

  
**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 2007**

The Board of Directors (the “Board”) of National Investments Fund Limited (formerly known as “China Financial Industry Investment Fund Limited”)(the “Company”) is pleased to announce the audited annual results of the Company for the year ended 31 December 2007 together with the comparative figures as follows:

***INCOME STATEMENT***

*FOR THE YEAR ENDED 31 DECEMBER 2007*

	<i>Note</i>	<b>2007</b> <b><i>HK\$'000</i></b>	2006 <i>HK\$'000</i>
Turnover	4	<b>10,769</b>	142
Cost of sales		<b>(8,826)</b>	(203)
Gross profit/(loss)		<b>1,943</b>	(61)
Other income		<b>593</b>	-
Gain on disposal of available-for-sale financial assets		<b>1,200</b>	-
Loss arising from change in fair value of financial assets at fair value through profit or loss		<b>(3,304)</b>	(218)
Reversal of impairment loss on investment deposits		-	1,300
Impairment loss on available-for-sale financial assets		-	(2,120)
Other operating expenses		<b>(5,654)</b>	(1,641)
Loss before income tax	6	<b>(5,222)</b>	(2,740)
Income tax expenses	7	-	-
Loss for the year		<b><u>(5,222)</u></b>	<u>(2,740)</u>
Attributable to:			
Equity holders of the Company	8	<b><u>(5,222)</u></b>	<u>(2,740)</u>
Loss per share			(Restated)
Basic and diluted, in HK cents	9	<b><u>(0.68)</u></b>	<u>(0.53)</u>

**BALANCE SHEET**

AT 31 DECEMBER 2007

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Assets:</b>		
<b>Non-current assets</b>		
Property, plant and equipment	80	-
Available-for-sale financial assets	-	1,350
	<u>80</u>	<u>1,350</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss	27,669	231
Prepayment, deposits and other receivables	267	-
Cash and bank balances	26,413	51
	<u>54,349</u>	<u>282</u>
<b>Total assets</b>	<u><u>54,429</u></u>	<u><u>1,632</u></u>
<b>Equity:</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	10,920	600
Reserves	43,002	(2,508)
<b>Total equity</b>	<u>53,922</u>	<u>(1,908)</u>
<b>Liabilities:</b>		
<b>Current liabilities</b>		
Accrued charges and other payable	507	1,083
Amounts due to directors	-	2,457
	<u>507</u>	<u>3,540</u>
<b>Total liabilities</b>	<u>507</u>	<u>3,540</u>
<b>Total equity and liabilities</b>	<u><u>54,429</u></u>	<u><u>1,632</u></u>
<b>Net current assets/(liabilities)</b>	<u><u>53,842</u></u>	<u><u>(3,258)</u></u>
<b>Total assets less current liabilities</b>	<u><u>53,922</u></u>	<u><u>(1,908)</u></u>

## **NOTES**

### **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 Company 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 1907, 19th Floor, Office Tower Convention Plaza, 1 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**

In the current year, the Company 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 effective for accounting periods beginning on or after 1 January 2007. A summary of the new HKFRSs are set out as below:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instrument: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

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

The Company has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 1(Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>5</sup>
HKFRS 2 (Amendment)	Share-based Payment <sup>1</sup>
HKFRS 3 (Revised)	Business Combination <sup>5</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) -Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC) -Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC) -Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC) -Int 14	HKAS19 – The Limited on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>5</sup> Effective for annual periods beginning on 1 July 2009

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Company.

## 3. BASIS OF PREPARATION

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

## 4. TURNOVER

The amount of each significant category of turnover recognised during the year is as follows:

	<b>2007</b>	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Turnover</b>		
Sales of financial assets at fair value through profit or loss	<b>10,114</b>	142
Bank interest income	<b>655</b>	-
	<b><u>10,769</u></b>	<u>142</u>

## 5. BUSINESS SEGMENT

For the year ended 31 December 2007 and 2006, over 90% of the Company's turnover was derived from sale of investments in listed and unlisted securities, no further detailed analysis of the Company's business segment is disclosed.

### Geographical segment

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

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

	Hong Kong		United Kingdom		The People's Republic of China		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	<b>54,429</b>	1,251	-	231	-	150	<b>54,429</b>	1,632
Segment liabilities	<b>507</b>	3,540	-	-	-	-	<b>507</b>	3,540
Segment revenue	<b>9,526</b>	142	<b>1,243</b>	-	-	-	<b>10,769</b>	142

## 6. LOSS BEFORE INCOME TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Auditors' remuneration	<b>180</b>	180
Directors' emoluments	<b>1,425</b>	525
Total staff costs, excluding directors' remuneration	<b>1,146</b>	-
Depreciation on owned assets	<b>7</b>	-
Legal and professional fee	<b>395</b>	188
Operating lease rental in respect of land and building	<b>335</b>	-
Equity settled share-based payment expenses	<b>741</b>	-
<b>Net loss arising from financial assets at fair value through profit or loss:</b>	<b>10,114</b>	142
Proceeds from sales		
Less: cost of sales	<b>(8,826)</b>	(203)
	<b>1,288</b>	(61)
Unrealised loss on financial assets at fair value through profit or loss	<b>(3,304)</b>	(218)
	<b>(2,016)</b>	(279)

## 7. INCOME TAX EXPENSES

### Current taxation

No provision for Hong Kong profits tax has been made as the Company incurred a taxation loss for the year (2006: Nil).

The income tax expenses for the year can be reconciled to the loss per the income statement as follows:

	2007		2006	
	HK\$'000	%	HK\$'000	%
Loss before tax	<b>(5,222)</b>		(2,740)	
Tax at Hong Kong profit tax rate of 17.5% (2006: 17.5%)	<b>(914)</b>	<b>(17.5)</b>	(480)	(17.5)
Estimated tax effect on income that are not taxable in determining taxable profit	<b>(104)</b>	<b>(2)</b>	-	-
Estimated tax effect on expenses that are not deductible in determining taxable profit	<b>624</b>	<b>12</b>	371	13.5
Estimated tax effect of unrecognised temporary difference	<b>(10)</b>	<b>(0.2)</b>	-	-
Tax effect of unrecognised tax loss	<b>404</b>	<b>7.7</b>	109	4.0
Tax income and effective tax rate for the year	-	-	-	-

## 8. NET LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of the loss of HK\$5,222,000 (2006: HK\$2,740,000).

## 9. LOSS PER SHARE

The calculation of basic loss per share is based on the Company's net loss attributable to the shareholders of HK\$5,222,000 (2006: HK\$2,740,000) and the 767,504,000 (2006: 515,593,000, as restated), weighted average ordinary shares in issue during the year. The weighted average number of ordinary shares of the year ended 31 December 2006 had been adjusted in connection to 1,008,000,000 right issues during the year.

Diluted loss per share for the year ended 31 December 2007 was the same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

**9. LOSS PER SHARE (Continued)**

There were no dilutive potential shares during the year ended 31 December 2006 and therefore no diluted loss per share has been presented.

**10. NET ASSETS/(LIABILITIES) VALUE PER SHARE**

The net assets value per share is HK\$0.049 (2006: net liabilities value per share HK\$0.032).

The calculation of net assets/(liabilities) value per share is based on the net assets of HK\$53,922,000 (2006: net liabilities value of HK\$1,908,000) and the 1,092,000,000 (2006: 60,000,000) ordinary shares in issue as at 31 December 2007 and 31 December 2006.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**BUSINESS REVIEW**

For the year ended 31 December 2007, the Company's turnover increased by 75.8 times to HK\$10,769,000 (2006: HK\$142,000), because the Company had become more active and participative in Hong Kong securities market with the funds generated in 2007 from the placings and rights issue. During the year, the Company had disposed of all its unlisted securities and its equity interests in a United Kingdom listed security, with an aim to focus the Company's resources in Hong Kong investment market.

The Company reported a loss attributable to shareholders of HK\$5,222,000 (2006: HK\$2,740,000), representing an increase of 91% as compared with the last year. The loss was mainly due to increase in administrative expenses, such as staff costs of HK\$1,146,000 (2006: Nil), the directors' remuneration of HK\$1,425,000 (2006: HK\$525,000), the amortisation of share options granted during the year HK\$741,000 (2006: Nil), and the loss arising from change in fair value of financial assets at fair value through profit or loss of HK\$3,304,000 (2006: HK\$218,000). During the year ended 31 December 2007, the Company did not receive any dividend income(2006: Nil).

**DIVIDEND**

The Board has resolved not to recommend a final dividend for the year ended 31 December 2007 (2006: Nil).

**PROSPECT**

From the fourth quarter of 2007, the global financial market, including Hong Kong and the People's Republic of China (the "PRC"), became more highly fluctuated. The sub-prime mortgage issue crises in the United States (the "US") triggered a worldwide credit market swing.

Given the impact of sub-prime mortgage issue and the down-turn trend in the US economy and private consumption, the Board will still continue to adopt a more thorough and cautious measure and investment strategies in managing the Company's investment portfolio. The Board has been actively seeking new unlisted investment projects with potential higher returns or pre-IPO investment opportunities. The investment strategy primarily focuses on industries such as information-technology, resources and environmental protection and media. The board will identify any potential investment opportunities in the North-America region, Hong Kong and the PRC that will furtherance our Company's investment objectives and policies.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Company had cash and cash equivalents of approximately HK\$26,413,000 (2006: approximately HK\$51,000) as at 31 December 2007.

The Company had net current assets of approximately HK\$53,842,000 (2006: net current liabilities of approximately HK\$3,258,000) as at 31 December 2007. The Company had no borrowing and 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 2007, was 0.009 (2006: undefined as the presence of net liabilities).

## **CAPITAL STRUCTURE**

The shares of the Company were listed on the Stock Exchange. Save as disclosed below, there has been no change in the capital structure of the Company for the year under review.

- (a) 24,000,000 new ordinary shares were issued by placing; and
- (b) 1,008,000,000 new ordinary shares were issued as per rights issue completed.

## **EMPLOYEES**

As at 31 December 2007, the Company had 11 employees (2006: 6), including executive directors, non-executive director and independent non-executive directors. Total staff costs for the year ended 31 December 2007 amounted to HK\$3,312,000 (2006: HK\$525,000), including the amortisation of share options amounted to HK\$741,000 (2006: Nil) granted to employees during the year. The Company's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

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

There were no charges on the Company's assets or any significant contingent liabilities as at 31 December 2007 (2006: Nil).

## **CORPORATE GOVERNANCE REPORT**

Good corporate governance has always been recognised as vital to the Company's success and to sustain development to the Company. 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:

## **CORPORATE GOVERNANCE REPORT** *(Continued)*

- (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 2007 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 Provisions A.4.1. Code Provision A.4.1 stipulates that non-executive directors, including independent non-executive directors, should be appointed for a specific term, subject to re-election. Prior to May 2007, non-executive directors of the Company were appointed without specific term but they were subject to retirement by rotation and re-election at the annual general meeting. Since May 2007, in order to be aligned with Code Provision A.4.1, non-executive directors of the Company were appointed with specific term.

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 2007, 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 2007.

## **AUDIT COMMITTEE**

The audit committee currently consists of three independent non-executive directors, Mr. Liu Jin, Mr. Char Shik Ngor, Stephen and Mr. Fung Kwok Leung 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 2007.

## **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](http://www.hkex.com.hk)) under "Latest Listed Companies Information" and the Company ([www.nif-hk.com](http://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, 25 April 2008

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