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 2011

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 2011 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Revenue	5	**(152,825)**	68,599
Other income	6	**1,003**	—
Change in fair value of derivative financial instrument		**—**	(156)
Change in fair value of conversion options embedded in convertible notes		**(5,560)**	(721)
Impairment loss on available-for-sale financial assets		**(293)**	(304)
Net fair value gain on derecognition of available-for-sale financial assets		**5,462**	—
Loss on disposal of a subsidiary		**(2,083)**	(4,198)
Other operating expenses		**(24,188)**	(22,397)
Finance costs		**—**	(63)
Share of result of an associate		**(67)**	—
Share of result of a jointly controlled entity		**(6,917)**	—
(Loss)/profit before income tax		**(185,468)**	40,760
Income tax expense	7	**—**	—
(Loss)/profit for the year	8	**(185,468)**	40,760
Other comprehensive loss			
— Net loss on revaluation of available-for-sale financial assets during the year		**(6,832)**	(6,246)
— Reclassification relating to derecognition of available-for-sale financial assets		**(76)**	—
— Share of changes in other comprehensive income in an associate		**11**	—
Other comprehensive loss for the year, net of income tax		**(6,897)**	(6,246)
Total comprehensive (loss)/income for the year		**(192,365)**	34,514

	Notes	**2011**	2010
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
Owners of the Company		**(185,468)**	40,760
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(192,365)**	34,514
(Loss)/earnings per share (restated)			
Basic	*11*	**HK$(1.26)**	HK$0.48
Diluted	*11*	**HK$(1.26)**	HK$0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Assets:		
Non-current assets		
Property, plant and equipment	**3,663**	3,130
Interests in a jointly controlled entity	**—**	9,000
Interests in an associate	**5,944**	—
Available-for-sale financial assets	**54,451**	26,668
Conversion options embedded in convertible notes	**—**	1,001
	64,058	39,799
Current assets		
Available-for-sale financial assets	**5,411**	—
Financial assets at fair value through profit or loss	**44,617**	233,985
Prepayments, deposits and other receivables	**4,157**	1,184
Cash and bank balances	**59,133**	27,991
	113,318	263,160
Total assets	**177,376**	302,959
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	**92,133**	59,278
Reserves	**84,341**	241,919
Total equity	**176,474**	301,197
Liabilities:		
Current liabilities		
Accrued charges and other payable	**902**	1,762
Total liabilities	**902**	1,762
Total equity and liabilities	**177,376**	302,959
Net current assets	**112,416**	261,398
Total assets less current liabilities	**176,474**	301,197

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 5128, 51/F., Sun Hung Kai Centre, 30 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 and 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 judgment 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 (including financial assets at fair value through profit or loss, derivative financial instruments and available-for-sale financial assets) and financial liabilities that are measured at fair value.

3. APPLICATION OF NEW AND REVISED HKFRSs

The following new and revised standards and interpretations have also been applied in these consolidated financial statements. The application of these new and revised standards and interpretations has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Improvements to HKFRSs issued in 2010

The application of Improvements to HKFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (as revised in 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government related entity.

Amendments to HKAS 32 Financial Instruments: Presentation — Classification of Rights Issues

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to HKAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to HK (IFRIC) — Int 14 Prepayments of a Minimum Funding Requirement

The Interpretation addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of HKAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

The application of HK (IFRIC)-Int 14 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

Amendments to HK(IFRIC) — Int 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under HK (IFRIC)-Int 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss.

The application of HK (IFRIC)-Int 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

New and revised IFRSs in issue but not yet effective

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

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9 (Amendments)	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKAS 19 (Revised 2011)	Employee Benefits[4]
HKAS 27 (Revised 2011)	Separate Financial Statements[4]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended 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 amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 *Financial Instruments (as issued in November 2009)* introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments (as revised in November 2010)* adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

The directors anticipate that HKFRS 10 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of HKFRS 10 may have significant impact on amounts reported in the consolidated financial statements.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The directors anticipate that HKFRS 11 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of HKFRS 10 may have significant impact on amounts reported in the consolidated financial statements.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

The directors anticipate that HKFRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of HKFRS 12 may have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The directors do not anticipate that the amendments to HKAS 12 will have significant effect on the Group's result of operation and financial position are prepared and presented.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The directors do not anticipate that the amendments to HKAS 19 will have significant effect on the Group's result of operation 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 Directors 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 2011 and 2010. All of the Group's revenue were derived from investment income from investments in listed securities and unlisted securities. Accordingly, the Group does not have separately reportable segment.

Geographical segment

In determining the Group'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 Group's operations are mainly located in Hong Kong and Australia. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**(153,307)**	68,075
Australia	**482**	524
	(152,825)	68,599

The following is an analysis of the carrying amount of non-current assets (excluding financial instrument) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets*	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**9,607**	12,130

* *Non-current assets excluding financial instruments.*

No single customer of the Group contributed 10% or more to the Group's revenue for both 2011 and 2010.

5. REVENUE

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

	2011	2010
	HK$'000	*HK$'000*
Net (loss)/gain on financial assets at fair value through profit or loss *(Note)*	**(155,263)**	67,131
Bank interest income	**1**	1
Interest income from available-for-sale financial assets	**2,437**	824
Dividend income from financial assets at fair value through profit or loss	**—**	643
	(152,825)	68,599

Note:

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

	2011	2010
	HK$'000	*HK$'000*
Proceeds on sales	**79,660**	88,727
Less: cost of sales	**(90,983)**	(101,698)
Net realised loss on financial assets at fair value through profit or loss	**(11,323)**	(12,971)
Unrealised (loss)/gain on financial assets at fair value through profit or loss	**(143,940)**	80,102
Net (loss)/gain on financial assets at fair value through profit or loss	**(155,263)**	67,131

6. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Exchange gain	**10**	—
Sundry income	**993**	—
	1,003	—

7. INCOME TAX EXPENSE

Current taxation

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

No provision for Hong Kong profits tax has been made as the Group utilised the tax loss previously not recognised for the year ended 31 December 2010.

8. (LOSS)/PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit for the year has been arrived after charging:		
Auditors' remuneration	**150**	150
Directors' emoluments	**4,510**	2,269
Total staff costs, excluding directors' emoluments	**4,477**	4,699
Depreciation of property, plant and equipment	**1,333**	1,136
Legal and professional fee	**439**	313
Operating lease rental in respect of land and building	**1,299**	2,237
Equity-settled share-based payment expenses	**3,349**	—
Impairment loss on other receivables	**188**	220
Loss on disposal of a subsidiary	**2,083**	4,198

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

The consolidated loss attributable to owners of the Company includes a loss of approximately HK$194,042,000 (2010: profit of approximately HK$43,016,000) 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 2011 (2010: Nil).

11. (LOSS)/EARNINGS PER SHARE

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

	2011	2010
(Loss)/earnings	***HK$'000***	*HK$'000*
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(185,468)**	40,760

Number of shares	**2011**	2010
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**146,983**	84,465
Effect of dilutive potential ordinary shares:		
Warrants issued by the Company	—	2,369
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings of share	**146,983**	86,834

The weighted average number of ordinary Shares for the purpose of calculating basic and diluted loss per share for the year ended 31 December 2011 have been adjusted for the effect of share consolidation approved on 9 December 2011.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted profit per share for the year ended 31 December 2010 have been adjusted for the effect of share consolidation completed on 14 September 2010 and approved on 9 December 2011.

During the years ended 31 December 2011, 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.

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 (2010: Nil).

At the end of the reporting period, the Group has estimated tax losses of approximately HK$203,266,000 (2010: HK$28,454,000) 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$203,266,000 (2010: approximately HK$28,448,000) 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 2011, the Group's revenue, excluding the net loss (2010: profit) on financial assets at fair value through profit and loss, increased by 66% to approximately HK$2,438,000 (2010: approximately HK$1,468,000) and recorded a net loss on financial assets at fair value through profit or loss amounting to approximately HK$155,263,000 (2010: net profit on financial assets at fair value through profit or loss amounting to approximately HK$67,131,000). Included in the net loss (2010: profit) on financial assets at fair value through profit or loss, gross proceeds from sales were approximately HK$79,660,000 (2010: approximately HK$88,727,000), and the cost of sales were approximately HK$90,983,000 (2010: approximately HK$101,698,000), therefore, the net realised loss was approximately HK$11,323,000 (2010: approximately HK$12,971,000). Apart from the realised loss, the unrealised loss on financial assets at fair value through profit or loss for the year ended 31 December 2011 amounted to approximately HK$143,940,000 (2010: unrealised profit on financial assets at fair value through profit or loss amounted to approximately HK$80,102,000).

For the year under review, the Group reported a loss attributable to shareholders of approximately HK$185,468,000 (2010: profit attributable to shareholders of approximately HK$40,760,000). The loss was mainly due to the net loss on financial assets at fair value through profit or loss of approximately HK$155,263,000 (2010: profit was mainly due to the net profit on financial assets at fair value through profit or loss of approximately HK$67,131,000), staff costs of approximately HK$4,477,000 (2010: approximately HK$4,699,000) and directors' emoluments of HK$4,510,000 (2010: approximately HK$2,269,000) for the year ended 31 December 2011.

During the year ended 31 December 2011, the Group did not receive any dividend income (2010: approximately HK$643,000).

PROSPECT

For the year 2011, it is a volatile year with the Euro zone sovereign debt crisis and concern over the slowdown of economy in the U.S. and Europe. It is also expected that the momentum of economic growth will slow down and the global economic environment will continue to be challenging and volatile for the coming year. However, the Group had already implemented a 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 Directors (the "Board") of the Company did not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$59,133,000 (2010: approximately HK$27,991,000) as at 31 December 2011.

The Group had net current assets of approximately HK$112,416,000 (2010: approximately HK$261,398,000) as at 31 December 2011. 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 2011, was 0.005 (2010: 0.006).

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 2011, the changes of the capital structure of the Company were set out below:

(i) On 8 April 2011, a total of 179,484,913 unlisted warrants were issued to not less than six warrant placees at the issued price of HK$0.002 per warrant conferring rights to holders of warrants to subscribe for up to 179,484,913 subscription shares at an initial subscription price of HK$0.45 per subscription share.

(ii) On 12 April 2011, a total of 350,000,000 new ordinary shares were allotted and issued under specific mandate to not less than six share placees at the placing price of HK$0.141 per placing share as a result of the Share Placing Agreement dated 24 November 2010 entered into between the Company and the placing agent.

(iii) On 18 April 2011, the Company granted share options to eligible grantees to subscribe for up to 116,700,000 new shares, under the Share Option Scheme of the Company adopted on 27 August 2007.

(iv) On 25 October 2011, the Company announced its proposal to effect the share consolidation, capital reduction and share subdivision subject to the fulfillment of the conditions set out in the paragraph headed "Conditions of the Share Consolidation, Capital Reduction and Share Subdivision" of the announcement and circular of the Company dated 25 October 2011 and 11 November 2011 respectively. The special resolution to approve the share consolidation, capital reduction and share subdivision was duly passed at the extraordinary general meeting held on 9 December 2011 by way of poll.

(v) On 25 November 2011, a total of 307,110,175 ordinary shares were issued at HK$0.055 per share as a result of placing under General Mandate.

EMPLOYEES

As at 31 December 2011, the Group had 19 employees (2010: 18), including executive directors, non-executive director and independent non-executive directors. Total staff costs for the year ended 31 December 2011 amounted to approximately HK$8,987,000 (2010: approximately HK$6,968,000). 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 2011 (2010: Nil).

CORPORATE GOVERNANCE PRACTICES

The Board of National Investments Fund Limited (the "Company") has been committed to maintaining the high level of corporate governance in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interests and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole.

The Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") sets out the principles of good corporate governance (the "Principles") and two levels of corporate governance practices:

(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 2011 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 Provision E.1.2, details of which will be explained below. 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.

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.

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

During the year ended 31 December 2011, the Company has not purchased, sold nor redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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 the Directors. Having made specific enquiries of all Directors of the Company, they have confirmed that they have complied with the required standards set out in the Mode Code throughout the year under review.

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 with effect from 13 January 2012 after Mr. Lui Tin Nang has tendered his resignation as the chairman of the Committee on 13 January 2012.

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 consolidated financial statements for the year ended 31 December 2011.

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 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, 16 March 2012

As at the date of this announcement, the board of directors of the Company comprises three Executive Directors, namely Mr. Wong Danny F. (Chairman), Mr. Wu Tse Wai, Frederick (Chief Executive Officer) and Mr. Fong Chi Wah; a Non-executive Director, namely Ms. Yang XiaoFeng; and three Independent Non-executive Directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Wong Sin Lai.