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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)

PROPOSED SHARE CONSOLIDATION

AND

SUPPLEMENTAL AGREEMENT TO THE PLACING AGREEMENT

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.10 each.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation and a notice convening the EGM are expected to be despatched to the Shareholders on or before 18 February 2019.

SUPPLEMENTAL AGREEMENT TO THE PLACING AGREEMENT

As disclosed in the announcement of the Company dated 4 January 2019, (after trading hours), the Company and the Placing Agent entered into the Placing Agreement on 4 January 2019, 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.

In view of the Share Consolidation, on 21 January 2019, the Company entered into the supplemental agreement to the Placing Agreement with the Placing Agent to amend certain terms of the Placing Agreement to take into account the effect of the Share Consolidation.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.10 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares of par value of HK\$0.01 each, of which 4,324,069,642 Shares have been issued as fully paid or credited as fully paid. Assuming that no further Shares are allotted, issued or repurchased between the date of this announcement and the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares of par value of HK\$0.10 each, of which 432,406,964 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other. The Share Consolidation will not result in any change in the rights of the Shareholders.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the next Business Day immediately following the fulfilment of the above conditions.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions

between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Free exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 6 March 2019, being the Business Day immediately after the date of the EGM, Shareholders may on or after Wednesday, 6 March 2019 and until Friday, 12 April 2019 (both days inclusive), submit their existing share certificates for the Shares to the Company's branch share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the Consolidated Shares at the expense of the Company.

Thereafter, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each new share certificate for the Consolidated Shares issued or each existing share certificate for the Shares submitted for cancellation, whichever is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Wednesday, 10 April 2019 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Shares for one (1) Consolidated Share.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 July 2018 (the “**Trading Arrangements Guidance**”) has further stated that (i) market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares at a level less than HK\$0.1 and the value per board lot being less than HK\$2,000, the Board proposes to implement the Share Consolidation in order to comply with the trading requirements under the Listing Rules. The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous six months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
August	0.015	0.012
September	0.020	0.014
October	0.026	0.014
November	0.038	0.019
December	0.026	0.020
2019		
January (up to the date of this announcement)	0.022	0.016

The Share Consolidation will increase the nominal value of the Shares, and is expected to bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares. The Share Consolidation would also enable the Company to comply with the minimum transaction costs for a securities trade of HK\$2,000 as set out in the Trading Arrangements Guide.

As disclosed in the announcement of the Company dated 4 January 2019 (the “**Announcement**”), the Company and Chung Lee Securities Company Limited (眾利股票有限公司) (the “**Placing Agent**”) entered into the a placing agreement on 4 January 2019, pursuant to which the Placing Agent conditionally agreed to effect the placing by procuring placees to subscribe for a maximum of 8,600,000,000 new Shares at the placing price of HK\$0.018 per Share on a best effort basis. Following the publication of the Announcement, the Company received a fax from the Stock Exchange that taking into account that the existing trading price of the Shares below HK\$0.1 is close to the extremities of HK\$0.01 as stated under Rule 13.64 of the Listing Rules, it would not grant listing approval to the new shares to be allotted and issued under the Placing unless and until the Company has changed the trading method or consolidated its Shares. As disclosed in the paragraph headed “Reasons for the Placing and use of proceeds” in the Announcement, the Company intends to utilise the net proceeds from the Placing for meeting the payment obligations of the Group for the year ending 31 December 2019. Taking into account the level of cash and cash equivalents of the Group and the expected expenditure of the Group in 2019, the Directors consider that there are genuine business reasons for the Placing and funding needs of the Group for meeting its payment obligations and working capital requirements. On this basis, the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules and the Trading Arrangements Guidance, which is a pre-requisite for completion of the Placing while the net proceeds obtained from the Placing could support the Group’s future working capital needs.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

In view of the above, the Directors are of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below.

Events	Times and dates
Expected despatch date of circular with notice of the EGM	Monday, 18 February 2019
Latest time for lodging share transfer in order to qualify for EGM voting entitlement	4:30 p.m. on Wednesday, 27 February 2019
Closure of the register of members for the purpose of determining members who are entitled to attend the EGM	Thursday, 28 February 2019 to Tuesday, 5 March 2019 (both days inclusive)
Latest date and time for lodging the proxy form for the EGM	11:00 a.m. on Sunday, 3 March 2019
Date and time of the EGM	11:00 a.m. on Tuesday, 5 March 2019
Announcement of results of the EGM	Tuesday, 5 March 2019
The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation as set out in this announcement.	
Effective date of the Share Consolidation	Wednesday, 6 March 2019
First day of free exchange of existing share certificates for new share certificates	Wednesday, 6 March 2019
Dealings in Consolidated Shares commences	9:00 a.m. on Wednesday, 6 March 2019
Original counter for trading in Shares in board lots of 20,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 6 March 2019
Temporary counter for trading in Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 6 March 2019

Original counter for trading in Consolidated Shares in board lot of 20,000 Consolidated Shares (in the form of new share certificates) re-opens9:00 a.m. on Wednesday, 20 March 2019

Parallel trading in the Shares and Consolidated Shares (in the form of existing share certificates and new share certificates) commences9:00 a.m. on Wednesday, 20 March 2019

Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares.....9:00 a.m. on Wednesday, 20 March 2019

Temporary counter for trading in Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of existing share certificates) closes.....4:00 p.m. on Wednesday, 10 April 2019

Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends.....4:00 p.m. on Wednesday, 10 April 2019

Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares.....4:00 p.m. on Wednesday, 10 April 2019

Last day for free exchange of existing share certificates for new share certificates..... Friday, 12 April 2019

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. A circular containing, among other things, further details of the proposed Share Consolidation and a notice convening the EGM are expected to be despatched to the Shareholders on or before 18 February 2019.

SUPPLEMENTAL AGREEMENT TO THE PLACING AGREEMENT

As disclosed in the announcement of the Company dated 4 January 2019, the Company and the Placing Agent entered into the Placing Agreement on 4 January 2019 (after trading hours), 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.

In view of the Share Consolidation, on 21 January 2019, the Company entered into the Supplemental Agreement with the Placing Agent to amend certain terms of the Placing Agreement to reflect the adjusted Placing Price and the adjusted number of Placing Shares for which the Placing Agent agreed to procure Placees on a best effort basis once the Share Consolidation has become effective.

A summary of the principal terms of the Supplemental Agreement are as follows:

Date

21 January 2019

Parties to the Supplemental Agreement

- (1) the Company; and
- (2) the Placing Agent.

Amended terms

- (1) The Placing Shares for which the Placing Agent agreed to procure Placees on a best effort basis shall be the Consolidated Shares instead of the existing Shares.
- (2) The number of Placing Shares for which the Placing Agent agreed to procure Placees on a best effort basis shall be 860,000,000 Consolidated Shares, instead of 8,600,000,000 existing Shares.
- (3) The Placing Price shall be HK\$0.18 per Placing Share instead of HK\$0.018.
- (4) Completion is conditional upon the fulfilment of the following conditions:
 - (i) the approval of the Shareholders of the Share Consolidation at the EGM;
 - (ii) the approval of the Shareholders of the Placing at the EGM;
 - (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consolidated Shares;

- (iv) 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
- (v) 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.

Save as amended by the Supplemental Agreement, the Placing Agreement shall remain in full force and effect in all respects.

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 (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the share capital of Company upon the Share Consolidation becoming effective
“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, the Share Consolidation and the Placing

“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
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“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, details of which are set out in the announcement of the Company dated 4 January 2019
“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
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective

“Shareholder(s)”	the holder(s) of the Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 21 January 2019 entered into between the Company and the Placing Agent to amend certain terms of the Placing Agreement

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

Hong Kong, 21 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.