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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017 (the "Review Period") together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**1,884**	701
Other income		**600**	–
Change in fair value of conversion options embedded in convertible notes		**(726)**	(304)
Impairment loss on other tangible assets		**(1,000)**	–
Other operating expenses		**(32,261)**	(35,539)
Finance costs		**(7,509)**	(4,009)
Share of result of an associate		**–**	(11,507)
Loss before income tax		**(39,012)**	(50,658)
Income tax expense	*6*	**–**	–
Loss for the period	*7*	**(39,012)**	(50,658)

	Notes	Six months ended 30 June **2017** **(Unaudited)** ***HK$'000***	2016 (Unaudited) *HK$'000*
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Net loss on valuation of available-for-sale financial assets		**(4,638)**	(22,304)
Other comprehensive loss for the period, net of income tax		**(4,638)**	(22,304)
Total comprehensive loss for the period		**(43,650)**	(72,962)
Loss for the period attributable to:			
Owners of the Company		**(39,012)**	(50,658)
Total comprehensive loss attributable to:			
Owners of the Company		**(43,650)**	(72,962)
Loss per share:	*9*		
Basic and diluted, in HK cents		**(1.66)**	(2.57)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	As at 30 June 2017 (Unaudited) *HK$'000*	As at 31 December 2016 (Audited) *HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**11,701**	14,511
Other tangible assets	**17,590**	18,590
Interests in associates	**–**	–
Available-for-sale financial assets	**95,900**	101,000
Conversion options embedded in convertible notes	**21**	747
	125,212	134,848
Current assets		
Available-for-sale financial assets	**19,413**	18,132
Financial assets at fair value through profit or loss	**2,932**	–
Prepayments, deposits and other receivables	**47,226**	47,356
Cash and bank balances	**4,317**	7,401
	73,888	72,889
Total assets	**199,100**	207,737
EQUITY		
Capital and reserves attributable to owners of the Company:		
Share capital	**24,023**	21,323
Reserves	**6,746**	22,424
Total equity	**30,769**	43,747

	As at 30 June 2017 (Unaudited) *HK$'000*	As at 31 December 2016 (Audited) *HK$'000*
LIABILITIES		
Current liabilities		
Accrued charges and other payables	**57,335**	55,011
Obligations under finance leases	**547**	–
	57,882	55,011
Non-current liability		
Promissory notes	**109,143**	108,979
Obligations under finance leases	**1,306**	–
	110,449	108,979
Total liabilities	**168,331**	163,990
Total equity and liabilities	**199,100**	207,737
Net current assets	**16,006**	17,878
Total assets less current liabilities	**141,218**	152,726

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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. Its substantial shareholder is CCM Financial Corporation, a company incorporated in the British Virgin 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.

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

These condensed consolidated interim financial statements have 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 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 unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial assets and financial liabilities that are measured at fair value.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016, 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 2017, 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 2016. The application of the new and revised HKFRSs did not have any material impact on how the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not 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. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has applied for the first time, the following new and revised standards, amendments and interpretations ("New HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2017.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the revised HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

4. REVENUE

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL") *(Note)*	**634**	(336)
Interest income from available-for-sale financial assets	**1,004**	892
Interest income from promissory note	**–**	145
Dividend income from financial assets at FVTPL	**246**	–
	1,884	701

Note:

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

	Equities and debt securities	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Proceeds on sales	**10,492**	2,327
Less: Cost of sales	**(9,879)**	(2,663)
Net realised gain/(loss) on financial assets at FVTPL	**613**	(336)
Unrealised gain on financial assets at FVTPL	**21**	–
Net gain/(loss) on financial assets at FVTPL	**634**	(336)

5. SEGMENT INFORMATION

The Group manages its business by both business lines and geographical areas. 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 the six months ended 30 June 2017 and 2016. All of the Group's revenue was derived from investment income from investments in listed securities and unlisted securities. Accordingly, the Group does not have separately reportable segment.

Geographical information

The Group's major operations take place in Hong Kong. The following table provides an analysis of the Group's revenue by geographical area:

	Revenue by geographical area Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong	**1,884**	701

In addition, all the Group's non-current assets (excluding available-for-sale financial assets and conversion options embedded in convertible notes) are located in Hong Kong.

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

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit. No provision of Hong Kong profits tax has been made for the six months ended 30 June 2017 and 2016 as the Group had no assessable profits.

7. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**5,542**	5,414
Directors' emoluments	**2,442**	2,289
Total staff costs, excluding directors' emoluments	**11,197**	11,410
Operating lease rental in respect of land and building	**3,140**	2,904
Legal and professional fee	**546**	866

8. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(39,012)**	(50,658)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,354,539**	1,973,532

For the six months ended 30 June 2017 and 2016, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the "Board") of National Investments Fund Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017 (the "Review Period"). The unaudited condensed consolidated interim financial statements have not been audited by the auditors of the Company but have been reviewed by the audit committee of the Company (the "Audit Committee").

BUSINESS REVIEW

The Company is an investment company and the Group is principally engaged in investments in a diversified portfolio of listed and unlisted companies.

For the Review Period, the Group's revenue recorded a net gain of approximately HK$1,884,000 (for the six months ended 30 June 2016 ("Last Corresponding Period"): net gain of approximately HK$701,000. Excluding the net gain of approximately HK$634,000 (Last Corresponding Period: net loss of approximately HK$336,000) recorded on the financial assets at fair value through profit or loss ("FVTPL"), the Group's revenue increased by approximately 20.54% to approximately HK$1,250,000 (Last Corresponding Period: revenue of approximately HK$1,037,000). The proceeds of sales of equity and debt securities were approximately HK$10,492,000 (Last Corresponding Period: the proceeds of sales of equity and debt securities and commodities futures contracts of approximately HK$2,327,000), and the cost of sales were approximately HK$9,879,000 (Last Corresponding Period: approximately HK$2,663,000). The net realised gain on financial assets at FVTPL was therefore approximately HK$613,000 (Last Corresponding Period: The net realised loss on financial assets at FVTPL was approximately HK$336,000). Apart from the net realised gain on financial assets at FVTPL, there was unrealised gain on financial assets at FVTPL was therefore approximately HK$21,000 (Last Corresponding Period: Nil).

For the Review Period, the loss attributable to owners of the Company was approximately HK$39,012,000 (Last Corresponding Period: approximately HK$50,658,000). The loss was primarily attributable to (i) impairment loss on other tangible assets of approximately HK$1,000,000 (Last Corresponding Period: Nil) and (ii) finance costs of approximately HK$7,509,000 (Last Corresponding Period: approximately HK$4,009,000).

PROSPECT

In the year of 2017, the world's economy continued to fill with challenges and uncertainties. Affected by China's economy, the financial market in Hong Kong was confronted with numerous challenges such as slowdown in economic growth. Besides, there are numbers of international political and economic issues remain uncertain around the world, including the global fiscal policy. The uncertainties may hinder the investor's confidence in financial market and it is expected that the stock market may remain volatile.

From the macroeconomic perspective, although China will continue to be expected to be the major driving force in the global economy, there is a chance that the Chinese government may choose to exercise further control over the financial market and fund flows due to economic downward pressure, which will affect investment business to a certain extent.

The Group will continue to implement a diversified investment strategies and to identify suitable investment opportunities with potential assets appreciation that will furtherance our Company's investment objectives and policies and also to generate better returns for the Group and the shareholders of the Company. Despite the difficult market conditions, the Group remains positive on the prospects of its investments and is confident that shareholders of the Company will be rewarded with strong positive returns under our investment portfolios in the future.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Review Period (Last Corresponding Period: Nil).

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had cash and cash equivalents of approximately HK$4,317,000 as at 30 June 2017 (31 December 2016: approximately HK$7,401,000).

As at 30 June 2017, 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 11 independent third parties. Each promissory note bears interest at a rate of 5% per annum with a maturity period of seven years from its date of issue. The net proceeds were used for investment in securities and/or as general working capital of the Group.

The Company has entered into a loan agreement with Enhanced Finance Limited ("Enhanced") on 14 January 2016 for a loan facility in the total principal amount of HK$65,000,000 (the "Enhanced Facility"). On 20 June 2016, the Company, Enhanced and Hansom Finance Limited ("Hansom") entered into a deed of assignment ("Deed of Assignment") whereas Enhanced, as the assignor, assigned the outstanding principal (i.e HK$15,000,000) of the Enhanced Facility to Hansom (the "Assigned Loan").

Prior to the date of the Deed of Assignment, the Company has entered into two respective loan agreements with Hansom on 8 April 2016 and 16 May 2016 for loan facilities in the total principal amount of HK$5,000,000 (the "First Facility") and HK$5,000,000 (the "Second Facility") respectively.

In order to extend the repayment dates, the Company and Hansom agreed to enter into a deed of promissory note (the "PN Deed") on 20 June 2016 to merge the First Facility, the Second Facility, the Assigned Loan and the outstanding interest accrued on the Assigned Loan into a single debt so that such merged debt shall be payable and secured by in accordance with the terms and conditions of the PN Deed. Pursuant to the PN Deed, the Company covenanted to repay the debt to Hansom on or before 19 December 2016 with an interest at the rate of 3% per month commencing from 20 June 2016. The Company charged its assets by way of floating charge as well as the interest its wholly owned subsidiaries in favour of Hansom as security of the debt.

Pursuant to the deed of assignment made between Hansom and Citizens Money Lending Corporation Limited ("Citizens") on 19 July 2016, Hansom assigned all its rights, title, benefits and interest in the debt under the PN Deed to Citizens.

The Company did not repay the debt and any part thereof on the repayment date, therefore, in order to relieve the Group from immediate repayment obligation of the debt and reduce the burdensome interest expenses incurred, the Company and Citizens have agreed on a settlement proposal pursuant to the terms and conditions of a deed of settlement (the "Settlement Deed").

Pursuant to the terms of the Settlement Deed, the Company shall duly issue and allot 800,000,000 shares at the price of HK$0.025 per share to Citizens. The aggregate price of the shares is in sum of HK$20,000,000 which shall be partially set off against the debt. Further, the Company shall also duly issue and deliver a convertible bond with a principal amount of HK$11,000,000 to Citizens in full and final settlement of the balance of the debt and all outstanding accrued interest. Completion of the Settlement Deed is conditional upon fulfillment of certain conditions on or before 8 May 2017. Given that those conditions have not yet been fulfilled, the Company and Citizens entered into two supplemental deeds dated 5 May 2017 and 9 June 2017 to extend the long stop date to 8 June 2017 and 8 August 2017, respectively. Please refer to the announcements of the Company dated 9 February 2017, 5 May 2017 and 9 June 2017 for more information in relation to the Settlement Deed.

The Group had net current assets of approximately HK$16,006,000 as at 30 June 2017 (31 December 2016: approximately HK$17,878,000). Save and except the above, the Group had not obtained any credit facility from other financial institutions during the Review Period. As all cash and cash equivalents were maintained 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 30 June 2017, was approximately 5.471 (31 December 2016: approximately 3.174).

Capital Structure and Fund Raising Activities

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Changes in the capital structure of the Company during the Review Period are set out below.

On 10 January 2017, the Company completed the placing of 160,000,000 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.1 per placing share. The net proceeds of the placing is in the amount of approximately HK$15.52 million, which represents a net price of HK$0.097 per placing share. The balance of approximately HK$9.88 million was used for investments in Hong Kong listed securities pursuant to the investment objectives of the Group. The balance of approximately HK$0.75 million was used for settlement of the promissory notes interest and debt interest, while the balance of approximately HK$4.89 million was used for general working capital. Details of the placing were disclosed in the announcements of the Company dated 6 January 2017 and 10 January 2017.

On 7 March 2017, the Company completed the placing of 110,000,000 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.142 per placing share. The net proceeds of the placing is in the amount of approximately HK$15.15 million, which represents a net price of HK$0.138 per placing share. The balance of approximately HK$1.5 million was used for settlement of the promissory notes interest and debt interest, while the balance of approximately HK$13.65 million was used for general working capital. Details of the placing were disclosed in the announcements of the Company dated 28 February 2017 and 7 March 2017.

As at 30 June 2017, the total number of issued ordinary shares of the Company was 2,402,260,913 shares (31 December 2016: 2,132,260,913 shares).

EMPLOYEES

As at 30 June 2017, the Group had 30 employees (31 December 2016: 30 employees), including executive Directors, non-executive Directors and independent non-executive Directors. The total employee costs incurred during the Review Period were approximately HK$13,639,000 (31 December 2016: approximately HK$21,683,000). 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.

Further, as incentives or rewards for employees' contributions to the Company, the Company adopted a share option scheme on 27 August 2007 (which was terminated on 30 June 2017) and a new share option scheme on 30 June 2017.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group and the Company did not have any material capital commitments (31 December 2016: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

In 2016, the Group as borrower entered into a loan agreement with an independent third party as lender for a short-term loan of approximately HK$25,716,000. As at 30 June 2017, the outstanding balance payable by the Group is approximately HK$34,482,000, which includes the outstanding principal and accrued interest payable. Pursuant to the loan agreement, the Group pledged the interest in its wholly owned subsidiaries in favour of Massive Shine Limited, Old Peak Limited, Eighty Riches Limited, Union Power Holdings Limited and Fine East Trading Limited as chargees.

As at 30 June 2017, bank deposits in the amount of HK$2,040,000 (31 December 2016: HK$2,040,000) were pledged to a bank as security for certain trade credit facilities granted to the Group.

Save as disclosed above, there were no charges over any of the Group's assets or significant contingent liabilities as at 30 June 2017.

FOREIGN EXCHANGE EXPOSURE

The investments of the Group were mainly denominated in Hong Kong Dollars and Renminbi ("RMB"). During the Review Period, transactions and balances in RMB were not significant and the exposure to RMB is insignificant. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

During the Review Period, the Company has not purchased, sold or redeemed any of its listed securities.

CONNECTED TRANSACTION

Subscription Agreement

On 14 October 2010, the Company and Premium Castle Limited ("Premium Castle"), a company incorporated under the laws of British Virgin Islands, entered into a subscription agreement, pursuant to which Premium Castle agreed to issue and the Company agreed to subscribe the 2% convertible note in the principal amount of HK$27,000,000 due on 13 October 2013 (the "2010 Convertible Note"). In 2011, Premium Castle repaid HK$10,000,000 of the outstanding principal amount of the 2010 Convertible Note to the Company. Subsequently, the 2010 Convertible Note was cancelled and Premium Castle issued to the Company another convertible note in replacement of the 2010 Convertible Note (the "2011 Convertible Note"). The Company has not exercised the conversion rights under the 2011 Convertible Note and the principal amount of HK$17,000,000 was due on 13 October 2013.

Upon expiry of the 2011 Convertible Note and after negotiation between Premium Castle and the Company, the Company and Premium Castle entered into a new subscription agreement (the "New Subscription Agreement") on 24 December 2013 (after trading hours), pursuant to which the Company has conditionally agreed to subscribe for and Premium Castle has conditionally agreed to issue a convertible note in the principal amount of HK$18,600,000, being the outstanding principal amount of HK$17,000,000 under the 2011 Convertible Note and the outstanding interest in the sum of approximately HK$1,600,000 accrued under the 2010 Convertible Note and the 2011 Convertible Note (collectively "Debt"), with maturity period of five years and coupon rate of 2% (the "Subscription"). The New Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios as defined under Rule 14.06 of the Listing Rules are more than 5% but less than 25%. The New Subscription Agreement also constitutes a connected transaction under Chapter 14A of the Listing Rules as the major shareholder of Premium Castle is Mr. Wong Danny F., the Chairman and an executive director of the Company, Premium Castle is therefore a connected person of the Company. Accordingly, the New Subscription Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Mr. Wong Danny F., who is the Chairman and an executive director of the Company and a major shareholder of Premium Castle, is regarded as having a material interest in the New Subscription Agreement and therefore he abstained from voting at the meeting of the Board at which the resolution approving the New Subscription Agreement was passed and Mr. Wong Danny F. and his associates were required to abstain from voting on the resolution approving the New Subscription Agreement passed at the extraordinary general meeting of the Company held on 25 February 2014. Details of the Subscription were disclosed in the circular of the Company dated 7 February 2014. The New Subscription Agreement has been approved at the extraordinary general meeting and was completed on the same day.

Upon completion of the Subscription on 25 February 2014, the obligation of Premium Castle to pay the Debt has been released and the Debt, which was previously recorded as current assets of the Company, was reclassified as financial asset in the Company's consolidated statement of financial position.

Placing Agreements

The Company entered into placing agreements with Beijing Securities Limited (the "Placing Agent") on 6 January 2017 and 28 February 2017 respectively, pursuant to which the Placing Agent had agreed to place 160,000,000 new ordinary shares and 110,000,000 new ordinary shares respectively on a best effort basis to not less than six independent investors at the placing price of HK$0.1 per placing share and at the placing price of HK$0.142 per placing share respectively. The placing shares were fully taken up and no placing share has been allotted to the Placing Agent. Mr. Wong Danny F., the Chairman and an executive director of the Company, holds 84.85% of the shareholdings of the holding company of the Placing Agent. Mr. Wong Danny F. is also a director of the Placing Agent and the holding company of the Placing Agent. Hence, the Placing Agent is an associate of Mr. Wong Danny F. and is therefore a connected person of the Company within the meaning of the Listing Rules. The acting as the Placing Agent is a connected transaction under Chapter 14A of the Listing Rules.

The Board is of the view that that the placing commission of 3% on the gross proceeds of the placing was determined within arm's length negotiation between the parties with regard to the prevailing market practice and the placing commission is on normal commercial terms, fair and reasonable. As the relevant percentage ratios (other than the profits ratio) in respect of the placing commission and the brokerage fees under Rule 14.07 of the Listing Rules is less than 5% and the total consideration is less than HK$3,000,000, the transaction constitutes a connected transaction which is fully exempt from independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.76(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Investment Management Agreement

The investment management agreement dated 1 November 2016 was entered into between the Company and Avia Asset Management Limited (‘New Investment Management Agreement”). Under the New Investment Management Agreement, Avia Asset Management Limited agreed to provide investment management services to the Company from 1 November 2016 with a fixed management fee of HK$55,000 per month. Pursuant to Rule 14A.08 of the Listing Rules, an investment manager is deemed to be connected person of the Company. The entering into of the New Investment Management Agreement with Avia Asset Management Limited constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules but is exempted from the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

Custodian Agreement

Commencing from 11 March 2005, the Company appointed the Bank of Communications Trustee Limited as its custodian (the “Custodian”) for the provision of custodian services. The Custodian has agreed to provide the Company with securities services including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The custodian agreement between the parties (the “Custodian Agreement”) will continue be in force until the same is terminated by either the Company or the Custodian by the giving to the other party of not less than 90 days’ notice in writing at any time.

Pursuant to Rule 14A.08 of the Listing Rules, a custodian shall be regarded as a connected person of the Company. Therefore, the provision of services by the Custodian under the Custodian Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Board, including the independent non-executive Directors, is of the view that the above continuing connected transactions have been entered into (1) on normal commercial terms; (2) on an arm’s length basis; and (3) in the ordinary and usual course of business of the Company, and that the terms of the above continuing connected transactions were fair and reasonable to the shareholders and the Company as a whole.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the date of this announcement, there is a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board acknowledges the importance of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing the shareholders value and safeguarding interest of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasize an effective internal control and accountability to all shareholders of the Company.

The Company had complied with all applicable provisions of the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Listing Rules during the Review Period, save for the deviation from Code Provision E.1.2, which is more detailed explained below.

According to Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Wong Danny F., the chairman of the Board, was not able to attend the annual general meeting of the Company held on 30 June 2017 due to an important business meeting which was pre-scheduled for the same date.

The Company periodically reviews its corporate governance practices to ensure that the Company meets the requirements of the CG Code.

CHANGES REGARDING THE DIRECTORS OR SUPERVISOR

The changes regarding the Directors or supervisor as required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules are set out below:

Mr. Law Tze Lun has been appointed as an Independent Non-executive Director of Tak Lee Machinery Holdings Ltd (Stock Code: 8142) with effect from 26 July 2017.

Mr. Gao Chengming and Mr. Lau Chi Lung, Johnny have retired as Directors by rotation at the annual general meeting of the Company held on 30 June 2017 in accordance with the articles of association of the Company. Both Mr. Gao Chengming and Mr. Lau Chi Lung, Johnny have decided not to stand for re-election as non-executive Directors due to personal reasons.

COMPLIANCE WITH MODEL CODE

The Company has adopted 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. Based on specific enquiry with the Directors, all Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the Review Period.

AUDIT COMMITTEE

The audit committee of the Company comprising three independent non-executive Directors, together with the management of the Company, have reviewed the Group's unaudited interim financial statements for the Review Period including the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

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.

By order of the Board
National Investments Fund Limited
Wong Danny F.
Chairman and Executive Director

Hong Kong, 31 August 2017

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; and three independent non-executive Directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Law Tze Lun.