12,748	(10,091)	

Notes:

- (i) Net gain/(loss) on financial assets at fair value through profit or loss represented:

	Six months ended 30 June	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Proceeds on sales	—	15,390	
<i>Less:</i> cost of sales	<u>—</u>	<u>(18,721)</u>	
Net realised loss on financial assets at fair value through profit or loss	—	(3,331)	
Net unrealised gain/(loss) on financial assets at fair value through profit or loss	<u>12,707</u>	<u>(7,504)</u>	
Net gain/(loss) on financial assets at fair value through profit or loss	<u>12,707</u>	<u>(10,835)</u>	

4. SEGMENT INFORMATION

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

On adoption of HKFRS 8, based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one operating segment, financial instruments investments. Accordingly, segment disclosures are not presented.

5. OTHER OPERATING EXPENSES

Other operating expenses included the following:

	Six months ended 30 June	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Equity settled share-based payment	351	783	
Employee benefits expenses	1,878	1,420	
Legal and professional fee	<u>607</u>	<u>138</u>	

6. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2009 as the assessable profits of the Group were wholly offset by tax losses brought forward.

No Hong Kong profits tax has been provided for the six months ended 30 June 2008 as the Group had no assessable profits.

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2009 (30 June 2008: Nil).

8. EARNINGS/(LOSS) PER SHARE

Basic

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company of approximately HK\$3,288,000 (30 June 2008: loss of approximately HK\$15,046,000) and on the weighted average of approximately 1,186,117,000 (30 June 2008: approximately 1,092,000,000) ordinary shares in issue during the period.

Basic and diluted

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

	Six months ended	
	30 June	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the period attributable to equity holders of the Company)	3,288	(15,046)
Effect of dilutive potential ordinary shares: Adjustment to earnings in respect of the effect of dilutive potential ordinary shares arising from warrants of the Company	—	—
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	3,288	(15,046)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,186,117	1,092,000
Effect of dilutive potential ordinary shares for warrants	10,135	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	1,196,252	1,092,000

Diluted

No diluted loss per share was calculated for the six months ended 30 June 2008 as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares for the period, and no warrants were outstanding during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review And Prospects

As at 30 June 2009, investment portfolio of the Group consisted of listed securities with market value HK\$31,372,000 (31 December 2008: HK\$314,000) and unlisted investments with fair value HK\$5,772,000 (31 December 2008: HK\$3,113,000).

For the six months ended 30 June 2009, the Group recorded a net profit of HK\$3,288,000 (30 June 2008: net loss of HK\$15,046,000) and this was mainly attributable to the unrealised gain on financial assets at fair value through profit or loss of HK\$12,707,000 (30 June 2008: net unrealised loss of HK\$7,504,000).

The Group was investing and managing in a portfolio of various securities in the securities market. During the interim period, the Group had made various investment transactions in Hong Kong securities market and the Company had established a wholly-owned subsidiary, with sole specific purpose, to invest in a company with promising market presence in the Mainland China's information technology development sector. The Board is persistently in search of 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 will nourish our shareholders' interest.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2009 (30 June 2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group had retained cash of HK\$3,563,000 (31 December 2008: HK\$23,045,000). 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 Group had net current assets of HK\$36,663,000 (31 December 2008: HK\$23,767,000) and no borrowings or long-term liabilities as at 30 June 2009 (31 December 2008: Nil). The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 June 2009, was 0.001 (31 December 2008: 0.008).

EMPLOYEES

As at 30 June 2009, the Group had 16 (31 December 2008: 13) employees, including executive directors, non-executive director and independent non-executive directors. Total staff costs for the interim period amounted to HK\$2,230,000 (30 June 2008: HK\$2,203,000) including the amortisation of share options amounted to HK\$351,000 (30 June 2008: 783,000). The Group'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 GROUP'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group's assets or any significant contingent liabilities as at 30 June 2009 (31 December 2008: Nil).

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

During the six months period ended 30 June 2009, 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 2009, the Board comprises four executive directors, one non-executive director and three 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 2009, with deviation from Code Provision E.1.2.

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 26 June 2009, 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.

COMPLIANCE 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 2009. 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 2009.

AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the Group's unaudited interim financial statements for the six months ended 30 June 2009.

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, 25 September 2009

As at the date hereof, the Board of the Company comprises three executive directors, namely Mr. Wong Danny F. (Chairman), Mr. Wu Tse Wai, Frederick (Chief Executive Officer) and Mr. Fong Chi Wah; one non-executive director, namely Ms. Yang XiaoFeng; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Fung Kwok Leung and Mr. Liu Jin.