NationalInvestments

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 2014

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 2014 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Revenue	*5*	**56,480**	(42,603)
Other income	*6*	**265**	80
Loss on disposal of subsidiaries	*11*	**(2,050)**	–
Loss on derecognition of available-for-sale financial assets		**–**	(15,878)
Impairment loss of available-for-sale financial assets		**(10,933)**	–
Change in fair value of conversion options embedded in convertible notes		**(3,771)**	58
Other operating expenses		**(140,323)**	(52,391)
Finance costs		**(6,547)**	(5,539)
Share of result of an associate		**(6,062)**	(1,608)
Loss before income tax		**(112,941)**	(117,881)
Income tax expense	*7*	**–**	–
Loss for the year	*8*	**(112,941)**	(117,881)

	Notes	2014 HK$'000	2013 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Net gain/(loss) on revaluation of available-for-sale financial assets during the year		**4,847**	(6,797)
– Reclassification relating to derecognition of available-for-sale financial assets		**–**	7,401
– Share of change in other comprehensive income in an associate		**–**	601
Other comprehensive income for the year, net of income tax		**4,847**	1,205
Total comprehensive loss for the year		**(108,094)**	(116,676)
Loss for the year attributable to:			
Owners of the Company		**(112,941)**	(117,881)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(108,094)**	(116,676)
Loss per share			
Basic and diluted	*10*	**HK$(0.08)**	HK$(0.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Assets:		
Non-current assets		
Property, plant and equipment	**6,616**	31,166
Other tangible assets	**21,730**	–
Interests in associates	**23,938**	–
Available-for-sale financial assets	**194,864**	41,892
Conversion options embedded in convertible notes	**2,453**	–
	249,601	73,058
Current assets		
Available-for-sale financial assets	**13,444**	–
Financial assets at fair value through profit or loss	**120,112**	68,500
Prepayments, deposits and other receivables	**69,372**	68,608
Cash and bank balances	**16,489**	21,624
	219,417	158,732
Total assets	**469,018**	231,790
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	**15,920**	3,317
Reserves	**280,072**	117,026
Total equity	**295,992**	120,343
Liabilities:		
Current liabilities		
Accrued charges and other payables	**8,912**	3,362
Short-term loan	**55,747**	–
	64,659	3,362
Non-current liabilities		
Promissory notes	**108,367**	108,085
Total liabilities	**173,026**	111,447
Total equity and liabilities	**469,018**	231,790
Net current assets	**154,758**	155,370
Total assets less current liabilities	**404,359**	228,428

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 has been changed to 20/F., Octa Tower, 8 Lam Chak Street, Kowloon Bay, Hong Kong with effect from 2 February 2015.

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"), interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements also comply with 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 in areas where assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial period beginning 1 January 2014. A summary of the new HKFRSs is set out below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of these new HKFRSs has not had any material impact on the amounts reported for the current year 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.

Impact of the application of HKFRS 10, HKFRS 12 and HKAS 27

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss ("FVTPL") in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Impact of the application of HKAS 32

The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments require retrospective application.

Impact of the application of HKAS 36

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 *Fair Value Measurements*.

Impact of the application of HKAS 39

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

Impact of the application of HK (IFRIC) – Int 21

HK (IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. HK (IFRIC) – Int 21 requires retrospective application.

The application of these new HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

New 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:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Exception[4]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
HKAS 1 (Amendments)	Disclosure Initiative[4]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[4]
HKAS 19 (2011) (Amendments)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[4]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

4 Effective for annual periods beginning on or after 1 January 2016

5 Effective for annual periods beginning on or after 1 January 2017

6 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and was further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

- With regard to the measurement of financial liabilities designated as at FVTPL, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations. The amendments require retrospective application.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make it clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The amendments to HKAS 16 *Property, Plant and Equipment* and HKAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employees.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost;

- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9); or

- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures.*

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to *HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.*

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, 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 both years ended 31 December 2014 and 2013. All of the Group's revenue was derived from investment income from investments in listed securities, unlisted securities and commodities futures contracts. Accordingly, the Group does not have separately reportable segment.

Geographical information

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

	Revenue by geographical market	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**55,656**	(45,028)
Singapore	**824**	2,425
	56,480	(42,603)

The following is an analysis of the carrying amount of non-current assets (excluding available-for-sale ("AFS") 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	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**52,284**	31,166

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

5. REVENUE

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

	2014	2013
	HK$'000	*HK$'000*
Net gain/(loss) on financial assets at FVTPL *(Note)*	**54,397**	(47,049)
Bank interest income	**1**	2
Interest income from AFS financial assets	**1,232**	1,322
Interest income from financial assets at FVTPL	**824**	2,425
Dividend income from financial assets at FVTPL	**26**	697
	56,480	(42,603)

Note:

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

	Equity and debt securities		Commodities futures contracts		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Proceeds on Sales	**183,682**	111,669	**(62)**	(148)	**183,620**	111,521
Less: Cost of Sales	**(162,704)**	(142,368)	**(2)**	(183)	**(162,706)**	(142,551)
	20,978	(30,699)	**(64)**	(331)	**20,914**	(31,030)
Unrealised gain/(loss) on financial assets at FVTPL	**33,483**	(16,051)	**–**	32	**33,483**	(16,019)
Net gain/(loss) on financial assets at FVTPL					**54,397**	(47,049)

6. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Sundry income	**210**	1
Interest income from other receivables	**55**	79
	265	80

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 year ended 31 December 2014.

No provision for Hong Kong profits tax has been made as the Group utilised the tax losses previously not recognised for the year ended 31 December 2013.

8. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived after charging:		
Auditors' remuneration	**350**	200
Directors' and chief executive's emoluments	**4,084**	4,045
Total staff costs, excluding directors' emoluments	**13,554**	8,149
Depreciation of property, plant and equipment	**4,660**	2,871
Legal and professional fee	**2,212**	1,663
Operating lease rental in respect of land and building	**14,039**	7,243
Equity settled share-based payment expenses	**24,671**	–
Fair value change on AFS financial assets transfer from equity to profit and loss	**–**	7,401
Impairment loss on amount due from an associate	**–**	4,454

9. DIVIDEND

The directors of the Company do not recommend the payment of a dividend in respect of both years ended 31 December 2014 and 2013.

10. LOSS PER SHARE

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

	2014	2013
Loss	***HK$'000***	*HK$'000*
Loss for the purpose of basic and diluted loss per share	**(112,941)**	(117,881)

	2014	2013
Number of shares	***'000***	*'000*
		(restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,356,501**	743,125

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2014 have been adjusted for the effects of both rights issue and placing completed on 21 February 2014, 15 August 2014 and 22 September 2014 respectively (2013: adjusted for the effects of both placing and rights issue completed on 28 June 2013 and 3 September 2013 respectively). The rights issue has been reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 January 2013.

For the years ended 31 December 2014 and 2013, 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.

11. LOSS ON DISPOSAL OF SUBSIDIARIES

On 28 August 2014, the Group has disposed the entire issued share capital of Sea Hero Investments Limited and Prima Power Limited. On that date control of the yacht passed to the acquirer. Details of the assets disposed of, and the calculation of the loss on disposal, are disclosed below:

Consideration received

	2014
	HK$'000
Consideration received in cash and cash equivalents	**20,000**

Analysis of assets over which control was lost

	2014
	HK$'000
Non-current assets	
Property, plant and equipment	**22,050**
Net assets disposed of	**22,050**

Loss on disposal of subsidiaries

	2014
	HK$'000
Consideration received	**20,000**
Net assets disposed of	**(22,050)**
Loss on disposal	**(2,050)**

Net cash inflow on disposal of subsidiaries

	2014
	HK$'000
Consideration received in cash and cash equivalents	**20,000**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year, the Group's revenue of approximately HK$56,480,000, excluding the net gain (2013: loss) on financial assets at FVTPL, decreased by 53.15% to approximately HK$2,083,000 (2013: approximately HK$4,446,000) and recorded a net gain on financial assets at FVTPL of approximately HK$54,397,000 (2013: the net loss on financial assets at FVTPL of approximately HK$47,049,000). Included in the net gain (2013: loss) on financial assets at FVTPL, the proceeds on sales were approximately HK$183,620,000 (2013: approximately HK$111,521,000), and the cost of sales were approximately HK$162,706,000 (2013: approximately HK$142,551,000), therefore, the net realised gain on financial assets at FVTPL was approximately HK$20,914,000 (2013: the net realised loss on financial assets at FVTPL of approximately HK$31,030,000). Apart from the net realised gain on financial assets at FVTPL, the unrealised gain on financial assets at FVTPL was approximately HK$33,483,000 (2013: the unrealised loss on financial assets at FVTPL of approximately HK$16,019,000).

For the year, the loss for the year attributable to owners of the Company was approximately HK$112,941,000 (2013: loss for the year attributable to owners of the Company of approximately HK$117,881,000). The loss was attributable to other operating expenses of approximately HK$140,323,000 (2013: approximately HK$52,391,000), finance costs of approximately HK$6,547,000 (2013: approximately HK$5,539,000) and share of results of an associate of approximately HK$6,062,000 (2013: approximately HK$1,608,000).

During the year, the Group received dividend income from financial assets at FVTPL of approximately HK$26,000 (2013: approximately HK$697,000).

PROSPECT

As the positive outlook of Hong Kong stock market was supported by market forecasts from various renowned financial institutions worldwide for 2014, the Group will continue to implement diversified investment strategies and to identify suitable investment opportunities with potential assets appreciation to generate better returns for the Group and the shareholders. The Group will also continue to adopt and maintain a prudent but proactive investment approach and will closely monitor the performance of the investment portfolios. The Group is confident that shareholders of the Company will be rewarded with strong positive returns under our investment portfolios in the future.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2013: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$16,489,000 (2013: approximately HK$21,624,000) as at 31 December 2014.

As at 31 December 2014, the Company had issued promissory notes in the aggregate amount of HK$110,000,000. Eleven promissory notes in the denomination of HK$10,000,000 each were issued to eleven independent third parties. Each promissory note bears interest at a rate of 5% per annum with a maturity period of seven years from the date of issue. The net proceeds were used for investment in securities and/or as general working capital of the Group.

The Group had net current assets of approximately HK$154,758,000 (2013: approximately HK$155,370,000) as at 31 December 2014. Save as the above promissory notes, the Group had not obtained any credit facilities from financial institutions during the year. As all the cash and cash equivalents were placed in Hong Kong Dollars accounts with banks in Hong Kong, exposure to exchange fluctuation is considered minimal. The gearing ratio, calculated on the basis of total liabilities over total equity as at 31 December 2014, was 0.585 (2013: 0.926).

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

The shares of the Company were listed on the Stock Exchange. During the year, the changes of the capital structure of the Company are set out below:

(i) On 21 February 2014, the Company completed a rights issue and then issued 995,022,471 new ordinary shares of HK$0.01 each at a subscription price of HK$0.10 each. The net proceeds, after deducting related costs and expenses, of approximately HK$91.97 million were used as general working capital of the Group and for investments pursuant to the investment objectives of the Company. Details of the rights issue were set out in the Company's prospectus dated 28 January 2014.

(ii) On 15 August 2014, the Company completed a placing of 132,660,000 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.60 per placing share, and the net proceeds of the placing in the amount of approximately HK$77.57 million, representing a net price of HK$0.58 per placing share, were used for investments pursuant to the investment objectives of the Company. Details of the placing were disclosed in the announcements of the Company dated 12 August 2014 and 13 August 2014.

(iii) On 23 September 2014, the Company completed a placing of 132,679,325 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.70 per placing share, and the net proceeds of the placing in the amount of approximately HK$89.58 million, representing a net price of HK$0.68 per placing share, were used as general working capital of the Group and for investments pursuant to the investments objectives of the Company. Details of the placing were disclosed in the announcement of the Company dated 8 September 2014.

As at 31 December 2014, the total number of issued ordinary shares of the Company was 1,592,035,953 shares (2013: 331,674,157 shares).

EMPLOYEES

As at 31 December 2014, the Group had 34 employees (2013: 25), including executive directors, non-executive directors and independent non-executive directors. Total employee costs for the year were approximately HK$17,638,000 (2013: approximately HK$12,194,000). 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.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group and the Company did not have any material capital commitments (2013: Nil).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

There was no charges on the Group's assets or any significant contingent liabilities as at 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high level of corporate governance practices and procedures to safeguard the interests of its 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.

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 to the Listing Rules, except for the deviation disclosed below. The Company periodically reviews its corporate governance practices to ensure that the Company complies with the requirements of the CG Code. The Company acknowledges the importance of corporate governance and ensures transparency and accountability of the 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 each and every director and senior management awares of the importance of corporate governance.

DEVIATION FROM THE CODE

According to code provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. In respect of the annual general meeting held on 16 May 2014 (the "2014 AGM"), Mr. Wong Danny F., the Chairman of the Board, was engaged in an important business meeting and was not able to attend the 2014 AGM. However, Mr. Fong Chi Wah, an executive director of the Company, and Mr. Law Tze Lun, an independent non-executive director and chairman of the Audit Committee of the Company, attended the 2014 AGM and answered questions raised during the 2014 AGM.

Under code provision A.6.7 of the CG Code, independent non-executive directors and non-executive directors should attend general meetings of the Company. Due to other business commitment, Ms. Yang XiaoFeng, a non-executive director and Mr. Liu Jin, an independent non-executive director did not attend the general meetings of the Company held on 13 January 2014, 25 February 2014, 28 March 2014 and 16 May 2014 respectively; furthermore, Mr. Char Shik Ngor, Stephen, an independent non-executive director, did not attend the general meeting of the Company on 16 May 2014.

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

During the year, 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 directors, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

AUDIT COMMITTEE

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

The Audit Committee together with the management, have 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.

EVENT AFTER THE END OF THE REPORTING PERIOD

(1) On 28 March 2014, an extraordinary general meeting was held to pass an ordinary resolution in relation to the proposed refreshment of general mandate of the Company to issue and allot shares. The Board is of the view that the refreshment of general mandate would maintain the flexibility of the Company for any future allotment and issue of its shares by the Board necessary for the Group's future business development. GF Capital (Hong Kong) Limited was appointed as the independent financial adviser to advise the independent board committee and the independent shareholders in respect of the grant of the new general mandate. Details of the refreshment was disclosed in the circular of the Company dated 30 January 2015.

(2) Pursuant to the circular of the Company dated 17 March 2015, an extraordinary general meeting will be held on 8 April 2015 to approve the proposed amendment to the existing Article 111 of the articles of association of the Company in relation to the Company's borrowing powers. The Board is of the view that proposed amendment to the borrowing powers is in the interest of the Company and the shareholders as a whole because it can: (1) provide flexibility to the Company's management to capture any good opportunity in timely manner; (2) allow the Company to raise funds to strengthen its cashflow base and improve its financial position for the Company's future investments, development and expansion; and (3) ensure the Company be one of those investments companies listed on the a Main Board of the Stock Exchange under Chapter 21 of the Listing Rules, which can benefit and take advance on the strong economic growth and the needs of the potential professional investors of the People's Republic of China.

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 and executive Director

Hong Kong, 31 March 2015

As at the date of this announcement, the Board of the Company comprises three executive Directors, namely Mr. Wong Danny F. (Chairman), Mr. Wu Tse Wai, Frederick, Mr. Fong Chi Wah; three non-executive Directors, namely Ms. Yang XiaoFeng, Mr. Gao Chengming and Mr. Lau Chi Lung, Johnny; and three independent non-executive Directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Law Tze Lun.