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ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the “Board”) of National Investments Fund Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiary (collectively the “Group”) for the year ended 31 December 2009 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	5	(12,449)	(17,936)
Other income	6	34	443
Change in fair value of derivative financial instrument		(806)	—
Change in fair value of conversion options embedded in convertible notes		(950)	54
Impairment loss on available-for-sale financial assets		(3,402)	—
Other operating expenses		(15,255)	(10,045)
Finance costs		(206)	—
 Loss before income tax	7	(33,034)	(27,484)
Income tax expense	8	—	—
 Loss for the year		(33,034)	(27,484)
 Other comprehensive income			
— Net loss on revaluation of available-for-sale financial assets during the year		(2,256)	(976)
— Reclassification upon impairment		976	—
		(1,280)	(976)
 Total comprehensive income for the year		(34,314)	(28,460)
 Loss for the year attributable to:			
Owners of the Company		(33,034)	(27,484)
 Total comprehensive income for the year attributable to:			
Owners of the Company		(34,314)	(28,460)
 Loss per share			
Basic and diluted	11	(1.51) cents	(2.52) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	2009 HK\$'000	2008 HK\$'000
Assets:		
Non-current assets		
Property, plant and equipment	3,785	75
Available-for-sale financial assets	3,448	2,163
Conversion options embedded in convertible notes	—	950
	7,233	3,188
Current assets		
Financial assets at fair value through profit or loss	66,030	314
Prepayments, deposits and other receivables	912	629
Cash and bank balances	29,365	23,045
	96,307	23,988
Total assets	103,540	27,176
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	32,950	10,920
Reserves	70,211	16,035
	103,161	26,955
Liabilities:		
Current liabilities		
Accrued charges and other payable	379	221
Total liabilities	379	221
Total equity and liabilities	103,540	27,176
Net current assets	95,928	23,767
Total assets less current liabilities	103,161	26,955

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 Group is investment in listed and unlisted companies.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal office of the Company is located at Rooms 2907-2908, 29th Floor, China Resources Building, 26 Harbour Road, Wanchai, 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2009. A summary of the new HKFRSs are set out as below:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 1 & HKAS 27 (Amendments)	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
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior years.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that may result in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 28 (Amendment)	Investments in Associates ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) ⁷
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Equity holders ¹
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

- ¹ Effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2010
- ⁴ Effective for annual periods beginning on or after 1 February 2010
- ⁵ Effective for annual periods beginning on or after 1 July 2010
- ⁶ Effective for annual periods beginning on or after 1 January 2011
- ⁷ Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting 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. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with early application permitted. Under HKFRS 9, all recognised financial assets that are currently in the scope of HKAS 39 will be measured at either amortised cost or fair value. A debt instrument that (1) is held within a business model whose objective is to collect the contractual cash flows and (2) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost. All other debt instruments must be measured at fair value with gains or losses recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

The measurement basis used in the preparation of the consolidated financial statements is historical cost as modified by revaluation of certain financial assets at fair value through profit or loss (including derivative financial instruments) and available-for-sale financial assets.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. The adoption of HKFRS 8 did not result in any redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Business segment

For the years ended 31 December 2009 and 2008, all of the Group's revenue were derived from investment income from investments in listed securities and unlisted securities, no further detailed analysis of the Group's business segment is disclosed.

Geographical segment

In determining the Group'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 Group's operations are mainly located in Hong Kong and Australia. The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong	(12,932)	(18,002)
Australia	<u>483</u>	<u>66</u>
	<u>(12,449)</u>	<u>(17,936)</u>

The following is an analysis of the carrying amount of non-current assets (excluding financial instrument) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets*	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong	<u>3,785</u>	<u>75</u>

* Non-current assets exclude financial instruments.

5. REVENUE

The amount of significant category of revenue recognised during the year is as follow:

	2009 HK\$'000	2008 HK\$'000
Net loss on financial assets at fair value through profit or loss (<i>Note</i>)	(12,979)	(19,106)
Bank interest income	32	731
Interest income from available-for-sale financial assets	483	66
Dividend income from financial assets at fair value through profit or loss	15	373
	(12,449)	(17,936)

Note:

Net loss on financial assets at fair value through profit or loss represented:

	2009 HK\$'000	2008 HK\$'000
Proceeds on sales	20,011	24,302
<i>Less:</i> cost of sales	(21,960)	(42,160)
Net realised loss on financial assets at fair value through profit or loss	(1,949)	(17,858)
Unrealised loss on financial assets at fair value through profit or loss	(11,030)	(1,248)
Net loss on financial assets at fair value through profit or loss	(12,979)	(19,106)

6. OTHER INCOME

	2009 HK\$'000	2008 HK\$'000
Exchange gain	31	443
Sundry income	3	—
	34	443

7. LOSS BEFORE INCOME TAX

	2009 HK\$'000	2008 HK\$'000
Loss before income tax has been arrived after charging:		
Auditors' remuneration	150	160
Directors' emoluments	2,034	2,091
Total staff costs, excluding directors' emoluments	3,261	2,511
Depreciation	372	35
Legal and professional fee	798	68
Operating lease rental in respect of land and building	1,348	744
Equity-settled share-based payment expenses	645	1,493
Impairment loss on prepayments, deposits and other receivables	251	—

8. INCOME TAX EXPENSE

Current taxation

No provision for Hong Kong profits tax has been made as the Group incurred a taxation loss for the years ended 31 December 2009 and 2008.

9. NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company which is dealt with in the financial statements of the Company to the extent of the loss of HK\$35,290,000 (2008: HK\$27,484,000).

10. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's net loss for the year attributable to the owners of the Company of HK\$33,034,000 (2008: HK\$27,484,000) and 2,183,978,082 (2008: 1,092,000,000) weighted average ordinary shares in issue during the year.

Diluted loss per share for the year ended 31 December 2009 and 31 December 2008 was the same as the basic loss per share. The Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

12. NET ASSETS VALUE PER SHARE

As at 31 December 2009, the net assets value per share is HK\$0.031 (2008: HK\$0.025).

The calculation of net assets value per share is based on the net assets of approximately HK\$103,161,000 (2008: HK\$26,955,000) and 3,295,000,000 (2008: 1,092,000,000) ordinary shares in issue as at 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2009, the Group's revenue, excluding the net loss on financial assets at fair value through profit and loss, decreased by 54.7% to HK\$530,000 (2008: HK\$1,170,000) and recorded a net loss on financial assets at fair value through profit or loss amounting to HK\$12,979,000 (2008: HK\$19,106,000). Included in the net loss on financial assets at fair value through profit or loss, gross proceeds from sales were HK\$20,011,000 (2008: HK\$24,302,000), and the cost of sales were HK\$21,960,000 (2008: HK\$42,160,000), therefore, the net realised loss was HK\$1,949,000 (2008: HK\$17,858,000). Apart from the realised loss, the unrealised loss on financial assets at fair value through profit or loss for the year ended 31 December 2009 amounted to HK\$11,030,000 (2008: HK\$1,248,000).

For the year under review, the Group reported a loss attributable to shareholders of HK\$33,034,000 (2008: HK\$27,484,000), representing an increase of 20.2% as compared with the preceding year. The loss was mainly due to the net loss on financial assets at fair value through profit or loss of HK\$12,979,000 (2008: HK\$19,106,000), staff costs of HK\$3,261,000 (2008: HK\$2,511,000) and directors' emoluments of HK\$2,034,000 (2008: HK\$2,091,000), including the amortisation of share options of HK\$645,000 (2008: HK\$1,493,000) incurred for the year ended 31 December 2009.

During the year ended 31 December 2009, the Group received dividend income amounting to HK\$15,000 (2008: HK\$373,000).

PROSPECT

The board is very optimistic about the future's investment markets, and considers year 2010 is not only a year filled of ample opportunities, but also a year with extremely challenging issues. The board regards investment markets around the world, is still full of potential which will lead to attractive returns. In particular, investments in the mainland China are primarily our target areas, and the board will be closely monitoring and reviewing its investment strategies to adapt the investment environment. Pre-IPO investments are still our Group's core investment ambition.

DIVIDENDS

The Board of Directors (the "Board") of the Company has resolved not recommend a final dividend the year ended 31 December 2009 (2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$29,365,000 (2008: approximately HK\$23,045,000) as at 31 December 2009.

The Group had net current assets of approximately HK\$95,928,000 (2008: HK\$23,767,000) as at 31 December 2009. The Group had not obtained any credit facilities from financial institutions during the year. All the cash and cash equivalents were placed in Hong Kong Dollars account with the banks in Hong Kong, exposure to exchange fluctuation is considered minimal. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 December 2009, was 0.004 (2008: 0.008).

During the year ended 31 December 2009, the Company had issued an aggregate of HK\$99,230,000 convertible notes. The proceeds from issuance of convertible notes were applied in investing in listed and unlisted investments. All convertible notes were converted into ordinary shares during the year under review.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 December 2009, an aggregate of 2,203,000,000 new ordinary shares were issued with the details set out below:

- (i) On 14 April 2009, 218,400,000 ordinary shares were issued at HK\$0.05 per share.
- (ii) On 13 July 2009, 1,984,600,000 ordinary shares were issued as the convertible noteholders exercised conversion rights to convert the convertible notes into the Company's ordinary shares at HK\$0.05 per share.

EMPLOYEES

As at 31 December 2009, the Group had 13 employees (2008: 13), including executive directors, non-executive director and independent non-executive directors. Total staff costs for the year ended 31 December 2009 amounted to HK\$5,295,000 (2008: HK\$4,602,000), including the amortisation of share options amounted to HK\$645,000 (2008: HK\$1,493,000). 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 employees.

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 31 December 2009 (2008: Nil).

CORPORATE GOVERNANCE REPORT

Good corporate governance has always been recognised as vital to the Group's success and to sustain development to the Group. The Board had committed to a high standard of corporate governance as an essential component of quality and has introduced corporate governance practices appropriate to the conduct and growth of the business.

The Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange sets out the principles of good corporate governance (the "Principles") and two levels of corporate governance practices:

- (a) code provisions (the "Code Provisions") which listed issuers are expected to comply with or to give considered reasons for any deviation; and
- (b) recommended best practices for guidance only, which listed issuers are encouraged to comply with or give considered reasons for deviation.

During the year ended 31 December 2009 under review, the Group has applied the Principles and the Code Provisions as set out in the Code and complied with most of the Code Provisions save for a deviation from the Code Provisions in respect of Code Provisions E.2.1. 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.

The Group periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the Code, and acknowledges the important role of its Board in providing effective leadership and direction to Group's business, and ensuring transparency and accountability of Group's operations.

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

During the year ended 31 December 2009, the Company has not purchased, sold nor redeemed any of the Company's listed securities.

CODE OF CONDUCT ON DIRECTORS' SECURITIES TRANSACTION

The Company has adopted its own code of conduct regarding directors' securities transactions (the "Code of Conduct") on terms no less than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2009.

AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors, Mr. Liu Jin, Mr. Char Shik Ngor, Stephen and Mr. Lui Tin Nang who is the chairperson of the Audit Committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Company and discussed internal controls, auditing and financial reporting matters, including a review of audited financial statements for the year ended 31 December 2009.

PUBLICATION OF FINAL RESULTS AND ANNUAL 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 annual report of the Company will be despatched to the shareholders and posted on the aforementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my appreciation to the shareholders for their continued support and to our staff members for their dedicated effort.

On behalf of the Board
National Investments Fund Limited
Wong Danny F.
Chairman & Executive Director

Hong Kong, 27 April 2010

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; a non-executive director, namely Ms. Yang XiaoFeng; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Lui Tin Nang and Mr. Liu Jin.