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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 referred to as the "Group") for the year ended 31 December 2010 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Revenue	*5*	**68,599**	(12,449)
Other income	*6*	**—**	34
Change in fair value of derivative financial instrument		**(156)**	(806)
Change in fair value of conversion options embedded in convertible notes		**(721)**	(950)
Impairment loss on available-for-sale financial assets		**(304)**	(3,402)
Loss on disposal of a subsidiary		**(4,198)**	—
Other operating expenses		**(22,397)**	(15,255)
Finance costs		**(63)**	(206)
Profit/(loss) before income tax		**40,760**	(33,034)
Income tax expense	*7*	**—**	—
Profit/(loss) for the year	*8*	**40,760**	(33,034)
Other comprehensive income/(expense)			
— Net loss on revaluation of available-for-sale financial assets during the year		**(6,246)**	(2,256)
— Reclassification upon impairment		**—**	976
Other comprehensive expense for the year, net of income tax		**(6,246)**	(1,280)
Total comprehensive income/(expense) for the year		**34,514**	(34,314)
Profit/(loss) for the year attributable to:			
Owners of the Company		**40,760**	(33,034)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**34,514**	(34,314)
			(Restated)
Earnings/(loss) per share			
Basic	*11*	**4.83 cents**	(7.56) cents
Diluted	*11*	**4.69 cents**	(7.56) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
Assets:		
Non-current assets		
Property, plant and equipment	**3,130**	3,785
Interests in a jointly controlled entity	**9,000**	—
Available-for-sale financial assets	**26,668**	3,448
Conversion options embedded in convertible notes	**1,001**	—
	39,799	7,233
Current assets		
Financial assets at fair value through profit or loss	**233,985**	66,030
Prepayments, deposits and other receivables	**1,184**	912
Cash and bank balances	**27,991**	29,365
	263,160	96,307
Total assets	**302,959**	103,540
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	**59,278**	32,950
Reserves	**241,919**	70,211
Total equity	**301,197**	103,161
Liabilities:		
Current liabilities		
Accrued charges and other payable	**1,762**	379
Total liabilities	**1,762**	379
Total equity and liabilities	**302,959**	103,540
Net current assets	**261,398**	95,928
Total assets less current liabilities	**301,197**	103,161

NOTES TO THE CONSOLIDATED 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 Suite 5128, 51/F., Sun Hung Kai Centre, 30 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. 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 Hong Kong Institute of Certified Public Accountants (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 except for certain financial assets (including financial assets at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments) and financial liabilities that are measured at fair values.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The following new and revised standards and interpretations have also been applied in these consolidated financial statements. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

HKFRS 3 (as Revised in 2008) Business combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS 3 (as revised in 2008) is as follows:

- HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

- HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

- HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions

The amendments clarify the scope of HKFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRS other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosure in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

HKAS 27 (as Revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

HK (IFRIC) — Int 17 Distributions of Non-cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

HK (IFRIC) — Int 18 Transfers of Assets from Customers

The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with HKAS 18 Revenue.

Improvements to HKFRSs issued in 2009

The application of Improvements to HKFRSs issued in 2009 has not had any material effect on amounts reported in the consolidated financial statements.

Standards and interpretations in issue but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[7]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 32 (Amendments)	Classification of Rights Issues[6]
HKFRS 1 (Amendments)	Limiting Exemption from Comparative HKFRS 7 — Disclosures for First-time Adopters[2]
HKFRS 7 (Amendments)	Disclosure — Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[4]
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 July 2011
6 Effective for annual periods beginning on or after 1 February 2010
7 Effective for annual periods beginning on or after 1 January 2012

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures — Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC) — Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) — Int 19 will affect the required accounting. In particular, under HK(IFRIC) — Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

4. SEGMENT INFORMATION

The Group manages its business by both business lines and geography. In a manner consistent with the way in which information is reported internally to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance, the Group has presented its reportable segments under HKFRS 8 as follows:

Business segment

For the years ended 31 December 2010 and 2009, 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	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**68,075**	(12,932)
Australia	**524**	483
	68,599	(12,449)

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

	Carrying amount of non-current assets*	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**12,130**	3,785

* *Non-current assets excluding financial instruments.*

5. REVENUE

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

	2010	2009
	HK$'000	*HK$'000*
Net gain/(loss) on financial assets at fair value through profit or loss *(Note)*	**67,131**	(12,979)
Bank interest income	**1**	32
Interest income from available-for-sale financial assets	**824**	483
Dividend income from financial assets at fair value through profit or loss	**643**	15
	68,599	(12,449)

Note:

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

	2010	2009
	HK$'000	*HK$'000*
Proceeds on sales	**88,727**	20,011
Less: cost of sales	**(101,698)**	(21,960)
Net realised loss on financial assets at fair value through profit or loss	**(12,971)**	(1,949)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	**80,102**	(11,030)
Net gain/(loss) on financial assets at fair value through profit or loss	**67,131**	(12,979)

6. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Exchange gain	**—**	31
Sundry income	**—**	3
	—	34

7. INCOME TAX EXPENSE

Current taxation

No provision for Hong Kong profits tax has been made as the Group utilised the tax loss previously not recognised for the year ended 31 December 2010.

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

8. PROFIT/(LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before income tax has been arrived after charging:		
Auditors' remuneration	**150**	150
Directors' emoluments	**2,269**	2,034
Total staff costs, excluding directors' emoluments	**4,699**	3,321
Depreciation of property, plant and equipment	**1,136**	372
Legal and professional fee	**313**	798
Operating lease rental in respect of land and building	**2,237**	1,348
Equity-settled share-based payment expenses	**—**	645
Impairment loss on other receivables	**220**	251
Loss on disposal of a subsidiary	**4,198**	—

9. NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of HK$43,016,000 (2009: loss of HK$35,290,000) which has been dealt with in the financial statements of the Company.

10. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 December 2010 (2009: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

	2010	2009
Earnings/(loss)	***HK$'000***	*HK$'000*
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**40,760**	(33,034)

	2010	2009
Number of shares	***'000***	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**844,654**	436,796
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	**23,691**	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) of share	**868,345**	436,796

During the years ended 31 December 2010 and 2009, 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 were anti-dilutive.

The weighted average of ordinary shares for the purpose of calculating basic profit/(loss) per share for the years ended 31 December 2010 and 2009 have been retrospectively adjusted for the effect of share consolidation completed on 14 September 2010.

12. NET ASSETS VALUE PER SHARE

As at 31 December 2010, the net assets value per share is HK$0.254 (2009: HK$0.157 (restated)).

The calculation of net assets value per share is based on the net assets of approximately HK$301,197,000 (2009: HK$103,161,000) and 1,185,551,000 (2009: 659,000,000 (restated)) ordinary shares in issue as at 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2010, the Group's revenue, excluding the net profit (2009: loss) on financial assets at fair value through profit and loss, increased by 177% to HK$1,468,000 (2009: HK$530,000) and recorded a net profit on financial assets at fair value through profit or loss amounting to HK$67,131,000 (2009: net loss on financial assets at fair value through profit or loss amounting to HK$12,979,000). Included in the net profit (2009: loss) on financial assets at fair value through profit or loss, gross proceeds from sales were HK$88,727,000 (2009: HK$20,011,000), and the cost of sales were HK$101,698,000 (2009: HK$21,960,000), therefore, the net realised loss was HK$12,971,000 (2009: HK$1,949,000). Apart from the realised loss, the unrealised profit on financial assets at fair value through profit or loss for the year ended 31 December 2010 amounted to HK$80,102,000 (2009: unrealised loss on financial assets at fair value through profit or loss amounted to HK$11,030,000).

For the year under review, the Group reported a profit attributable to shareholders of HK$40,760,000 (2009: loss attributable to shareholders of HK$33,034,000). The profit was mainly due to the net profit on financial assets at fair value through profit or loss of HK$67,131,000 (2009: loss was mainly due to the net loss on financial assets at fair value through profit or loss of HK$12,979,000), staff costs of HK$4,699,000 (2009: HK$3,321,000) and directors' emoluments of HK$2,269,000 (2009: HK$2,034,000), no equity-settled share-based payments were incurred and included (2009: HK$645,000) for the year ended 31 December 2010.

During the year ended 31 December 2010, the Group received dividend income amounting to HK$643,000 (2009: HK$15,000).

PROSPECT

The Group had recorded a turnaround to profit and a substantial growth in year 2010 as a result of improvement of the investment results. On the one hand, the Group will continue to adopt and maintain a prudent but proactive investment approach and will keep closely on monitoring the performance of the investment portfolios and is confident that the investment portfolios will deliver results and add value to the shareholders of the Company. On the other hand, the Group will continue to focus on its principal activities and strengthen its financial position to capture the maximum benefits from the investments to achieve further growth for the Company and to maximize the shareholders' value.

DIVIDEND

The Board of Directors (the "Board") of the Company did not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$27,991,000 (2009: approximately HK$29,365,000) as at 31 December 2010.

The Group had net current assets of approximately HK$261,398,000 (2009: HK$95,928,000) as at 31 December 2010. 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 accounts 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 2010, was 0.006 (2009: 0.004).

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 2010, the changes of the capital structure of the Company were set out below:

(i) On 22 April 2010, 649,122,807 ordinary shares were issued at HK$0.057 per share as the convertible noteholders exercised conversion rights to convert the convertible notes into the Company's ordinary shares.

(ii) On 16 August 2010, 788,824,000 ordinary shares were issued at HK$0.041 per share as a result of placing under General Mandate.

(iii) On 14 September 2010, share consolidation became effective, of which, every five 5 issued and unissued shares of HK$0.01 each in the capital of the Company were consolidated into 1 consolidated share of HK$0.05 each, i.e. 4,732,946,807 shares of HK$0.01 each were consolidated into 946,589,361 consolidated shares of HK$0.05 each.

(iv) On 1 November 2010, 41,236,626 ordinary shares were allotted and issued as the convertible note warrant ("CN Warrant") holders exercised the subscription rights attaching to the CN Warrants into the Company's ordinary shares at HK$0.25 per share.

(v) On 8 November 2010 and 9 November 2010, a total of 189,317,872 ordinary shares were issued at HK$0.43 per share as a result of placing under refreshment of general mandate.

(vi) On 10 November 2010 and 10 December 2010, 6,807,017 ordinary shares and 1,600,000 ordinary shares were allotted and issued respectively as the CN Warrant holders exercised the subscription rights attaching to the CN Warrants into the Company's ordinary shares at HK$0.25 per share.

EMPLOYEES

As at 31 December 2010, the Group had 18 employees (2009: 13), including executive directors, non-executive director and independent non-executive directors. Total staff costs for the year ended 31 December 2010 amounted to HK$6,968,000 (2009: HK$5,355,000, including equity-settled share-based payment expense of HK$645,000 recognised). 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 2010 (2009: Nil).

CORPORATE GOVERNANCE PRACTICES

The Board of National Investments Fund Limited (the "Company") has been committed to maintaining the high level of corporate governance in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interests and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole.

The Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (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 2010 under review, the Company 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 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 25 June 2010, 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 Company 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 Company's business, and ensuring transparency and accountability of Company's operations.

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

During the year ended 31 December 2010, the Company has not purchased, sold nor redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors of the Company, they have confirmed that they have complied with the required standards set out in the Mode Code throughout the year under review.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, Mr. Liu Jin, Mr. Char Shik Ngor, Stephen and Mr. Lui Tin Nang, Mr. Lui Tin Nang is the chairman 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 consolidated financial statements for the year ended 31 December 2010.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results 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, 18 March 2011

As at the date of this announcement, the board of directors 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 four Independent Non-executive Directors, namely Mr. Char Shik Ngor, Stephen, Mr. Lui Tin Nang, Mr. Liu Jin and Mr. Wong Sin Lai.