

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)



Interim Report
2008

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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

Ms. Tam Heung Man
Mr. Char Shik Ngor, Stephen
Mr. Fung Kwok Leung
Mr. Liu Jin

COMPANY SECRETARY

Mr. Lee Ping Kai

QUALIFIED ACCOUNTANT

Mr. Lee Ping Kai

AUDIT COMMITTEE

Mr. Liu Jin
Mr. Char Shik Ngor, Stephen
Mr. Fung Kwok Leung

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 1907, 19th Floor
Office Tower Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

CUSTODIAN

Bank of Communications Trustee Limited
Room 301
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

HONG KONG BRANCH 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

The board of directors (the “Board”) of National Investments Fund Limited (the “Company”) is pleased to announce the unaudited condensed interim results of the Company for the six months ended 30 June 2008. These interim condensed financial statements have not been audited, but have been reviewed by the Company’s Audit Committee.

BUSINESS REVIEW AND PROSPECTS

As at 30 June 2008, investment portfolio of the Company consisted of listed securities with market value HK\$17,495,000 (31 December 2007: HK\$27,669,000).

For the six months ended 30 June 2008, the Company recorded a net loss of HK\$15,046,000 (30 June 2007: HK\$390,000) and this was mainly attributable to the unrealized holding loss on financial assets at fair value through profit or loss of HK\$7,504,000 (30 June 2007: HK\$897,000).

The Company was investing and managing in a portfolio of various securities in the securities market. During the interim period, the Company had made various investment transactions in connection with the market in Hong Kong, the Board continues to seek, identify, evaluate and capture appropriate investment opportunities not only in Hong Kong, but also in the market around the world. The Board is optimistic to the future prospects of financial markets in Hong Kong and the Mainland China, and expects our investments to achieve attractive returns.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the Company had retained cash of HK\$22,114,000 (31 December 2007: HK\$26,413,000). As most of the retained cash was placed in Hong Kong Dollars with the Banks in Hong Kong, exposure to exchange fluctuation is considered minimal.

The Company had net current assets of HK\$39,566,000 (31 December 2007: HK\$53,842,000) and no borrowings or long-term liabilities as at 30 June 2008. The gearing ratio, calculated on the basis of total liabilities over total shareholders’ funds as at 30 June 2008, was 0.009 (31 December 2007: 0.009).

EMPLOYEES

As at 30 June 2008, the Company had 11 (31 December 2007: 11) employees, including executive directors, non-executive director and independent non-executive directors. Total staff costs for the interim period amounted to HK\$2,203,000 (30 June 2007: HK\$446,000) including the amortisation of share options amounted to HK\$783,000 (30 June 2007: Nil). 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 employee.

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 30 June 2008 (31 December 2007: Nil).

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2008, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (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 provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred

Management Discussion and Analysis

to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (“Model Code”), are set out below:

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	279,026,000 <i>(Note 1)</i>	25.55%
	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Mr. Wu Tse Wai, Frederick	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Mr. Fong Chi Wah	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Ms. Yang XiaoFeng	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Ms. Tam Heung Man	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Mr. Char Shik Ngor, Stephen	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Mr. Fung Kwok Leung	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%
Mr. Liu Jin	Beneficial owner	Long Position	1,092,000 <i>(Note 2)</i>	0.1%

Notes:

1. These 279,026,000 ordinary shares of the Company 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 1,092,000 shares are derived from the interest in 1,092,000 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 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.

INTERESTS IN SHARE OPTIONS

Pursuant to an ordinary resolution duly passed at an extraordinary general meeting of shareholders dated 27 August 2007, the then existing share option scheme was terminated, and a new share option scheme was adopted accordingly. At the date of termination of existing share option scheme, there were no share options remained outstanding.

With reference to the terms and conditions of the new share option scheme (the "Share Option Scheme") adopted by the Company on 27 August 2007, the purpose of the Share Option Scheme, in principle, is to enable to Company to motivate participants for their significant contributions to the growth of the Company and to retain and maintain on-going business relationship with such participants whose contributions are or will be beneficial to the long term growth of the Company, it is important for the Company to provide for them, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the Company's long term success and prosperity. The principal terms of the Share Option Scheme are as follows:

- (i) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any options to be granted under any other scheme must not in aggregate exceed ten per cent. (10%) of the aggregate of the shares in issue as at the Adoption Date unless refreshed by the shareholders. However, the total number of shares which

may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any other scheme should not exceed thirty per cent. (30%) of the shares in issue from time to time.

- (ii) The total number of shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed one per cent. (1%) of the issued share capital of the Company for the time being.
- (iii) The subscription price shall be a price determined by the Board, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.
- (iv) A share option may be accepted by an eligible participant within 28 days from the date of offer of the option. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant of the option.
- (v) The Share Option Scheme will remain valid for a period of 10 years commencing on 27 August 2007.

Management Discussion and Analysis

Details of movement of the share options during the six months period ended 30 June 2008 under the Share Option Scheme are as follows:

Name or category of participants	Number of share options				Outstanding at 30 June 2008	Exercise price (HK\$)	Date of grant	Exercisable period (Note)
	Balance at 1 January 2008	Granted during the period	Exercised during the period	Lapsed during the period				
Directors								
Mr. Wong Danny F.	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Mr. Wu Tse Wai, Frederick	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Mr. Fong Chi Wah	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Ms. Yang XiaoFeng	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Ms. Tam Heung Man	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Mr. Char Shik Ngor, Stephen	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Mr. Fung Kwok Leung	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
Mr. Liu Jin	1,092,000	–	–	–	1,092,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
	8,736,000	–	–	–	8,736,000			
Employees	18,564,000	–	–	–	18,564,000	0.38	28 Nov 2007	28 Nov 2007 to 26 Aug 2017
	27,300,000	–	–	–	27,300,000			

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.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SECURITIES

As at 30 June 2008, so far as is known to the directors, the following persons (other than the directors and chief executives 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 the Company's issued share capital
CCM Asia Investment Corporation (Note 1)	Beneficial owner	Long position	279,026,000	25.55%

Note 1: Mr. Wong Danny F., the Chairman and the executive director of the Company 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 2008.

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

During the six months period ended 30 June 2008, the Company has not purchased, sold nor redeemed any of its listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICE

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 2008, the Board comprises three executive directors, one non-executive director and four independent non-executive directors. The Company has complied with the Code of Corporate Governance Practices ("Code Provisions") set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange during the six months period ended 30 June 2008, with deviation form 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 23 May 2008, 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 2008. 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 2008.

AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including a review of the Company's unaudited interim financial statements for the six months ended 30 June 2008.

On behalf of the Board
Wong Danny F.
Chairman

Hong Kong, 26 September 2008

Condensed Balance Sheet

as at 30 June 2008

	As at 30 June 2008 (Unaudited) HK\$'000	As at 31 December 2007 (Audited) HK\$'000
<i>Note</i>		
Non-current assets		
Property, plant and equipment	93	80
Current assets		
Financial assets at fair value through profit or loss	5 17,495	27,669
Prepayment, deposits and other receivables	318	267
Cash and bank balances	22,114	26,413
	39,927	54,349
Total assets	40,020	54,429
Current liabilities		
Accrued charges and other accounts payable	361	507
	361	507
Net current assets	39,566	53,842
Net assets	39,659	53,922
Capital and reserves attributable to the Company's equity holders		
Share capital	6 10,920	10,920
Reserves	28,739	43,002
Total equity	39,659	53,922

Approved by the Board of Directors on 26 September 2008 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 financial statements.

Condensed Income Statement

for the six months ended 30 June 2008

		Six months ended 30 June	
	<i>Note</i>	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000 (Re-stated)
Revenue	7	744	7
Other revenue	8	—	593
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(3,331)	255
Net realised gain on disposal of available-for-sale financial assets		—	1,013
Net unrealised loss on financial assets at fair value through profit or loss		(7,504)	(897)
Other operating expenses	9	(4,955)	(1,361)
Loss before taxation		(15,046)	(390)
Income tax expenses	10	—	—
Loss for the period		(15,046)	(390)
Attributable to:			
Equity holders of the Company		(15,046)	(390)
Interim dividend	11	—	—
Loss per share			
Basic, in HK cents	12	(1.38)	(0.61)
Diluted		N/A	N/A

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

Condensed Statement of Changes in Equity

for the six months ended 30 June 2008

	Share Capital (Unaudited) HK\$'000	Share Premium (Unaudited) HK\$'000	Share Option Reserve (Unaudited) HK\$'000	Accumulated Losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2007	600	22,834	—	(25,342)	(1,908)
Issue of shares	240	12,120	—	—	12,360
Share issue expenses	—	(505)	—	—	(505)
Loss for the period	—	—	—	(390)	(390)
Balance at 30 June 2007	840	34,449	—	(25,732)	9,557
Balance at 1 January 2008	10,920	72,825	741	(30,564)	53,922
Recognition of equity settled share-based payment	—	—	783	—	783
Loss for the period	—	—	—	(15,046)	(15,046)
Balance at 30 June 2008	10,920	72,825	1,524	(45,610)	39,659

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

Condensed Cash Flow Statement

for the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash outflow from operating activities	(4,269)	(9,234)
Net cash outflow from investing activities	(30)	—
Net cash inflow from financing activities	—	11,855
Net (decrease)/increase in cash and cash equivalents	(4,299)	2,621
Cash and cash equivalents at the beginning of the period	26,413	51
Cash and cash equivalents at the end of the period	22,114	2,672
Analysis of cash and cash equivalents		
Cash and bank balances	22,114	2,672

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

Notes to Condensed Interim Financial Statements

At 30 June 2008

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 principal activity of the Company is investment in listed and unlisted companies in 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.

The unaudited condensed 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 ("HKAS") 34: Interim Financial Reporting and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICY

The condensed financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2007. In the current interim period, the Company has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Company's financial year beginning on 1 January 2008.

HK(IFRIC)*-INT 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)*-INT 12	Service Concession Arrangements
HK(IFRIC)*-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Company for the current or prior accounting periods. Accordingly, no prior period adjustments has been recognised.

Notes to Condensed Interim Financial Statements

At 30 June 2008

2. PRINCIPAL ACCOUNTING POLICY (Continued)

The Company has not early applied the following new and revised Hong Kong Accounting Standards (“HKASs”) and HKFRSs or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ²
HK(IFRIC)*-INT 13	Customer loyalty programmes ³
HK(IFRIC)*-INT 15	Agreements for the construction of Real Estate ¹
HK(IFRIC)*-INT 16	Hedges of a Net Investment in a Foreign Operation ⁴

1 Effective for annual periods beginning on or after 1 January 2009.

2 Effective for annual periods beginning on or after 1 July 2009.

3 Effective for annual periods beginning on or after 1 July 2008.

4 Effective for annual periods beginning on or after 1 October 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. CHANGE IN THE PRESENTATION OF TURNOVER

In prior years, turnover included the sale proceeds from sale of financial assets at fair value through profit or loss, while the related costs were presented as “cost of financial assets at fair value through profit or loss”.

In the current year, the Company revised the presentation of turnover in order to conform with market practices. Interest income is included as a component of turnover; and the sale proceeds from sale of financial assets at fair value through profit or loss are offset against the cost of financial assets at fair value through profit or loss and are presented as net realised gain or loss on financial assets at fair value through profit or loss (as a separate item) in the income statement.

The effects of the change in the presentation of turnover have been accounted for retrospectively with comparative figures restated. These changes do not have any impact on the results of the Company in respect of the current and prior years.

Notes to Condensed Interim Financial Statements

At 30 June 2008

4. SEGMENT INFORMATION

The Company has determined not to present further business segment information as the Company's revenues, contribution to operating loss, assets and liabilities are attributable to the investments in listed and unlisted companies.

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 assets and liabilities for the period, analysed by geographical market, are as follows:

	Hong Kong		Total	
	As at 30 June 2008 (Unaudited) HK\$'000	As at 31 December 2007 (Audited) HK\$'000	As at 30 June 2008 (Unaudited) HK\$'000	As at 31 December 2007 (Audited) HK\$'000
Segment assets	40,020	54,429	40,020	54,429
Segment liabilities	361	507	361	507

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Held-for-trading:		
Equity securities, at fair value		
— listed in Hong Kong	17,495	27,669

Notes to Condensed Interim Financial Statements

At 30 June 2008

6. SHARE CAPITAL

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
<i>Authorised:</i>		
2,000,000,000 ordinary shares of HK\$0.01 each	20,000	20,000
<i>Issued and fully paid:</i>		
1,092,000,000 ordinary shares of HK\$0.01 each	10,920	10,920

7. REVENUE

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Dividend income from financial assets at fair value through profit or loss	273	—
Interest income	471	7
	744	7

8. OTHER REVENUE

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Waiver of amounts due to directors	—	593

Notes to Condensed Interim Financial Statements

At 30 June 2008

9. OTHER OPERATING EXPENSES

Other operating expenses included the following:

	Six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Equity settled share-based payment	783	—
Employee benefits expenses	1,420	446
Legal and professional fees	138	118

10. INCOME TAX EXPENSES

No provision of Hong Kong profits tax is required as the Company has no assessable profits for the period (30 June 2007: Nil).

11. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the Company's net loss attributable to the shareholders of HK\$15,046,000 (30 June 2007: HK\$390,000) divided by the weighted average number of shares in issue during the period, being 1,092,000,000 (30 June 2007: 63,779,005).

Diluted loss per share for the six months period ended 30 June 2008 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 are anti-dilutive.

There were no dilutive potential shares during the six months ended 30 June 2007 and therefore no diluted loss per share has been presented.

13. DEFERRED TAXATION

There were no deferred tax assets/liabilities as at the six months ended 30 June 2008 and year ended 31 December 2007.

Notes to Condensed Interim Financial Statements

At 30 June 2008

14. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2008, the Company 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 Company's business.

Key management compensation

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	820	360
Employer's contribution to pension scheme	24	10

15. COMMITMENTS

Commitments under operating leases

At the balance sheet date, the Company had total future aggregate minimum lease payments under non-cancellable operating leases, which are payable as follows:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
Within one year	84	446
In the second to fifth years inclusive	—	—
	84	446

16. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report was approved by the Board of Directors on 26 September 2008.