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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of National Investments Fund Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiary (the "Group") for the six months ended 30 June 2010 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**(18,078)**	12,748
Other operating expenses	*5*	**(9,495)**	(5,371)
Impairment loss on available-for-sale financial assets			
— previously recognized 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)
Finance cost		**(199)**	—
(Loss)/profit before taxation		**(27,772)**	3,288
Income tax expense	*6*	**—**	—
(LOSS)/PROFIT FOR THE PERIOD		**(27,772)**	3,288

	Notes	Six months ended 30 June 2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
Attributable to:			
Owners of the Company		**(27,772)**	3,288
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		**(27,772)**	3,386
Total comprehensive income attributable to owners of the Company		**(27,772)**	3,386
Interim dividend	*7*	—	—
(Loss)/Earnings per share:	*8*		
Basic, in HK cents		**(0.78)**	0.28
Diluted, in HK cents		**(0.78)**	0.27

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Note	**As at 30 June 2010 (Unaudited) *HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,303**	3,785
Available-for-sale financial assets		**3,416**	3,448
Total non-current assets		**6,719**	7,233
Current assets			
Financial assets at fair value through profit or loss		**78,817**	66,030
Prepayment, deposit and other receivable		**3,404**	912
Cash and bank balances		**23,937**	29,365
		106,158	96,307
Total assets		**112,877**	103,540
EQUITY			
Capital and reserves attributable to owners of the Company:			
Share capital		**39,441**	32,950
Reserves		**73,147**	70,211
Total equity		**112,588**	103,161
LIABILITIES			
Current liabilities			
Accrued charges and other payable		**289**	379
Total liabilities		**289**	379
Total equity and liabilities		**112,877**	103,540
Net current assets		**105,869**	95,928
Total assets less current liabilities		**112,588**	103,161

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010 (in HK Dollars)

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 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosure for the First-time Adopter
HKFRS 2 (Amendments)	Amendment to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combination
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

The adoption of the new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting period. Accordingly, no prior adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net gain/(loss) on financial assets at fair value through profit or loss *(Note)*	**(18,595)**	12,707
Interest income from bank deposit	**—**	32
Dividend income from financial assets at fair value through profit or loss	**517**	9
	(18,078)	12,748

Note:

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Proceeds on sales	**34,865**	—
Less: cost of sales	**(35,919)**	—
Net realized loss on financial assets at fair value through profit or loss	**(1,054)**	—
Net unrealized (loss)/gain on financial assets at fair value through profit or loss	**(17,541)**	12,707
Net (loss)/gain on financial assets at fair value through profit or loss	**(18,595)**	12,707

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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**546**	17
Equity settled share-based payment	**—**	351
Employee benefits expenses	**3,249**	1,878
Legal and professional fee	**96**	607

6. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided for the six months ended 30 June 2010 as the Group had no assessable profits.

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.

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

8. (LOSS)/EARNINGS PER SHARE

Basic

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK$27,772,000 (30 June 2009: profit of approximately HK$3,288,000) and on the weighted average of approximately 3,554,649,000 (30 June 2009: approximately 1,186,117,000) ordinary shares in issue during the period.

Basic and diluted

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss)/earning		
(Loss)/earnings for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	**(27,772)**	3,288
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**3,554,649**	1,186,117
Effect of dilutive potential ordinary shares for warrants	**—**	10,135
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,554,649**	1,196,252

Diluted

Diluted loss per share for the six months ended 30 June 2010 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.

9. SUBSEQUENT EVENTS

(a) As detailed in the announcement dated 4 August 2010, the Company and the placing agent entered into a placing agreement whereby the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 788,824,000 placing shares to independent investors at a price of HK$0.041 per placing share. The placing was completed on 16 August 2010.

(b) As detailed in the announcement dated 6 August 2010, the Board put forward to the shareholders a proposal of share consolidation on the basis that every five (5) issued and unissued shares of HK$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK$0.05 each. The Board also proposed to change the board lot size for trading in the shares of the Company from 4,000 shares to 10,000 consolidated shares after the share consolidation becoming effective. The share consolidation is conditional upon the approval of the shareholders at the extraordinary general meeting to be held on 13 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

As at 30 June 2010, investment portfolio of the Group consisted of listed securities with market value HK$78,817,000 (31 December 2009: HK$66,030,000) and unlisted investments with fair value HK$3,416,000 (31 December 2009: HK$3,448,000).

For the six months ended 30 June 2010, the Group recorded a net loss of HK$27,772,000 (30 June 2009: net profit of HK$3,288,000) and this was mainly attributable to the unrealized loss on financial assets at fair value through profit or loss of HK$17,541,000 (30 June 2009: unrealized gain of HK$12,707,000).

The Group was investing and managing a portfolio of diversified securities covering a range of industry sectors to achieve risk diversification. During the interim period, the Company had made various investment transactions in connection with the markets in Hong Kong. With the cash resources generated from placing of the Second Tranche Convertible Notes of the Company during the interim period together with the successful conversion on 22 April 2010, the Board is continuing to seek, identify, evaluate and capture appropriate investment opportunities not only in Hong Kong and the Mainland China, but also on the global platform. The Board is cautiously optimistic to the future prospects of financial markets in Hong Kong and the Mainland China, and is expecting our investments would achieve attractive returns.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2010 (30 June 2009: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group had retained cash of HK$23,937,000 (31 December 2009: HK$29,365,000). As most of the retained cash was placed in Hong Kong Dollars with the Bank in Hong Kong, exposure to exchange fluctuation is considered minimal.

The Group had net current assets of HK$105,869,000 (31 December 2009: HK$95,928,000) and no borrowings or long-term liabilities as at 30 June 2010. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 June 2010, was 0.26% (31 December 2009: 0.37%).

EMPLOYEES

As at 30 June 2010, the Group had 18 (31 December 2009: 13) employees, including executive directors, non-executive directors and independent non-executive directors. Total staff costs for the interim period amounted to HK$3,249,000 (30 June 2009: HK$1,878,000). 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 2010 (31 December 2009: Nil).

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

During the six months ended 30 June 2010, the Company has not purchased, sold nor redeemed any of its listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

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 2010, the Board comprises three executive directors, one non-executive director and three independent non-executive directors. The Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange during the six months ended 30 June 2010, 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 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.

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 2010. 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 2010.

AUDIT COMMITTEE

The audit committee of the Company, 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 2010.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Listing Rules, is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.nif-hk.com). The company's interim report for 2010 will be despatched to the shareholders of the Company 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, 30 August 2010

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 three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Lui Tin Nang and Mr. Liu Jin.