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NATIONAL INVESTMENTS FUND LIMITED
國盛投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1227)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

The Board of Directors (the “Board”) of National Investments Fund Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	<i>Notes</i>	2012	2011
		HK\$’000	HK\$’000
Revenue	5	63,591	(152,825)
Other income	6	1	1,003
Change in fair value of conversion options embedded in convertible notes		–	(5,560)
Impairment loss on available-for-sale financial assets		(5,184)	(293)
Net fair value gain on derecognition of available-for-sale financial assets		–	5,462
Loss on disposal of a subsidiary		–	(2,083)
Other operating expenses		(27,077)	(24,188)
Finance costs		(679)	–
Share of result of an associate		(518)	(67)
Share of result of a jointly controlled entity		–	(6,917)
Profit/(loss) before income tax		30,134	(185,468)
Income tax expense	7	–	–
Profit/(loss) for the year	8	30,134	(185,468)

	<i>Notes</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
Other comprehensive income/(loss), net of income tax			
– Net gain/(loss) on revaluation of available-for-sale financial assets during the year		3,317	(6,832)
– Reclassification relating to derecognition of available-for-sale financial assets		412	(76)
– Share of changes in other comprehensive income in an associate		36	11
		<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of income tax		3,765	(6,897)
		<hr/>	<hr/>
Total comprehensive income/(loss) for the year		33,899	(192,365)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) for the year attributable to:			
Owners of the Company		30,134	(185,468)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		33,899	(192,365)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share			
Basic	<i>11</i>	HK\$0.16	HK\$(1.26)
		<hr/> <hr/>	<hr/> <hr/>
Diluted	<i>11</i>	HK\$0.16	HK\$(1.26)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Assets:		
Non-current assets		
Property, plant and equipment	5,102	3,663
Interests in an associate	5,461	5,944
Available-for-sale financial assets	42,413	54,451
	<u>52,976</u>	<u>64,058</u>
Current assets		
Available-for-sale financial assets	15,638	5,411
Financial assets at fair value through profit or loss	183,290	44,617
Prepayments, deposits and other receivables	5,572	4,157
Cash and bank balances	22,287	59,133
	<u>226,787</u>	<u>113,318</u>
Total assets	<u><u>279,763</u></u>	<u><u>177,376</u></u>
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	1,843	92,133
Reserves	208,035	84,341
Total equity	<u>209,878</u>	<u>176,474</u>
Liabilities:		
Current liabilities		
Accrued charges and other payable	1,254	902
Non-current liabilities		
Promissory notes	68,631	–
Total liabilities	<u>69,885</u>	<u>902</u>
Total equity and liabilities	<u><u>279,763</u></u>	<u><u>177,376</u></u>
Net current assets	<u><u>225,533</u></u>	<u><u>112,416</u></u>
Total assets less current liabilities	<u><u>278,509</u></u>	<u><u>176,474</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

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

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal office of the Company is located at Suite 1401, 14/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 27 September 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”), and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis except for certain financial assets and financial liabilities that are measured at fair value.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial period beginning 1 January 2012. A summary of the new HKFRSs are set out as below:

HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 12	Deferred Tax – Recovery of Underlying Assets
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The application of these new HKFRSs has not had any material impact on the amounts reported for the current period and prior years but may affect the accounting for future transactions or arrangements. The impact of the application of the new HKFRSs is discussed below.

Under the amendments to HKAS 12, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes under the presumption is rebutted. This does not impact the Group because the Group did not own any investment property.

The amendments to HKFRS 7 *Disclosure – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets in order to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The Group did not enter into any types of transfers of financial assets during the period. The amendments to HKFRS 7 have had no material impact on the disclosure requirements in the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ³
HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle ²
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 and HKFRS 9 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 10, 11 & 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: transition Guidance ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (2011)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC) – Int 20	Stripping costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The directors of the Company is in the process of assessing the potential impact of the new HKFRSs but is not yet in a position to determine whether the new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. The new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. SEGMENT INFORMATION

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

Business segment

The Group operates one segment for the years ended 31 December 2012 and 2011. All of the Group's revenue was derived from investment income from investments in listed securities and unlisted securities. Accordingly, the Group does not have separately reportable segment.

Geographical information

The Group's operations are mainly located in Hong Kong, Singapore and Australia. The following table provides an analysis of the Group's revenue by geographical market:

	Revenue by geographical market	
	2012 HK\$'000	2011 HK\$'000
Hong Kong	63,797	(153,307)
Singapore	(206)	–
Australia	–	482
	<u>63,591</u>	<u>(152,825)</u>

The following is an analysis of the carrying amount of non-current assets (excluding available-for-sale financial assets and conversion options embedded in convertible notes) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2012 HK\$'000	2011 HK\$'000
Hong Kong	<u>10,563</u>	<u>9,607</u>

No single customer of the Group contributed 10% or more to the Group's revenue.

5. REVENUE

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net gain/(loss) on financial assets		
at fair value through profit or loss (“FVTPL”) (<i>Note</i>)	62,149	(155,263)
Bank interest income	1	1
Interest income from available-for-sale financial assets	1,005	2,437
Interest income from financial assets at FVTPL	257	–
Dividend income from financial assets at FVTPL	179	–
	<u>63,591</u>	<u>(152,825)</u>

Note:

Net gain/(loss) on financial assets at FVTPL represented:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Proceeds on sales	31,804	79,660
<i>Less:</i> cost of sales	<u>(32,193)</u>	<u>(90,983)</u>
Net realised loss on financial assets at FVTPL	(389)	(11,323)
Unrealised gain/(loss) on financial assets at FVTPL	<u>62,538</u>	<u>(143,940)</u>
Net gain/(loss) on financial assets at FVTPL	<u>62,149</u>	<u>(155,263)</u>

6. OTHER INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Exchange gain	–	10
Sundry income	<u>1</u>	<u>993</u>
	<u>1</u>	<u>1,003</u>

7. INCOME TAX EXPENSE

Current taxation

Hong Kong profit tax is calculated at 16.5% on the estimated assessable profit.

No provision of Hong Kong profits tax has been made as the Group utilised the tax losses previously not recognised for the year ended 31 December 2012.

No provision for Hong Kong profits tax has been made as the Group incurred a tax loss for the years ended 31 December 2011.

8. PROFIT/(LOSS) FOR THE YEAR

	2012	2011
	HK\$'000	HK\$'000
Profit/(loss) for the year has been arrived after charging:		
Auditors' remuneration	180	150
Directors' emoluments	3,976	4,510
Total staff costs, excluding directors' emoluments	4,932	4,477
Depreciation of property, plant and equipment	1,769	1,333
Legal and professional fee	288	439
Operating lease rental in respect of land and building	4,692	1,299
Equity-settled share-based payment expenses	–	3,349
Impairment loss on other receivables	580	188
Loss on disposal of a subsidiary	–	2,083
	–	–

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

The consolidated profit (2011: loss) attributable to owners of the Company includes a profit of approximately HK\$30,675,000 (2011: loss of approximately HK\$194,042,000) which has been dealt with in the financial statements of the Company.

10. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 December 2012 (2011: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

Earnings/(loss)	2012 HK\$'000	2011 HK\$'000
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>30,134</u>	<u>(185,468)</u>
Number of shares	2012 '000	2011 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>184,266</u>	<u>146,983</u>

The weighted average of ordinary shares for the purpose of calculating basic earnings/(loss) per share for the years ended 31 December 2012 and 2011 have been adjusted for the effect of share consolidation completed in 27 March 2012.

During the years ended 31 December 2012 and 2011, the Company's outstanding share options and warrants were not included in the calculation of diluted earnings/(loss) per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

12. DEFERRED TAXATION

No provision for deferred taxation has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2011: Nil).

At the end of the reporting period, the Group has estimated tax losses of approximately HK\$168,265,000 (2011: HK\$203,266,000) that are available for offsetting against future taxable profits of the Group. No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

At the end of the reporting period, the Company has estimated tax losses of approximately HK\$168,265,000 (2011: approximately HK\$203,266,000) that are available for offsetting against future taxable profits of the Group. No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2012, the Group's revenue, excluding the net profit (2011: loss) on financial assets at fair value through profit or loss, decreased by 41% to approximately HK\$1,442,000 (2011: approximately HK\$2,438,000) and recorded a net profit on financial assets at fair value through profit or loss amounting to approximately HK\$62,149,000 (2011: net loss on financial assets at fair value through profit or loss amounting to approximately HK\$155,263,000). Included in the net profit (2011: loss) on financial assets at fair value through profit or loss, gross proceeds from sales were approximately HK\$31,804,000 (2011: approximately HK\$79,660,000), and the cost of sales were approximately HK\$32,193,000 (2011: approximately HK\$90,983,000), therefore, the net realised loss was approximately HK\$389,000 (2011: approximately HK\$11,323,000). Apart from the realised loss, the unrealised profit on financial assets at fair value through profit or loss for the year ended 31 December 2012 amounted to approximately HK\$62,538,000 (2011: unrealised loss on financial assets at fair value through profit or loss amounted to approximately HK\$143,940,000).

For the year under review, the Group reported a profit attributable to shareholders of approximately HK\$30,134,000 (2011: loss attributable to shareholders of approximately HK\$185,468,000). The profit was mainly due to the net profit on financial assets at fair value through profit or loss of approximately HK\$62,149,000 (2011: loss was mainly due to the net loss on financial assets at fair value through profit or loss of approximately HK\$155,263,000), staff costs of approximately HK\$4,932,000 (2011: approximately HK\$4,477,000) and directors' emoluments of approximately HK\$3,976,000 (2011: approximately HK\$4,510,000) for the year ended 31 December 2012.

During the year ended 31 December 2012, the Group received dividend income of approximately HK\$179,000 (2011: Nil).

PROSPECT

Global stock prices advanced in the last six months of 2012 on the back of on-going policy support by major central banks, improved economic data from the U.S., a revival of growth expectations in China and low market valuation. In Japan, a change in government and the likelihood that more reflationary policies would be implemented also boosted its market performance. However, with the eurozone debt crisis still unresolved and the fragile state of economic recovery in the US, challenging operating conditions will persist in 2013.

The Group continued to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to the Group and the shareholders. The Group will also continue to adopt and maintain a prudent but proactive investment approach and will keep closely on monitoring the performance of the investment portfolios and is confident that the investment portfolios will deliver results and add value to the shareholders of the Company.

DIVIDEND

The Board of the Company did not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$22,287,000 (2011: approximately HK\$59,133,000) as at 31 December 2012.

The Group had net current assets of approximately HK\$225,533,000 (2011: approximately HK\$112,416,000) as at 31 December 2012. The Group had not obtained any credit facilities from financial institutions during the year. All the cash and cash equivalents were placed in Hong Kong Dollars accounts with the banks in Hong Kong, exposure to exchange fluctuation is considered minimal. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 31 December 2012, was 0.333 (2011: 0.005).

During the year ended 31 December 2012, the Company had issued an aggregate of HK\$70,000,000 placing notes. The proceeds from issuance of placing notes were applied in investing in listed and unlisted investments.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 December 2012, the changes of the capital structure of the Company were set out below:

On 27 March 2012, a capital reorganisation (the “Capital Reorganisation”) became effective in which every ten issued and unissued share of HK\$0.05 each in the share capital of the Company was consolidated (the “Share Consolidation”) into one consolidated share of HK\$0.50 (the “Consolidated Share”). Following the Share Consolidation, the issued and paid up share capital of the Company was reduced (the “Capital Reduction”) by cancelling the paid-up capital to the extent of HK\$0.49 on each Consolidated Share in issue so that each issued Consolidated Share of HK\$0.50 each of the Company be treated as one fully paid-up share of HK\$0.01 par value each (“New Share(s)”) in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company. Immediately following the Capital Reduction, each authorised but unissued share of the Company of par value of HK\$0.50 each was sub-divided into fifty New Shares of par value of HK\$0.01 each (“Share Subdivision”).

The Capital Reorganisation give greater flexibility to the Company in future fund raisings, which may or may not occur, to accommodate future expansion and growth of the Company and the elimination of the Company’s accumulated losses will allow greater flexibility for the Company to pay dividends as and when the Directors consider it appropriate in the future. The Directors are of the view that there will not have a material financial effect on the financial position of the Group.

EMPLOYEES

As at 31 December 2012, the Group had 19 employees (2011: 19), including executive directors, non-executive director and independent non-executive directors. Total staff costs for the year ended 31 December 2012 amounted to approximately HK\$8,908,000 (2011: approximately HK\$8,987,000). 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 employees.

CHARGES ON THE GROUP’S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group’s assets or any significant contingent liabilities as at 31 December 2012 (2011: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The Board will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective board to optimize return for shareholders.

During the year under review, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except for the deviation as disclosed below. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG 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.

Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

DEVIATION FROM THE CODE

According to CG 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 4 May 2012, 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 the annual general meeting.

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Based on specific enquiry with the directors, all the directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2012.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive directors, Mr. Liu Jin, Mr. Char Shik Ngor, Stephen and Mr. Wong Sin Lai. Mr. Wong Sin Lai serves as the chairman of the Audit Committee.

The Audit Committee, comprising three independent non-executive directors, together with the management, has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 December 2012.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is posted on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) under “Latest Listed Companies Information” and the Company (www.nif-hk.com). The annual report of the Company will be despatched to the shareholders and posted on the aforementioned websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their unfailing support. I would also like to thank our management and staff for their dedication and hard work.

On behalf of the Board
National Investments Fund Limited
Wong Danny F.
Chairman & Executive Director

Hong Kong, 22 March 2013

As at the date of this announcement, the Board 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, Ms. Yang XiaoFeng; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Wong Sin Lai.