



National Investments
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)



2011 Interim Report



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wong Danny F. (*Chairman*)
Mr. Wu Tse Wai, Frederick
(*Chief Executive Officer*)
Mr. Fong Chi Wah

Non-executive Director

Ms. Yang XiaoFeng

Independent Non-executive Directors

Mr. Char Shik Ngor, Stephen
Mr. Liu Jin
Mr. Lui Tin Nang
Mr. Wong Sin Lai

AUDIT COMMITTEE

Mr. Lui Tin Nang (*Chairman*)
Mr. Char Shik Ngor, Stephen
Mr. Liu Jin

REMUNERATION COMMITTEE

Mr. Liu Jin (*Chairman*)
Ms. Yang XiaoFeng
Mr. Lui Tin Nang

COMPANY SECRETARY

Ms. Shum Ching Yee, Jennifer

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

PRINCIPAL BANKERS

Wing Hang Bank, Limited
Industrial and Commercial
Bank of China (Asia) Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Suite 5128, 51st Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

INVESTMENT MANAGER

CU Investment Management Limited
(appointed on 16 May 2011)
Beijing Capital Partners Limited
(resigned on 16 May 2011)

CUSTODIAN

Bank of Communications Trustee Limited
1st Floor
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited:
1227

WEBSITE

www.nif-hk.com

MANAGEMENT DISCUSSION AND ANALYSIS

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 subsidiaries for the six months ended 30 June 2011. These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

BUSINESS REVIEW AND PROSPECTS

As at 30 June 2011, investment portfolio of the Group consisted of listed securities with market value of HK\$88,878,000 (31 December 2010: HK\$233,985,000) and unlisted investments with fair value of HK\$104,882,000 (31 December 2010: HK\$26,668,000).

For the six months ended 30 June 2011, the Group recorded a net loss of HK\$135,175,000 (30 June 2010: HK\$27,772,000) and this was mainly attributable to the unrealised loss on financial assets at fair value through profit or loss of HK\$104,872,000 (30 June 2010: HK\$17,541,000).

The Group’s primary objective is to achieve short to medium term capital appreciation by investing in listed and unlisted companies. During the interim period, the Group was investing and managing a portfolio of diversified securities covering a range of industry sectors. With the cash resources generated from the completion of the placing of the 350,000,000 new shares under specific mandate and 179,484,913 unlisted warrants in April 2011, the Company will keep seeking more investment opportunities with potential of asset appreciation to enhance returns to the Group and the shareholders. For the year 2011, it is a volatile year with the debt crisis in Europe, the earthquake in Japan, the credit tightening in China, etc. The management of the Company expects the investment market will continue to be volatile for the coming year. The Company would consider investing in certain listed securities and unlisted securities with high potential in order to further diversify the market risk.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2011 (30 June 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had retained cash of HK\$17,076,000 (31 December 2010: HK\$27,991,000). 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\$107,629,000 (31 December 2010: HK\$261,398,000) and no borrowings or long-term liabilities as at 30 June 2011. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 June 2011, was 0.40% (31 December 2010: 0.58%).

EMPLOYEES

As at 30 June 2011, the Group had 20 (31 December 2010: 18) employees, including executive directors, non-executive director and independent non-executive directors. Total staff costs for the interim period amounted to HK\$4,803,000 (30 June 2010: HK\$3,249,000). 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 2011 (31 December 2010: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the interests or short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Interests and short positions in shares, underlying shares and debentures of the Company

Name of directors	Capacity	Long position/ Short position	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Wong Danny F.	Interest in controlled corporation	Long Position	204,605,200 (Note 1)	13.32%
	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Mr. Wu Tse Wai, Frederick	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Mr. Fong Chi Wah	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Ms. Yang XiaoFeng	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Mr. Char Shik Ngor, Stephen	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Mr. Liu Jin	Beneficial owner	Long Position	1,378,400 (Note 2)	0.09%
Mr. Lui Tin Nang	Beneficial owner	Long Position	1,160,000 (Note 2)	0.08%
Mr. Wong Sin Lai	Beneficial owner	Long Position	1,160,000 (Note 2)	0.08%

OTHER INFORMATION

Notes:

1. These 204,605,200 ordinary shares of the Company represent the aggregate of 179,805,200 ordinary shares and 24,800,000 CN warrants expiring on 13 July 2012, with an exercise price of HK\$0.25 each for one ordinary share, are held through CCM Asia Investment Corporation, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Wong Danny F.; and
2. These shares are derived from the interest in share options granted by the Company to these directors respectively, details of which are set out in the section headed “INTERESTS IN SHARE OPTIONS” below.

Save as disclosed above, none of the directors, chief executive or their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under “Interests in Share Options” below, at no time during the period was the Company a party to any arrangements to enable the directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in or debentures of the Company or any associated corporations.

INTERESTS IN SHARE OPTIONS

A share option scheme was adopted by the Company on 27 August 2007 (the “Share Option Scheme”) to enable the Company to grant share options to eligible participants, including the Directors and employees of the Company, as incentive or rewards for their contribution to the Company. On 10 February 2011, an extraordinary general meeting of the Company was convened and the Shareholders of the Company approved to refresh the General Scheme Limit at the extraordinary general meeting which allows the Company to grant share options entitling holders thereof to subscribe for a maximum of 118,550,087 shares, representing 10% of the issued share capital of the Company as at the date of the extraordinary general meeting. On 18 April 2011, a total of 116,700,000 share options were granted to the Directors of the Company and other eligible participants pursuant to the Share Option Scheme. The following table discloses the movement in the Company’s share options under the Share Option Scheme during the six months ended 30 June 2011:

OTHER INFORMATION

Name or category of participants	Number of share options				Outstanding at 30 June 2011	Date of grant	Exercise price (HK\$)	Exercisable period
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period				
Directors								
Mr. Wong Danny F.	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Wu Tse Wai, Frederick	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Fong Chi Wah	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Ms. Yang XiaoFeng	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Char Shik Ngor, Stephen	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Liu Jin	218,400	—	—	—	218,400	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Lui Tin Nang	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Mr. Wong Sin Lai	—	1,160,000	—	—	1,160,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Resigned directors	436,800	—	—	—	436,800	28 Nov 2007	1.90	28 Nov 2007 to 26 Aug 2017 (Note 1)
Employees	—	33,270,000	—	—	33,270,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Other eligible participants	—	74,150,000	—	—	74,150,000	18 Apr 2011	0.189	18 Apr 2011 to 26 Aug 2017
Total	1,747,200	116,700,000			118,447,200			

Note:

- In accordance with the terms of the share-based arrangement, (i) a maximum of 30% options are exercisable from the date of grant; (ii) a maximum of another 30% options, plus any options being unexercised in (i), in aggregate not exceeding 60% of total options granted, are exercisable from 28 November 2008, and (iii) the remaining 40% options, plus any options being unexercised in (i) and (ii), are exercisable from 28 November 2009 to 26 August 2017.

Save as disclosed above, none of the Company's directors and chief executive, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the six months ended 30 June 2011.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2011, so far as is known to the directors, the following persons (other than the directors and chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Interests and short position in shares and underlying shares of the Company

Name	Capacity	Long position/ Short position	Number of ordinary shares	Percentage of issued share capital
CCM Asia Investment Corporation (Note)	Beneficial owner	Long position	204,605,200	13.32%

Note: These 204,605,200 ordinary shares represent the aggregate of 179,805,200 ordinary shares and 24,800,000 CN warrants expiring on 13 July 2012, with an exercise price of HK\$0.25 each for one ordinary share, and Mr. Wong Danny F., an executive director and the chairman of the Company, is the sole shareholder of CCM Financial Corporation which in turn is the sole shareholder of CCM Asia Investment Corporation.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 30 June 2011.

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

During the six months ended 30 June 2011, the Company has not purchased, sold nor redeemed any of its listed securities.

OTHER INFORMATION

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 2011, the Board comprises three executive directors, one non-executive director and four 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 2011, 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 28 April 2011, 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

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 Directors. After having made specific enquiries of 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 2011.

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 2011.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 (Unaudited) HK\$'000	As at 31 December 2010 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,494	3,130
Interests in a jointly controlled entity		1,433	9,000
Available-for-sale financial assets		104,882	26,668
Conversion option embedded in convertible notes		3,790	1,001
		112,599	39,799
Current assets			
Financial assets at fair value through profit or loss	3	88,878	233,985
Prepayments, deposits and other receivables		2,548	1,184
Cash and bank balances		17,076	27,991
		108,502	263,160
Total assets		221,101	302,959
EQUITY			
Capital and reserves attributable to owners of the Company:			
Share capital	4	76,778	59,278
Reserves		143,450	241,919
Total equity		220,228	301,197
LIABILITIES			
Current liabilities			
Accrued charges and other payable		873	1,762
Total liabilities		873	1,762
Total equity and liabilities		221,101	302,959
Net current assets		107,629	261,398
Total assets less current liabilities		220,228	301,197

Approved by the Board of Directors on 26 August 2011 and signed on its behalf by:

Wong Danny F.
Chairman

Wu Tse Wai, Frederick
Chief Executive Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	5	(111,180)	(18,078)
Change in fair value of conversion options embedded in convertible notes		(1,770)	—
Other operating expenses		(17,358)	(9,495)
Share of result of a jointly controlled entity		(4,867)	—
Finance costs		—	(199)
Loss before income tax		(135,175)	(27,772)
Income tax expense	7	—	—
Loss for the period	8	(135,175)	(27,772)
Other comprehensive income			
Exchange differences arising on translation		120	—
Change in fair value of available-for-sale financial assets		2,926	—
Other comprehensive income for the period, net of income tax		3,046	—
Total comprehensive loss for the period		(132,129)	(27,772)
Loss for the period attributable to:			
Owners of the Company		(135,175)	(27,772)
Total comprehensive loss attributable to:			
Owners of the Company		(132,129)	(27,772)
Interim dividend	9	—	—
Loss per share:	10		(Restated)
Basic, in HK cents		(10.09)	(3.91)
Diluted, in HK cents		(10.09)	(3.91)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Warrants reserve (unaudited) HK\$'000	Available-for-sale financial assets equity reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
Balance at 1 January 2010	32,950	126,942	—	1,497	33,728	(2,256)	(89,700)	103,161
Loss for the period	—	—	—	—	—	—	(27,772)	(27,772)
Total comprehensive loss for the period	—	—	—	—	—	—	(27,772)	(27,772)
Conversion of shares	6,491	25,198	—	—	5,510	—	—	37,199
Expiry of warrants	—	—	—	—	(162)	—	162	—
Balance at 30 June 2010	39,441	152,140	—	1,497	39,076	(2,256)	(117,310)	112,588

	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Warrants reserve (unaudited) HK\$'000	Available-for-sale financial assets equity reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
Balance at 1 January 2011	59,278	270,860	—	921	23,073	(4,733)	(48,202)	301,197
Other comprehensive income for the period	—	—	120	—	—	2,926	—	3,046
Loss for the period	—	—	—	—	—	—	(135,175)	(135,175)
Total comprehensive income/(loss) for the period	—	—	120	—	—	2,926	(135,175)	(132,129)
Recognition of equity settled share-based payment	—	—	—	3,638	—	—	—	3,638
Issued of shares	17,500	31,850	—	—	—	—	—	49,350
Share issuing expenses	—	(1,917)	—	—	—	—	—	(1,917)
Issue of warrants	—	—	—	—	359	—	—	359
Warrants issuing expenses	—	—	—	—	(270)	—	—	(270)
Balance at 30 June 2011	76,778	300,793	120	4,559	23,162	(1,807)	(183,377)	220,228

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	20,780	(30,007)
Net cash outflow from investing activities	(79,217)	(12,851)
Net cash inflow from financing activities	47,522	37,430
Net decrease in cash and cash equivalents	(10,915)	(5,428)
Cash and cash equivalents at the beginning of the period	27,991	29,365
Cash and cash equivalents at the end of the period	17,076	23,937
Analysis of cash and cash equivalents:		
Cash and bank balance	17,076	23,937

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

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 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.

This condensed consolidated interim financial statements has not been audited.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2011, 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 2010. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the condensed consolidated interim financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group has not yet early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Held-for-trading:		
Equity securities, at fair value		
— listed in Hong Kong	88,878	223,551
Call warrants, at fair value		
— listed in Hong Kong	—	10,434
	88,878	233,985

4. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	HK\$'000
Authorised:		
At 31 December 2010 (audited) and 30 June 2011 (unaudited)	4,000,000,000	200,000
Issued and fully paid:		
At 31 December 2010 (audited)	1,185,550,876	59,278
Issue of shares (Note)	350,000,000	17,500
At 30 June 2011 (unaudited)	1,535,550,876	76,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

4. SHARE CAPITAL (Continued)

Note:

On 12 April 2011, 350,000,000 ordinary shares of HK\$0.05 were issued at a price of HK\$0.141 per share. A share premium of approximately HK\$29,933,000 had been credited to share premium account. The net proceeds of approximately HK\$47,433,000 are intended to be used for investments and/or as general working capital of the Company.

5. REVENUE

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net loss on financial assets at fair value through profit or loss (Note)	(112,952)	(18,595)
Bank interest income	1	—
Dividend income from financial assets at fair value through profit or loss	—	517
Interest income from available-for-sale financial assets	1,771	—
	(111,180)	(18,078)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

5. REVENUE (Continued)

Note:

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

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Proceeds on sales	77,710	34,865
Less: cost of sales	(85,790)	(35,919)
Net realised loss on financial assets at fair value through profit or loss	(8,080)	(1,054)
Net unrealised loss on financial assets at fair value through profit or loss	(104,872)	(17,541)
Net loss on financial assets at fair value through profit or loss	(112,952)	(18,595)

6. SEGMENT INFORMATION

The Group currently operates in one business segment as all of the Group's revenue was derived from investment income from investments in listed securities and unlisted securities mainly in Hong Kong. A single management team reported to the chief operating decision makers who comprehensively manage the entire business. In addition, all the Group's non-current assets are located in the Hong Kong. Accordingly, the Group does not have separately reportable segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2011 and 2010 as the Group had no assessable profits.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	652	546
Directors' emoluments	1,194	1,135
Total staff costs, excluding directors' emoluments	3,609	2,114
Equity settled share-based payment	3,638	—
Operating lease rental in respect of land and building	737	1,346
Impairment loss on other receivables	760	—
Legal and professional fee	118	96

9. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2011 (30 June 2010: Nil).

10. LOSS PER SHARE

Basic

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$135,175,000 (30 June 2010: loss of approximately HK\$27,772,000) and on the weighted average of approximately 1,340,247,000 (30 June 2010: approximately 710,930,000 (restated)) ordinary shares in issue during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

10. LOSS PER SHARE (Continued)

Basic and diluted

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

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(135,175)	(27,772)
	'000	'000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,340,247	710,930

Diluted

Diluted loss per share for the six months ended 30 June 2011 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

11. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2011, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business.

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Investment management fee to a related party (a)	148	200
Consultancy fee to a related party (a)	51	—
Expense to a jointly controlled entity (b)	442	—

Notes:

- (a) Beijing Capital Partners Limited is the related company of the Company. Mr. Wu Tse Wai, Fredrick is the director of the Company and Beijing Capital Partners Limited. The investment management fee was carried out in accordance with the terms of the investment management agreement entered into by the Company and Beijing Capital Partners Limited.
- (b) The jointly controlled entity is New Sakai Hong Kong Limited and Mr. Wong Danny F. is the director of the Company and New Sakai Hong Kong Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	1,182	1,123
Employer's contribution to pension scheme	12	12
Equity settled shared-based payment	289	—
	<u>1,483</u>	<u>1,135</u>

12. COMMITMENTS

Operating lease commitments

As lessee:

At the end of the reporting period, the total future minimum lease payments under non cancellable operating leases of the Group are repayable as follows:

	At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
Within one year	1,141	2,361
After one year but within five years	—	1,428
	<u>1,141</u>	<u>3,789</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011 (in HK Dollars)

13. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the end of the reporting period (31 December 2010: Nil).

14. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial statements were approved by the Board of Directors on 26 August 2011.