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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

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 (the "Group") for the six months ended 30 June 2012 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June		
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	3	(11,805)	(111,180)
Change in fair value of conversion options			
embedded in convertible notes			(1,770)
Impairment loss on avaliable-for-sales financial assets		(3,413)	
Other operating expenses		(11,502)	(17,358)
Share of result of an associate		(101)	
Share of result of a jointly controlled entity			(4,867)
Loss before income tax		(26,821)	(135,175)
Income tax expense	5		
Loss for the period	6	(26,821)	(135,175)

	Six months ended 30 June		ded 30 June
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Other comprehensive income			
Exchange differences arising on translation		_	120
Share of changes in other comprehensive loss in an associate		(214)	_
Change in fair value of available-for-sale financial assets		4,350	2,926
Reclassification relating to impairment of			
available-for-sale financial assets		412	
Other comprehensive income for the period,			
net of income tax		4,548	3,046
Total comprehensive loss for the period		(22,273)	(132,129)
Loss for the period attributable to:			
Owners of the Company		(26,821)	(135,175)
Total comprehensive loss attributable to:			
Owners of the Company		(22,273)	(132,129)
			(Restated)
Loss per share:	8		
Basic, in HK cents		(14.56)	(100.86)
Diluted, in HK cents		(14.56)	(100.86)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	As at 30 June 2012 (Unaudited) HK\$'000	As at 31 December 2011 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,899	3,663
Interests in an associate		5,628	5,944
Available-for-sale financial assets Conversion option embedded in convertible notes		58,942	54,451
Conversion option embedded in convertible notes			
		70,469	64,058
Current assets			
Available-for-sale financial assets		2,519	5,411
Financial assets at fair value through profit or loss		73,551	44,617
Prepayments, deposits and other receivables		4,364	4,157
Cash and bank balances		4,052	59,133
		84,486	113,318
Total assets		154,955	177,376
EQUITY			
Capital and reserves attributable to owners			
of the Company: Share capital		1,843	92,133
Reserves		151,863	84,341
Total equity		153,706	176,474
LIABILITIES			
Current liabilities			
Accrued charges and other payable		1,249	902
Total liabilities		1,249	902
Total equity and liabilities		154,955	177,376
Net current assets		83,237	112,416
Total assets less current liabilities		153,706	176,474
2			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012 (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 subsidiaries (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 unaudited 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 (the "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 unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value.

The unaudited condenses consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

Except for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2012, the significant judgement in applying accounting policies and the key sources of accounting estimates used in the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011. The directors anticipate that the application of these new and revised HKFRSs do not have material impact on the unaudited condensed consolidated interim financial statements of the Group.

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 Group is in the process of assessing the potential impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. REVENUE

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net loss on financial assets at fair value		
through profit or loss (Note)	(12,552)	(112,952)
Bank interest income	1	1
Dividend income from financial assets at		
fair value through profit or loss	178	_
Interest income from available-for-sale		
financial assets	568	1,771
	(11,805)	(111,180)

Note:

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

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Proceeds on sales	27,943	77,710
Less: cost of sales	(27,513)	(85,790)
Net realised profit/(loss) on financial assets		
at fair value through profit or loss	430	(8,080)
Net unrealised loss on financial assets		
at fair value through profit or loss	(12,982)	(104,872)
Net loss on financial assets at fair value		
through profit or loss	(12,552)	(112,952)

4. **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.

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

5. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2012 and 2011 as the Group had no assessable profits.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	858	652
Directors' emoluments	1,973	1,194
Total staff costs, excluding directors' emoluments	2,417	3,609
Equity settled share-based payment	_	3,638
Operating lease rental in respect of land and building	1,692	737
Impairment loss on other receivables	509	760
Legal and professional fee	36	118

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

8. LOSS PER SHARE

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

	Six months end	led 30 June
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners		
of the Company for the purpose of		
basic loss per share	(26,821)	(135,175)
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares		
for the purpose of diluted loss per share	184,266	134,025

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of approximately HK\$26,821,000 (for the six months ended 30 June 2011: loss of approximately HK\$135,175,000) and on the weighted average number of ordinary shares of approximately 184,266,000 (for the six months ended 30 June 2011 (restated): approximately 134,025,000) during the period.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2012 and 2011 have been adjusted for the effect of share consolidation completed on 27 March 2012.

During the six months ended 30 June 2012 and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

As at 30 June 2012, investment portfolio of the Group consisted of listed securities with market value of HK\$73,551,000 (31 December 2011: HK\$44,617,000) and unlisted investments with fair value of HK\$61,461,000 (31 December 2011: HK\$59,862,000).

For the six months ended 30 June 2012, the Group recorded a net loss of HK\$26,821,000 (for the six months ended 30 June 2011: HK\$135,175,000) and this was mainly attributable to the unrealised loss on financial assets at fair value through profit or loss of HK\$12,982,000 (for the six months ended 30 June 2011: HK\$104,872,000).

During the interim period, the capital reorganization of the Company was effected by way of share consolidation, capital reduction and share subdivision pursuant to which every ten issued and unissued share of HK\$0.05 each in the share capital of the Company was consolidated into one consolidated share of HK\$0.50. The par value of the each of the issued consolidated shares was reduced from HK\$0.50 to HIK\$0.01 each by cancelling the paid-up capital to the extent of HK\$0.49 per issued consolidated share. Each authorized but unissued consolidated share was sub-divided into fifty new shares with a par value of HK\$0.01 each. The share consolidation, capital reduction and share subdivision give greater flexibility to the Company in future fund raisings, to accommodate future expansion and growth of the Company and the amount of the share capital reduction was used to offset the accumulated losses of the Company.

Looking ahead, the global economic environment will still be challenging due to the Euro zone sovereign debt crises and concern over the slowdown of economy in the U.S. and Europe. It is also expected that the momentum of economic growth in PRC will also slow down. The Group will continue to seek opportunistic investments in the public and private equities markets that fit our investment policy and strategy. The Group will also implement a diversified strategy aimed at identifying suitable investment opportunities and bring about better return for our shareholders.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group had retained cash of HK\$4,052,000 (31 December 2011: HK\$59,133,000). 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\$83,237,000 (31 December 2011: HK\$112,416,000) and no borrowings or long-term liabilities as at 30 June 2012. The gearing ratio, calculated on the basis of total liabilities over total shareholders' funds as at 30 June 2012, was 0.81% (31 December 2011: 0.51%).

EMPLOYEES

As at 30 June 2012, the Group had 17 (31 December 2011: 19) employees, including executive directors, non-executive director and independent non-executive directors. Total staff costs for the interim period amounted to HK\$4,390,000 (for the six months ended 30 June 2011: HK\$4,803,000). 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 2012 (31 December 2011: Nil).

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

During the six months ended 30 June 2012, the Company has not purchased, sold nor redeemed any of its listed securities.

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 2012, the Board comprises three executive directors, one non-executive director and three 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 Listing Rules on the Stock Exchange during the six months ended 30 June 2012, 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 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 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 2012.

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 2012.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Listing Rules, is published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.nif-hk.com). The company's interim report for 2012 will be despatched to the shareholders of the Company and posted on the aforementioned websites in due course.

By Order of the Board

National Investments Fund Limited

Wong Danny F.

Chairman and Executive Director

Hong Kong, 24 August 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.