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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	5	1,785	(27,193)
Other income	6	606	–
Change in fair value of conversion options embedded in convertible notes		(292)	(1,414)
Loss on disposal of subsidiaries		–	(18,415)
Loss on disposal of available-for-sale financial assets		–	(127,138)
Impairment loss of available-for-sale financial assets		(18,388)	–
Impairment loss of other tangible assets		(86)	(3,054)
Other operating expenses		(70,921)	(120,193)
Finance costs		(11,922)	(6,486)
Share of result of associates		(15,195)	(8,743)
Loss before taxation		(114,413)	(312,636)
Taxation	7	–	–
Loss for the year	8	(114,413)	(312,636)

	2016	2015
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
– Net (loss)/gain on revaluation of available-for-sale financial assets	(22,560)	359
– Reclassification adjustments relating to available-for-sale financial assets	18,388	–
– Reclassification upon disposal of available-for-sale financial assets	–	2,756
– Reclassification upon disposal of a subsidiary	–	(648)
	<u> </u>	<u> </u>
Other comprehensive (loss)/income for the year, net of income tax	<u>(4,172)</u>	<u>2,467</u>
Total comprehensive loss for the year	<u><u>(118,585)</u></u>	<u><u>(310,169)</u></u>
Loss for the year attributable to:		
Owners of the Company	<u><u>(114,413)</u></u>	<u><u>(312,636)</u></u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	<u><u>(118,585)</u></u>	<u><u>(310,169)</u></u>
Loss per share		
Basic and diluted (<i>HK cents</i>)	<i>10</i>	
	<u><u>(5.64)</u></u>	<u><u>(18.42)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Assets:		
Non-current assets		
Property, plant and equipment	14,511	24,160
Other tangible assets	18,590	18,676
Interests in associates	–	15,195
Available-for-sale financial assets	101,000	59,344
Conversion options embedded in convertible notes	747	1,039
	<u>134,848</u>	<u>118,414</u>
Current assets		
Available-for-sale financial assets	18,132	17,004
Financial assets at fair value through profit or loss	–	2,663
Prepayments, deposits and other receivables	47,356	50,352
Promissory note receivable	–	3,000
Cash and bank balances	7,401	8,419
	<u>72,889</u>	<u>81,438</u>
Total assets	<u><u>207,737</u></u>	<u><u>199,852</u></u>
Equity:		
Capital and reserves attributable to owners of the Company		
Share capital	21,323	18,023
Reserves	22,424	55,587
	<u>43,747</u>	<u>73,610</u>
Total equity	<u>43,747</u>	<u>73,610</u>
Liabilities:		
Current liability		
Accrued charges and other payables	55,011	17,577
	<u>55,011</u>	<u>17,577</u>
Non-current liability		
Promissory notes	108,979	108,665
	<u>108,979</u>	<u>108,665</u>
Total liabilities	<u>163,990</u>	<u>126,242</u>
Total equity and liabilities	<u><u>207,737</u></u>	<u><u>199,852</u></u>
Net current assets	<u>17,878</u>	<u>63,861</u>
Total assets less current liability	<u><u>152,726</u></u>	<u><u>182,275</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 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 place of business of the Company is located at 20/F., Octa Tower, 8 Lam Chak Street, Kowloon Bay, Hong Kong.

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 individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and 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 applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance.

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 judgment in areas where assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared on the 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 and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on or after 1 January 2016.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

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 2014-2016 Cycle ⁵
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions ²
HKFRS 4 (Amendments)	Insurance Contracts ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

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 2016 and 2015. 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 the United States. The following table provides an analysis of the Group's revenue by geographical market:

	Revenue by geographical market	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,785	(27,683)
United States	—	490
	<u>1,785</u>	<u>(27,193)</u>

The following is an analysis of the carrying amount of non-current assets (excluding available-for-sale 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	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>33,101</u>	<u>58,031</u>

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:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss on financial assets at fair value through profit or loss (<i>Note</i>)	(200)	(29,776)
Bank interest income	20	48
Interest income from available-for-sale financial assets	1,820	2,380
Interest income from a promissory note	145	155
	<u>1,785</u>	<u>(27,193)</u>

Note:

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

	Equity securities	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proceeds on sales	7,459	110,693
<i>Less:</i> Cost of sales	<u>(7,659)</u>	<u>(140,252)</u>
	(200)	(29,559)
Unrealised loss on financial assets at fair value through profit or loss	<u>–</u>	<u>(217)</u>
Net loss on financial assets at fair value through profit or loss	<u>(200)</u>	<u>(29,776)</u>

6. OTHER INCOME

	2016 HK\$'000	2015 <i>HK\$'000</i>
Sundry income	600	–
Net exchange gain	6	–
	<u>606</u>	<u>–</u>

7. TAXATION

Current taxation

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits for the year ended 31 December 2016 (2015: Nil).

8. LOSS FOR THE YEAR

	2016 HK\$'000	2015 <i>HK\$'000</i>
Loss for the year has been arrived after charging:		
Auditors' remuneration	350	350
Directors' and chief executive officers' emoluments	5,760	5,656
Total staff costs, excluding directors' emoluments	15,923	17,816
Depreciation of property, plant and equipment	11,243	9,275
Legal and professional fee	1,296	1,391
Operating lease rental in respect of land and building	12,115	13,429
Impairment loss of available-for-sale financial assets	18,388	–
Impairment loss of other tangible assets	86	3,054
	<u>86</u>	<u>3,054</u>

9. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of both years ended 31 December 2016 and 2015.

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:

Loss	2016 HK\$'000	2015 HK\$'000
Loss for the purpose of basic and diluted loss per share	<u>(114,413)</u>	<u>(312,636)</u>
Number of shares	2016 '000	2015 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,027,039</u>	<u>1,697,213</u>

The weighted average of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2016 have been adjusted for the effect of placing completed on 26 January 2016, 18 July 2016 and 22 December 2016 respectively (2015: adjusted for the effect of placing completed on 11 December 2015).

For the years ended 31 December 2016 and 2015, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding share options were anti-dilutive.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Review Period, the Group's revenue recorded a net gain of approximately HK\$1,785,000 (for the year ended 31 December 2015 ("Last Corresponding Period"): net loss of approximately HK\$27,193,000). Excluding the net loss of approximately HK\$200,000 (Last Corresponding Period: approximately HK\$29,776,000) recorded on the financial assets at fair value through profit or loss ("FVTPL"), the Group's revenue decreased by approximately 23.15% to approximately HK\$1,985,000 (Last Corresponding Period: approximately HK\$2,583,000). The proceeds on sales of equity securities were approximately HK\$7,459,000 (Last Corresponding Period: approximately HK\$110,693,000), and the cost of sales were approximately HK\$7,659,000 (Last Corresponding Period: approximately HK\$140,252,000). The net realised loss on financial assets at FVTPL was therefore approximately HK\$200,000 (Last Corresponding Period: approximately HK\$29,559,000). Apart from the net realised loss on financial assets at FVTPL, no unrealised profit or loss on financial assets at FVTPL (Last Corresponding Period: unrealised loss on financial assets at FVTPL of approximately HK\$217,000).

For the Review Period, the total comprehensive loss attributable to owners of the Company was approximately HK\$118,585,000 (Last Corresponding Period: approximately HK\$310,169,000). The loss was primarily attributable to (i) other operating expenses of approximately HK\$70,921,000 (Last Corresponding Period: approximately HK\$120,193,000), (ii) finance costs of approximately HK\$11,922,000 (Last Corresponding Period: approximately HK\$6,486,000) and (iii) loss on share of result of associates of approximately HK\$15,195,000 (Last Corresponding Period: approximately HK\$8,743,000).

PROSPECT

In the year of 2016, 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 and Renminbi depreciation.

Besides, there are numbers of international political and economic issues remain uncertain around the world, including the recent results of the United States Presidential Election and "Brexit" in June 2016 posed great impacts to the world's economy. The negative effects triggered by both political and economic issues have hindered the investor's confidence in financial market and it is expected that the stock market will remain volatile due to unsatisfactory investment sentiment.

From the macroeconomic perspective, although China will 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.

DIVIDEND

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$7,401,000 as at 31 December 2016 (2015: approximately HK\$8,419,000).

As at 31 December 2016, 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 as general working capital of the Group.

The net current assets held by the Group as at 31 December 2016 amounted to approximately HK\$17,878,000 (2015: approximately HK\$63,861,000). Save and except the above, the Group had no other outstanding credit facility from other financial institution as at 31 December 2016. 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 debt over total equity as at 31 December 2016, was approximately 2.491 (2015: approximately 1.476).

The Company has entered into a loan agreement with Enhanced Finance Limited ("Enhanced") on 14 January 2016 for loan facility in total amount of HK\$65,000,000 (the "Enhanced Facility"). On the 20 June 2016, the Company, Enhanced and Hansom Finance Limited ("Hansom") entered into a deed of assignment whereas Enhanced, as the assignor, assigned the outstanding principal (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 loan agreements with Hansom on 8 April 2016 and 16 May 2016 for loan facilities in total 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, Second Facility and the Assigned Loan and the outstanding accrued interest 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 interest at the rate 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, whereas 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 has agreed on a settlement proposal upon 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 in sum of HK\$20,000,000 shall be partially set off against the debt. Further, the Company shall also duly issue and deliver a convertible bond with 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. Please refer to the announcement dated 9 February 2017 for more information in relation to the proposed Settlement Deed.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

The shares of the Company were listed on the Stock Exchange. Changes in the capital structure of the Company during the Review Period are set out below.

On 26 January 2016, the Company completed a placing of 200,000,000 new ordinary shares of HK\$0.01 each through a placing agent to not less than six independent investors at a price of HK\$0.32 per placing share. The net proceeds of the placing is in the amount of approximately HK\$61.17 million, which represents a net price of approximately HK\$0.305 per placing share. The balance of HK\$60 million was used for repayment of the existing loans of the Group, while the balance of approximately HK\$1.17 million was used for general working capital. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 15 January 2016 and 27 January 2016.

On 18 July 2016, the Company completed a placing of 82,000,000 new ordinary shares of HK\$0.01 each through a placing agent to not less than six independent investors at a price of HK\$0.28 per placing share. The net proceeds of the placing is in the amount of approximately HK\$22.30 million, which represents a net price of approximately HK\$0.272 per placing share. The balance of approximately HK\$1.08 million was used for settlement of the promissory notes interest and debt interest. The balance of approximately HK\$5.03 million was used for investments in Hong Kong listed securities pursuant to the investment objectives of the Group. The balance of approximately HK\$16.19 was used for general working capital. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 13 July 2016 and 18 July 2016.

On 22 December 2016, the Company completed a placing of 48,000,000 new ordinary shares of HK\$0.01 each through a placing agent to not less than six independent investors at a price of HK\$0.113 per placing share. The net proceeds of the placing is in the amount of approximately HK\$5.26 million, which represents a net price of approximately HK\$0.110 per placing share. The balance of approximately HK\$0.25 million was used for settlement of the promissory notes interest. The balance of approximately HK\$5.01 million was used for general working capital. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 20 December 2016 and 22 December 2016.

As at 31 December 2016, the total number of issued ordinary shares of the Company was 2,132,260,913 shares (2015: 1,802,260,913 shares).

On 10 January 2017, the Company completed a 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\$0.10 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 approximately HK\$0.097 per placing share. The balance of approximately HK\$0.70 million was used for settlement of the promissory notes interest. The balance of approximately HK\$10 million was used for investments in Hong Kong listed securities pursuant to the investment objectives of the Group. The balance of approximately HK\$4.82 million was used for general working capital. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. 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 a 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 approximately HK\$0.138 per placing share. The balance of approximately HK\$0.2 million was used for donation. The balance of approximately HK\$5.96 million was used for general working capital. The unutilized proceeds will be used for future investments pursuant to the investment objectives of the Group and/or as general working capital of the Group. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 28 February 2017 and 7 March 2017.

EMPLOYEES

As at 31 December 2016, the Group had 30 employees (2015: 31 employees), including executive directors, non-executive directors and independent non-executive directors. The total employment costs incurred during the Review Period were approximately HK\$21,683,000 (2015: approximately HK\$23,472,000). The Group's remuneration policies are in line with the prevailing market practice and are determined based on the performance, level of responsibility and experience of individual employees. Further, the Board proposes to adopt a new share option scheme at the forthcoming annual general meeting under which share option maybe granted at the Director's discretion to provide incentives or rewards for, among others, Directors' and Employees' contribution to the Group.

CAPITAL COMMITMENTS

As at 31 December 2016, the Group did not have any material capital commitments (2015: Nil).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

During the year, 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 31 December 2016, the outstanding balance of approximately HK\$29,872,000 payable by the Group, including outstanding principal and accrued interest payable, which 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 31 December 2016, bank deposits in the amount of approximately HK\$2,040,000 (2015: HK\$2,020,000) 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 31 December 2016.

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 its 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 Company has complied with all applicable code provisions in the Corporate Governance Code (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 that each and every director and senior management is aware 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 31 May 2016 (the “2016 AGM”), Mr. Wong Danny F., the Chairman of the Board, was engaged in an important business meeting and was not able to attend. However, Mr. Fong Chi Wah, an executive director of the Company, Mr. Char Shik Ngor, Stephen, an independent non-executive director of the Company, chairman of the Nomination Committee and members of the Audit Committee of the Company, and Mr. Law Tze Lun, an independent non-executive director of the Company, chairman of the Audit Committee and members of the Nomination Committee and Remuneration Committee of the Company, attended the 2016 AGM and answered questions raised during the 2016 AGM.

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- (i) On 10 January 2017, the Company completed a 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\$0.10 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 approximately HK\$0.097 per placing share. The balance of approximately HK\$0.70 million was used for settlement of the promissory notes interest. The balance of approximately HK\$10 million was used for investments in Hong Kong listed securities pursuant to the investment objectives of the Group. The balance of approximately HK\$4.82 million was used for general working capital. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 6 January 2017 and 10 January 2017.
- (ii) On 8 February 2017, the Company entered into the Settlement Deed with Citizens pursuant to which the Company has agreed with Citizens to settle the PN Deed and the outstanding interest of approximately HK\$25,716,000 and HK\$5,101,000 respectively, in the aggregate sum of approximately HK\$30,817,000 as at 7 February 2017 thereon by issue of 800,000,000 shares at the issue price of HK\$0.025 per share and a convertible bond in the principal amount of HK\$11,000,000 to Citizens.
- (iii) On 7 March 2017, the Company completed a 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 approximately HK\$0.138 per placing share. The balance of approximately HK\$0.2 million was used for donation. The balance of approximately HK\$5.96 million was used for general working capital. The unutilized proceeds will be used for future investments pursuant to the investment objectives of the Group and/or as general working capital of the Group. The proceeds were applied in accordance with the intended purposes disclosed in the announcements. Details of the placing were disclosed in the announcements of the Company dated 28 February 2017 and 7 March 2017.

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 “Listed Company 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 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wong Danny F. (Chairman), Mr. Wu Tse Wai, Frederick and Mr. Fong Chi Wah; two non-executive Directors, namely 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.