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# 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)**

### Placing Agent

眾利股票有限公司

Chung Lee Securities Company Limited

## PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

### PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 4 January 2019 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to effect the Placing by procuring Placees (currently expected to be no fewer than six) to subscribe for a maximum of 8,600,000,000 Placing Shares at the Placing Price of HK\$0.018 per Placing Share on a best effort basis.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 198.89% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 66.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Shareholders' approval. A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**As completion under the Placing Agreement is subject to the fulfilment of certain conditions set forth therein, the issue of the Placing Shares may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).**

On 4 January 2019 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to effect the Placing by procuring Placees (currently expected to be no fewer than six) to subscribe for a maximum of 8,600,000,000 Placing Shares at the Placing Price of HK\$0.018 per Placing Share on a best effort basis.

## **THE PLACING AGREEMENT**

### **Date**

4 January 2019 (after trading hours)

### **Parties**

- (1) The Company as the issuer; and
- (2) Chung Lee Securities Company Limited (眾利股票有限公司) as the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

### **Placing Shares**

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed, on a best effort basis, to place, or procure the placing of, a maximum of 8,600,000,000 Placing Shares to currently expected to be not less than six independent professional, institutional or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules as the Placing Agent select at the Placing Price of HK\$0.018 per Placing Share (together with the Stock Exchange trading fee, SFC transaction levy, and Central Clearing and Settlement System stock settlement fee as may be payable by the Placees) in the capacity as the Company's agent.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 198.89% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 66.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares have an aggregate nominal value of HK\$86,000,000 based on the nominal value of HK\$0.01 per Share.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares then in issue on the date of allotment and issue of the Placing Shares.

## **Placees**

The Placing Agent undertakes to place the Placing Shares only to independent professional, institutional or other investors, who and whose ultimate beneficial owner(s) will be third parties independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules).

It is currently expected that the number of Placees will be no fewer than six.

## **Commission**

Upon Completion, the Company will pay to the Placing Agent a placing commission of 3% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

## **Placing Price**

The Placing Price of HK\$0.018 per Placing Share represents:

- (1) a discount of approximately 14.29% to the closing price of HK\$0.021 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (2) a discount of approximately 18.18% to the average closing price of approximately HK\$0.022 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and
- (3) a discount of approximately 20.35% over the average closing price of HK\$0.0226 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

Taking into account all commissions and other expenses in relation to the Placing, the net issue price of each Placing Share is approximately HK\$0.017 per Placing Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing (including the Placing Price and the placing commission) are on normal commercial terms and are fair and reasonable based on the prevailing market conditions. Therefore, and also taking into account the reasons set out in the section headed "Reasons for the Placing and Use of Proceeds" of this announcement, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Conditions to the Placing**

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (1) the approval of the Shareholders of the Placing at the EGM;
- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares, and such listing and permission not subsequently revoked prior to the delivery of definitive share certificates representing the Placing Shares; and
- (3) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

## **Termination and force majeure**

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events as defined below.

For the purpose of the Placing Agreement, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudice the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of this announcement or any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

### **Completion of the Placing**

Completion will take place within seven Business Days after the fulfilment of the conditions as set out in the section headed “Conditions to the Placing” above or such other date to be agreed between the Company and the Placing Agent in writing.

The Placing Agent shall use its best endeavours to procure, and shall give all necessary assistance to the Company, in the satisfaction of the conditions as set out in the section headed “Conditions to the Placing” above. If the above conditions are not satisfied on or before 5:00 p.m. on 31 March 2019 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not

proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The gross proceeds of the Placing will be in an aggregate of HK\$154.80 million. The net proceeds from the Placing, after the deduction of the relevant commission and other related expenses, are estimated to be in an aggregate of approximately HK\$150.00 million. The Company intends to utilise the net proceeds for meeting the payment obligations in the future and general working capital of the Group.

Set out below are the expected expenditure of the Group for the year ending 31 December 2019:

Period	Expected amount of expenditure of the Group (approximate)	Remarks
1 January 2019 to 31 March 2019	HK\$26.29 million	The expected expenditure of approximately HK\$26.29 million comprises approximately HK\$10.47 million will be used for repayment of the outstanding loan and promissory notes interest and HK\$15.81 million will be used for the working capital.
1 April 2019 to 30 June 2019	HK\$9.06 million	The expected expenditure of approximately HK\$9.06 million comprises approximately HK\$3.99 million will be used for repayment of the promissory notes interest and approximately HK\$5.07 million will be used for the working capital.
1 July 2019 to 30 September 2019	HK\$14.45 million	The expected expenditure of approximately HK\$14.45 million comprises approximately HK\$11.92 million will be used for repayment of the outstanding promissory notes and interest and approximately HK\$2.53 million will be used for the working capital.
1 October 2019 to 31 December 2019	HK\$65.12 million	The expected expenditure of approximately HK\$65.12 million comprises approximately HK\$60.00 million will be used for repayment of the outstanding promissory notes and approximately HK\$5.12 million will be used for the working capital.
<b>Total</b>	<b><u>HK\$114.92 million</u></b>	

As at 30 November 2018, the unaudited cash and cash equivalents of the Group were approximately HK\$2.40 million. As disclosed in the announcement of the Company dated 13 December 2018, the Group had net liabilities and the unaudited consolidated net liabilities value per Share (excluding in the fair value adjustments on the unlisted investments) of the Company as at 30 November 2018 was approximately HK\$0.00804. Despite the presence of existing cash, the Company considers that, taking into account the net liabilities position of the Group, it is both prudent and important to retain sufficient working capital and further strengthen the financial position of the Group, so as to accommodate the operating cash expenses of the Company and to guard against any unexpected increase in costs or able to respond to any unforeseen need in capital. It would therefore not be in the interest of the Shareholders for the Group to rely solely on or even to deplete the existing limited working capital to fund the expenditure of the Group in the future as it could create operational difficulties, if, for example, it would not be able to react promptly to external events in the market. Therefore, the Directors consider that the Placing represents a good opportunity for the Group to further strengthen its financial position and may assist in addressing the net liabilities position of the Group.

The Company is aware of the dilution impact of the Placing on the existing shareholding of the Shareholders. However, having taken into account of (i) the funding need of the Company as stated above to meet the expenditure of the Group in the future should they arise; (ii) the benefits of increasing the working capital and strengthening the financial position of the Group without increasing its financing costs and the possibility of lowering the net liabilities of the Group; and (iii) the fact that the Placing is subject to the Shareholders' approval and therefore the Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing, the Directors consider that the potential dilution impact was justified and accordingly, in the interests of the Company and the Shareholders as a whole.

The Directors have considered various fund-raising methods. The Directors considered that debt financing is usually subject to the Group's financial position and prevailing market condition and may subject the Group to lengthy due diligence and negotiations and possibly unfavourable interest rate with the banks, particularly in view of the net liabilities position of the Group. Taking into account of the Group's current financial position, the substantial amount of proceeds required and that debt financing may impose additional interest burden on the Group and worsen the Group's net liabilities position, the Directors consider further debt financing to be relatively costly and time-consuming as compared to equity financing, such as placing, for the Group to obtain additional funding. The Board has also considered other alternative equity fund raising such as rights issue or open offers and that they may incur substantial costs in relation to the engagement of legal adviser, financial adviser and brokerage agent as well as underwriting commission which might in turn cause an adverse impact on the financial condition of the Group, and possibly require a relatively longer time period to complete in view of the relatively more stringent documentary requirements for pre-emptive issues such as preparation of a listing document, application forms, registration requirements for a listing document and negotiation with

the underwriter on the terms and conditions of the underwriting agreement. As such, the Directors do not consider debt financing or pre-emptive issues (including rights issue and open offer) to be desirable alternatives to the Placing and are of the view that the Placing and the terms thereof are fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

## EFFECTS OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 4,324,069,642 Shares in issue. The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Placing Shares, assuming no other Shares will be issued or repurchased:

	As at the date of this announcement		Immediately after the allotment and issue of the Placing Shares	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
CCM Asia Investment Corporation ( <i>Note 1</i> )	268,578,637	6.21	268,578,637	2.08
Ms. Xie Xiangrong ( <i>Note 2</i> )	600,000	0.01	600,000	0.01
Other public Shareholders	4,054,891,005	93.78	4,054,891,005	31.37
The Placees	—	—	8,600,000,000	66.54
<b>Total</b>	<b><u>4,324,069,642</u></b>	<b><u>100.00</u></b>	<b><u>12,924,069,642</u></b>	<b><u>100.00</u></b>

*Notes:*

- (1) These represent beneficial interests in Shares owned by CCM Asia Investment Corporation, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is indirectly held by Mr. Wong Danny F., an executive Director of the Company.
- (2) As at the date of this announcement, those Shares were owned by Ms. Xie Xiangrong as beneficial owner, the chairperson and a non-executive Director of the Company.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

<b>Date of announcements</b>	<b>Fund raising activity</b>	<b>Net proceeds (approximate)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds as at the date of this announcement</b>
5 October 2018 23 October 2018	Placing of new Shares under general mandate	HK\$10.30 million	Repayment of the outstanding indebtedness, and/or general working capital of the Group	The entire proceeds were used for repayment of outstanding indebtedness and general working capital of the Group. There was no balance left from such proceeds

Save as disclosed above, there has not been any equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement.

### **LISTING RULES IMPLICATIONS**

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Shareholders' approval.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder. To the best knowledge of the Directors, no Shareholder will be required to abstain from voting on the resolution(s) approving the aforesaid matters.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## GENERAL

An application will be made by the Company for the listing of, and permission to deal in, the Placing Shares.

**As completion under the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Placing Shares may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	National Investments Fund Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 1227)
“Completion”	the completion of the Placing
“Completion Date”	the date of completion of the Placing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the provisions as contemplated by the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement
“Placing Agent”	Chung Lee Securities Company Limited (眾利股票有限公司), a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent under the Placing Agreement
“Placing Agreement”	the placing agreement dated 4 January 2019 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.018 per Placing Share
“Placing Share(s)”	a maximum of 8,600,000,000 new Shares to be issued and allotted to the Placees by the Company through the Placing
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to allot, issue and deal with the Placing Shares to be proposed for approval as an ordinary resolution of the Shareholders at the EGM

“Stock Exchange”            The Stock Exchange of Hong Kong Limited

“substantial  
shareholder(s)”            has the meaning ascribed to it in the Listing Rules

“%”                                per cent

By Order of the Board  
**National Investments Fund Limited**  
**Xie Xiangrong**  
*Chairperson*

Hong Kong, 4 January 2019

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Danny F. and Mr. Chan Cheong Yee; a non-executive Director, namely Ms. Xie Xiangrong (Chairperson); and four independent non-executive Directors, namely Mr. Liu Jin, Mr. Li Li, Ms. Chan So Fong and Mr. Liao Kai.*