THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in National Investments Fund Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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)

(I) VERY SUBSTANTIAL DISPOSAL;
(II) RE-ELECTION OF DIRECTORS;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

AKRON
Akron Corporate Finance Limited
亚贝隆资本有限公司

A notice convening an extraordinary general meeting of National Investments Fund Limited to be held at Unit 3705, 37/F., 118 Connaught Road West, Hong Kong on Tuesday, 10 December 2019 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed.

Whether or not you are able to attend the extraordinary general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

21 November 2019

CONTENTS

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

"Announcement"	the announcement of the Company dated 20 November 2018 relating to, among other things, the Disposal
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day on which banks are generally open for business in Hong Kong, except a Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"Company"	National Investments Fund Limited (國盛投資基金有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Completion"	the completion of the Disposal
"Completion Date"	third (3) Business Days after all the conditions precedent as set out in the SPA being satisfied
"Consideration"	the total consideration in the sum of HK$20,000,000 payable by the Purchaser to the Vendor for the Disposal under the SPA
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the SPA
"EGM"	the extraordinary general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder and the re-election of Directors
"Group"	the Company and its subsidiaries

"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Independent Third Party(ies)"	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
"Latest Practicable Date"	18 November 2019, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2019
"PRC"	the People's Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
"Purchaser"	Oriental Richway Investment Limited, a company incorporated in Hong Kong with limited liability
"Remaining Group"	the Group excluding the Target Group after Completion
"Purchaser Guarantor" or "Ms. Huang"	Huang Lisha
"Sale Shares"	1,303,500,000 fully paid up ordinary shares in the share capital of the Target Company, representing approximately 29.997% (which is less than 30%) of the entire issued share capital of the Target Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company

"Shareholder(s)"	holder(s) of Share(s)
"SPA"	the conditional sale and purchase agreement dated 20 November 2018 (as amended by the Supplemental Agreements) and entered into by the Vendor, the Purchaser and the Purchaser Guarantor in respect of the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	the three supplemental agreements dated 18 February 2019, 30 May 2019 and 14 October 2019 respectively entered into among the Vendor, the Purchaser and the Purchaser Guarantor in relation to the extension of long stop date of the SPA
"Target Company"	Medisun Holdings (Overseas) Limited, a company incorporated in the British Virgin Islands with limited liability, and the Vendor owned approximately 29.997% (which is less than 30%) of its entire issued share capital as at the date of the Announcement
"Target Group"	the Target Company and its subsidiaries
"US$"	United States dollars, the lawful currency of the United States
"Vendor"	Essence Sharp Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
"%"	per cent.

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)

Executive Director:
Mr. Chan Cheong Yee

Non-executive Directors:
Mr. Wang Ning *(Chairman)*
Ms. Xie Xiangrong
Mr. Huang Hu

Independent Non-executive Directors:
Mr. Li Li
Ms. Wu Xiaoxia
Mr. Liao Kai

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 3705, 37/F.
118 Connaught Road West
Hong Kong

21 November 2019

To the Shareholders

Dear Sir or Madam,

(I) VERY SUBSTANTIAL DISPOSAL;
(II) RE-ELECTION OF DIRECTORS;
AND
(III) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

References are made to the announcements of the Company dated 20 November 2018, 23 January 2019, 18 February 2019, 26 February 2019, 9 May 2019, 30 May 2019, 29 August 2019, 27 September 2019 and 14 October 2019 in relation to, among other things, the Disposal. On 20 November 2018 (after trading hours), the Vendor, the Purchaser and the Purchaser Guarantor entered into a formal SPA, pursuant to which the Purchaser has conditionally agreed to acquire and the Sale Shares and the Vendor has conditional agreed to sell the Sale Shares at the total Consideration of HK$20,000,000.

References are also made to the announcements of the Company dated 13 June 2019, 17 July 2019 and 28 August 2019 in respect of, among others, the appointments of Ms. Wu Xiaoxia ("**Ms. Wu**"), Mr. Wang Ning ("**Mr. Wang**") and Mr. Huang Hu ("**Mr. Huang**") as Directors respectively. According to the Articles of Association, Ms. Wu, Mr. Wang and Mr. Huang shall hold office until the next following general meeting and being eligible, offer themselves for re-election.

The purpose of this circular is to provide you with, among other things, (i) details of the SPA; (ii) the financial information of the Group and the Target Group; (iii) the unaudited pro-forma financial information of the Remaining Group; (iv) relevant information regarding the re-election of Directors; and (v) notice of the EGM.

THE SPA

Date

20 November 2018

Parties

Vendor:	Essence Sharp Holdings Limited
Purchaser:	Oriental Richway Investment Limited
Purchaser Guarantor:	Huang Lisha

The Purchaser is a company incorporated in Hong Kong with limited liability and is an investment holding company. The Purchaser Guarantor is the sole director and shareholder of the Purchaser and a director and shareholder of certain subsidiaries of the Target Company.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner, namely the Purchaser Guarantor, are Independent Third Parties.

Assets to be disposed of

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares represent approximately 29.997% (which is less than 30%) of the entire issued share capital of the Target Company.

Consideration

Pursuant to the terms of the SPA, the Consideration of HK$20,000,000 shall be payable by the Purchaser to the Vendor or its nominees in cash in the following manners:

(1) a refundable deposit in the sum of HK$2,000,000 (the "**Deposit**") has been paid by the Purchaser to the Vendor or its nominees upon the signing of the SPA. The Deposit shall be treated as part of the Consideration at Completion;

(2) a sum of HK$8,000,000 shall be paid by the Purchaser to the Vendor or its nominees at Completion; and

(3) the remaining balance of the Consideration in the sum of HK$10,000,000 (the "**Remaining Balance**") shall be paid by the Purchaser to the Vendor or its nominees within twelve months from the Completion Date.

The Remaining Balance will be settled in three installments of HK$3 million, HK$3 million and HK$4 million and payable in every 4 months.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and was determined with reference to among others, (i) the loss-making business performance of the Target Group; (ii) the net deficit of the Target Group as at 30 June 2018; (iii) the reasons for and benefits of the Disposal described in the section headed "Reasons for and benefits of the Disposal" below; and (iv) the total investment cost of the Group on the Target Company (the "**Total Investment Cost**").

As at the date of the Announcement, the Deposit has been paid.

The payment term of the Remaining Balance was proposed by the Purchaser and was arrived at after arm's length negotiations between the parties to the SPA. During the course of negotiation for payment term of the Remaining Balance, the Directors have requested the Purchaser to settle the Remaining Balance in full on the Completion Date. However, the Purchaser refused the aforesaid proposal as the Purchaser considered that such term was not commercially acceptable to it. On the contrary, the Purchaser initially proposed that the Remaining Balance shall be paid within 1.5 years from the Completion Date. After further discussion and negotiation, the Directors have successfully negotiated with the Purchaser to shorten the payment schedule of the Remaining Balance. The Purchaser has agreed to enter into of the formal agreement on the condition that the Remaining Balance shall be paid by the Purchaser within twelve months from the Completion Date.

The Directors have attempted to negotiate with the Purchaser for the arrangements in order to safeguard the interest of the Company and the Shareholders as a whole. The Group's proposed arrangements including but not limited to, (i) the Sale Shares shall be held by the escrow agent in escrow pending payment of the Remaining Balance; and (ii) the Purchaser shall execute the share charge in favour of the Company on the Completion Date that the Purchaser shall charge the Sale Shares to the Company as security for the payment of the Remaining Balance. However, the Purchaser refused to accept any of the aforesaid arrangements.

The Board accepts the proposal after considering various factors, among others (i) the Company has tried to approach (a) the shareholders and the directors of the Target Group (including Ms. Huang given her capacity as a director and shareholder of certain subsidiaries of the Target Company); and (b) the investors in the bio-pharmaceutical and medical industry in respect of possible disposal of the Sale Shares since July 2018. However, save for Ms. Huang, none has expressed any potential interest. In mid-August 2018, the Group approached Ms. Huang for the Disposal and she subsequently introduced the Purchaser to be the purchaser of the Disposal in early September 2018. In view of the limited marketability of investment of the Sale Shares (being shareholding in a private company) and the unsatisfactory performance of the Target Company (as discussed in the section headed "Reasons for and benefits of the Disposal" below), the Purchaser is the only available willing buyer of the Sale Shares that the Company could identify; (ii) weak bargaining power faced by the Group as the Sale Shares are not accounted for controlling shareholding in the Target Company; (iii) the gain on the Disposal of approximately HK$18.5 million (as discussed in the section headed "Financial effect of the Disposal and use of proceeds" below); (iv) the personal guarantee provided by the Purchaser Guarantor to safeguard the payment of the Consideration; and (v) the Company shall use its best endeavor to collect the Remaining Balance. In this connection, the Directors consider that the terms of the Disposal (including the Consideration and the payment schedule) represented the best available terms which the Group could negotiate for the Disposal after a balance review of the aforesaid factors. In addition, the Board is of the view that if the Group declines the proposal, the Group may suffer from (i) less favourable terms of the Disposal if the performance of the Target Group further deteriorated; and (ii) the shareholding of the Vendor in the Target Company may be diluted and may adversely affect the price for the Sale Shares if further capital call by the Target Company on shareholders including the Vendor to finance the poor performance of the Target Group and the Vendor elected not to meet with the capital call.

Ms. Huang, being the sole director and sole shareholder of the Purchaser, has unconditionally and irrevocably guaranteed the due and punctual performance and payment obligations of the Purchaser under the SPA. In the event that the Purchaser is unable to pay any part of the Consideration, Ms. Huang shall be liable on the outstanding amount of the Consideration owing by the Purchaser to the Vendor pursuant to the SPA. Immediately after the Completion, the outstanding amount of the Consideration will be the Remaining Balance of HK$10,000,000. Ms. Huang may be liable to the Remaining Balance of HK$10,000,000 in the event that the Purchaser is unable to pay the Remaining Balance within twelve months from the Completion Date.

The Company has conducted background checks on Ms. Huang that she does not involve in any legal proceedings in Hong Kong and there is no unusual issue had been identified that should be brought to the attention of the Board. Besides, the Company has requested and Ms. Huang has provided a facility letter dated 29 July 2019 entered into between a licensed money lender and her, pursuant to which the licensed money lender has agreed to grant Ms. Huang an unsecured interest-bearing facility in the amount of HK$18,000,000 for a term of 1 year. As such, the Board is of the view that Ms. Huang is able to perform the obligations of the Purchaser regarding payment of the Remaining Balance.

The Total Investment Cost was approximately HK$30 million, which comprised of the acquisition cost of HK$800 in the equity interest in the Target Company and the amount due from the Target Company of approximately HK$30 million. In view of the Target Group has continuously reported losses since 2014 and recorded no carrying value since 2017, it is unlikely that the Group will be able to recover the Total Investment Cost. Given that the lack of prospect of the Target Group and the Company did not receive any alternative offer other than the Purchaser's offer, the Disposal represents a good opportunity for the Group to recoup the majority part of the Total Investment Cost and to reallocate its financial resources.

Taking into consideration of the aforesaid, the Directors consider the terms of the Disposal provide sufficient safeguards of the interests of the Company in respect of the Disposal.

Guarantee

Pursuant to the SPA, the Purchaser Guarantor unconditionally and irrevocably:

(i) guarantees by way of continuing obligation to the Vendor as primary obligor, and not merely as surety, the due and punctual performance and discharge of all the terms, conditions, duties, obligations, liabilities and payments by the Purchaser under the SPA; and

(ii) indemnify the Vendor on demand against any loss or liability suffered by it as a result of any breach by the Purchaser of any term and condition under the SPA or if any term, condition, duty, obligation, liability and/or payment guaranteed by the Purchaser Guarantor is or becomes unenforceable, invalid or illegal as if the obligation guaranteed had not become unenforceable, invalid or illegal provided that the Purchaser Guarantor's liabilities shall be no greater than the Purchaser's liabilities would have been if the obligation guaranteed had not become unenforceable, invalid or illegal.

Conditions precedent

Completion shall be conditional upon and subject to the fulfilment and satisfaction of the following conditions precedent:

(a) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange and/or the SFC, required by the Company, the Vendor and any member of the Target Group in respect of the Disposal;

(b) the Board approving and authorising the Disposal; and

(c) if so required by the Listing Rules, the passing of the necessary resolution(s) by the Shareholders at the relevant extraordinary general meeting approving and authorising the Disposal.

None of the above conditions precedent is waivable. If the above conditions have not been fulfilled on or before the Long Stop Date, either the Vendor or the Purchaser may at its own discretion by written notice to the other party terminate the SPA and the Vendor shall thereby within 7 Business Days refund the Deposit in full to the Purchaser without interest and upon full refund of the Deposit to the Purchaser, the SPA (other than clauses relating to conditions precedent, confidentiality, notices and service, general, legal representation, costs and stamp duty, governing law and jurisdiction and process agent as set out in the SPA) shall become void and of no further effect and, save in respect of any antecedent breaches and all liabilities and obligations of the parties to the SPA shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties thereto which shall have accrued prior to such termination.

As at the Latest Practicable Date, save for condition (b), none of the above conditions have been fulfilled.

Completion

Upon fulfilment of all the conditions set out in the section headed "Conditions Precedent" above, Completion shall take place at or before 4:00 p.m. on the Completion Date (or at such time as the parties to the SPA may otherwise agree in writing).

INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands in which the Company owns approximately 29.997% (which is less than 30%) interest through the Vendor. The Target Company is an investment holding company. The Target Group is principally engaged in the business of development of bio-pharmaceutical and regenerative medicine system and products.

Financial information of the Target Group

Set out below are the unaudited consolidated financial information of the Target Group as prepared in accordance with Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2017 and 2018:

	For the year ended 31 December 2018 *approximately HK$'000* (unaudited)	**For the year ended 31 December 2017** *approximately HK$'000* (unaudited)
Turnover	77,854	58,143
Net loss before taxation	23,695	15,612
Net loss after taxation	26,045	16,277

According to the unaudited consolidated financial information of the Target Group, the Target Group recorded an unaudited net liabilities of approximately HK$316,485,000 as at 31 May 2019.

According to the interim report of the Group for the six months ended 30 June 2019, there is no carrying value of the Group's investment in the Target Group as at 30 June 2019.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

As at the Latest Practicable Date, the Target Company is accounted for as an associate of the Company in the financial statements of the Group. Upon Completion, the Company will cease to hold any interest in the Target Company.

Earnings

There is no carrying value of the Group's investment in the Target Group as at 30 June 2019. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming the Disposal had taken place on 30 June 2019, it is estimated that the Company will realise an unaudited gain on the Disposal of approximately HK$18.5 million, being the Consideration deducting the expenses attributable to the Disposal of approximately HK$1.5 million. The estimated gain to be derived from the Disposal has not taken into account the potential tax impact upon Completion of the Disposal.

It is currently intended that the net proceeds will be applied as general working capital and/or future investment of the Group.

Assets and liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming the Disposal had taken place on 30 June 2019, (i) the unaudited pro forma consolidated total assets of the Remaining Group would have increased from approximately HK$111.0 million to approximately HK$129.0 million; and (ii) the unaudited pro forma consolidated total liabilities of the Remaining Group would have decreased from approximately $155.0 million to approximately HK$154.5 million.

Please refer to the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular for more details on the basis and assumptions of the aforesaid financial impact to the Group.

Shareholders should note that the exact financial effect of the Disposal is subject to the review and approval of the auditors of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment company, the Shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in investments in a diversified portfolio of listed and unlisted companies.

The Target Company was established in 2014 and the Target Group has been loss making since then. As a consequence, the Group has recorded a loss in respect of its interest in the Target Group since the financial year ended 31 December 2014 and the sharing losses of the Target Group attributed to the Group has exceeded its interest in the Target Group and record no carrying value as at 31 December 2017. Taking into account of the previous unsatisfactory financial performance of the Target Group and the Group has not received any profit sharing from the Target Group during the past few years, the Directors are uncertain about the future prospects of the Target Group.

In addition, the Group has adopted and maintained a prudent yet proactive investment approach and will closely monitor the performance of the investment portfolios. It has been the business strategy of the Group to identify suitable investment opportunities with potential assets appreciation that will furtherance the investments objectives of the Company and also to generate better returns for the Group and the Shareholders. The Directors are of the view that the Disposal represents an opportunity for the Group to divest and realise its investment in the Target Group so as to reallocate the Group's financial resources in order to optimize the operational efficiency and to enhance the return to the Group.

Taking into consideration of the aforesaid, the Directors consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is accordingly subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

RE-ELECTION OF DIRECTORS

In accordance with Article 87(3) of the Articles of Association, any Director appointed by the Board in the case of filling a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at such meeting.

Ms. Wu, Mr. Wang and Mr. Huang were appointed as Directors by the Board to fill a casual vacancies during the year. According to the said article, Ms. Wu, Mr. Wang and Mr. Huang shall retire from office and being eligible, offer themselves for re-election at the EGM.

The biographical details of the directors subject to re-election are set out in Appendix VI.

GENERAL

The EGM will be held at Unit 3705, 37/F., 118 Connaught Road West, Hong Kong on Tuesday, 10 December 2019 at 11:00 a.m., for the Shareholders to consider, and if thought fit, approving the SPA and the transactions contemplated thereunder and the re-election of Directors.

In compliance with the Listing Rules, the resolutions will be voted on by way of poll at the EGM.

Given that Ms. Xie Xiangrong, non-executive Director, held 11,000,000 shares (representing approximately 0.25% of the entire issued share capital of the Target Company) and 60,000 Shares as at the Latest Practicable Date, Ms. Xie Xiangrong (i) has voluntarily abstained from voting on the board resolutions for approving the SPA and the Disposal; and (ii) will abstain from voting on the resolution to approve the SPA at the EGM on a voluntary basis to avoid any doubt or potential conflict of interest.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no Shareholder has a material interest in the SPA, the Disposal and the transactions contemplated thereunder and the re-election of Directors and no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve the SPA and the transactions contemplated therein and the re-election of Directors.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" in this circular. According, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

RECOMMENDATION

The Directors are of the opinion that the terms of the SPA are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. The Board also believes that the proposed re-election of Directors is in the best interests of the Company and the Shareholders. As such, the Directors recommend the Shareholders to vote in favour of the resolutions to be propose at the EGM in relation to (i) the Disposal and the transactions contemplated therein and (ii) the re-election of Directors.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board
National Investments Fund Limited
Wang Ning
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 are disclosed in the annual reports of the Company for the years ended 2016 (pages 67 to 199), 2017 (pages 62 to 191) and 2018 (pages 88 to 239) and interim report of the Company for the six months ended 30 June 2019 (pages 37 to 76) respectively.

The said annual reports and interim report have been published on both the website of the Stock Exchange (www1.hkexnews.hk) and the website of the Company (www.nif-hk.com), which can be accessed by the direct hyperlinks below:

2016 annual report:
https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0427/ltn201704271777.pdf

2017 annual report:
https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430181.pdf

2018 annual report:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426923.pdf

2019 interim report:
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0920/ltn20190920143.pdf

2. INDEBTEDNESS STATEMENT

Promissory notes

As at the close of business on 30 September 2019, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding promissory notes of approximately HK$110,000,000.

As at 30 September 2019, the Company had outstanding balance of 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.

Other payables

The Group had interest payables of approximately HK$17,203,000 to promissory note holders. The aforesaid promissory notes and interest payables are unsecured and unguaranteed.

Amounts due to directors and a related company

The Group had amounts due to directors of approximately HK$10,321,000 and amount due to a related company of approximately HK$4,953,000. The amounts are unsecured, unguaranteed, interest-free and repayable on demand.

Save as disclosed above, the Group did not have any other outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or any outstanding material contingent liabilities as at 30 September 2019. The Group confirms that there has not been any material change in its indebtedness position since 30 September 2019.

Save as disclosed above, the Group currently has no material external debt financing in place and is not likely to raise any other material external debt financing in the near future.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources available and the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements and for at least twelve months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

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

Looking into the second half of 2019, the unresolved trade disputes between United States and China are still major obstacles for the global economy. As the global economic growth has peaked and in view of the weakening Renminbi, it is expected that the listed equity securities market sentiment will be more volatile in the second half of 2019. Moreover, if strong United States Dollars and weak emerging market currencies persist, it will impact fund flow of emerging market and increase the volatility in the emerging market, which would adversely affect the market sentiment. A lot of challenges are expected in the second half of 2019.

The Group will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to the Group and the Shareholders. The Group will also continue to adopt and maintain a prudent but proactive investment approach and will keep closely on monitoring the performance of the investment portfolios with the goal of maximizing the results and value from the investment portfolios to the Shareholders.

Moreover, the Group is exploring business opportunities in the Southeast Asian Region, especially Cambodia, which is growing rapidly.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of Medisun Holdings (Overseas) Limited and its subsidiaries (the "**Target Group**") as at 31 December 2016, 2017 and 2018 and 31 May 2019, and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2018 and 2019 (the "**Relevant Periods**") and explanatory notes, which have been reviewed by the reporting accountant, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 (revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

The Target Group has material uncertainty relating to the going concern. The details are set out in note 2 to the unaudited consolidated financial information. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern. Accordingly, the review report includes a "Material uncertainty relating to the going concern" paragraph.

A. UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	7,493	58,143	77,854	44,685	20,976
Cost of sales	(1,014)	(17,871)	(44,938)	(26,466)	(5,096)
Gross profit	6,479	40,272	32,916	18,219	15,880
Other income	30	181	968	82	32
Net (loss)/gain on fair value changes on investments at fair value through profit or loss	(131,961)	4,954	–	–	–
Other (losses)/gains, net	(16)	(5,952)	(2,652)	113	28
Administrative and operating expenses	(58,308)	(47,378)	(50,666)	(20,537)	(15,292)
(Loss)/profit from operations	(183,776)	(7,923)	(19,434)	(2,123)	648
Finance costs	(9,223)	(7,689)	(4,261)	(1,776)	(2,760)
Loss before tax	(192,999)	(15,612)	(23,695)	(3,899)	(2,112)
Income tax expense	–	(665)	(2,350)	(782)	(832)
Loss and total comprehensive loss for the year/period	(192,999)	(16,277)	(26,045)	(4,681)	(2,944)
(Loss)/profit and total comprehensive (loss)/income for the year/period attributable to:					
Owners of the Company	(192,072)	(17,145)	(26,487)	(5,303)	(4,491)
Non-controlling interests	(927)	868	442	622	1,547
	(192,999)	(16,277)	(26,045)	(4,681)	(2,944)

B. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	At 31 December			At 31 May
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	9,041	6,186	4,576	4,098
Right-of-use assets	–	–	–	19,311
Deferred tax assets	–	5,348	2,998	2,166
Goodwill	–	96,707	96,707	96,707
	9,041	108,241	104,281	122,282
CURRENT ASSETS				
Inventories	1,594	1,277	789	1,084
Trade receivables	–	4,262	10,780	14,238
Prepayments, deposits and other receivables	3,350	8,242	8,272	7,866
Investments at fair value through profit or loss	29,648	–	–	–
Due from related companies	81	–	–	–
Due from a director	–	18,408	7,468	6,958
Cash and cash equivalents	7,224	7,619	5,033	4,093
	41,897	39,808	32,342	34,239
CURRENT LIABILITIES				
Trade payables	345	787	1,077	1,347
Other payables, accruals and deposits received	2,836	9,975	18,786	22,700
Contract liabilities	–	12,660	13,908	12,959
Lease liabilities	–	–	–	5,988
Due to a related company	28,617	23,204	30,000	30,000
Due to a director	347	–	–	–
Convertible bonds	45,632	–	–	–
Loan from a shareholder	–	50,000	50,000	50,000
Loans from ultimate holding company	197,119	197,452	191,114	191,114
Other loans	–	43,700	45,700	45,700
	274,896	337,778	350,585	359,808

	At 31 December			At 31 May
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NET CURRENT LIABILITIES	(232,999)	(297,970)	(318,243)	(325,569)
TOTAL ASSETS LESS CURRENT LIABILITIES	(223,958)	(189,729)	(213,962)	(203,287)
NON-CURRENT LIABILITIES				
Lease liabilities	–	–	–	13,829
Contract liabilities	–	101,340	99,579	99,369
	–	101,340	99,579	113,198
NET LIABILITIES	(223,958)	(291,069)	(313,541)	(316,485)
CAPITAL AND RESERVES				
Share capital	30,003	30,003	30,003	30,003
Accumulated losses	(248,502)	(265,647)	(292,134)	(296,625)
Equity attributable to owners of the Company	(218,499)	(235,644)	(262,131)	(266,622)
Non-controlling interests	(5,459)	(55,425)	(51,410)	(49,863)
TOTAL DEFICIT ON EQUITY	(223,958)	(291,069)	(313,541)	(316,485)

C. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	30,003	(56,430)	(26,427)	(5,282)	(31,709)
Loss and total comprehensive loss for the year	–	(192,072)	(192,072)	(927)	(192,999)
Capital injection from a non-controlling shareholder of a subsidiary	–	–	–	750	750
At 31 December 2016 and 1 January 2017	30,003	(248,502)	(218,499)	(5,459)	(223,958)
(Loss)/profit and total comprehensive (loss)/income for the year	–	(17,145)	(17,145)	868	(16,277)
Acquisition of subsidiaries	–	–	–	(50,834)	(50,834)
At 31 December 2017 and 1 January 2018	30,003	(265,647)	(235,644)	(55,425)	(291,069)
(Loss)/profit and total comprehensive (loss)/income for the year	–	(26,487)	(26,487)	442	(26,045)
Disposal of subsidiaries	–	–	–	3,573	3,573
At 31 December 2018 and 1 January 2019	30,003	(292,134)	(262,131)	(51,410)	(313,541)
(Loss)/profit and total comprehensive (loss)/income for the period	–	(4,491)	(4,491)	1,547	(2,944)
At 31 May 2019	30,003	(296,625)	(266,622)	(49,863)	(316,485)
At 1 January 2018	30,003	(265,647)	(235,644)	(55,425)	(291,069)
(Loss)/profit and total comprehensive (loss)/income for the period	–	(5,303)	(5,303)	622	(4,681)
At 31 May 2018	30,003	(270,950)	(240,947)	(54,803)	(295,750)

D. UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
Loss before tax	(192,999)	(15,612)	(23,695)	(3,899)	(2,112)
Adjustments for:					
Depreciation	4,265	4,760	1,941	934	3,322
Loss on write-off of property, plant and equipment	165	–	–	–	–
Loss/(gain) on disposal of property, plant and equipment	–	21	(1)	–	–
Net loss/(gain) on fair value changes on investments at fair value through profit or loss	131,961	(4,954)	–	–	–
Gain on disposal of subsidiaries	–	–	(6,365)	–	–
Finance costs	9,223	7,689	4,261	1,776	2,760
Operating (loss)/profit before working capital changes	(47,385)	(8,096)	(23,859)	(1,189)	3,970
Change in inventories	(1,594)	785	488	506	(295)
Change in trade receivables	–	(3,982)	(6,518)	(829)	(3,458)
Change in prepayments, deposits and other receivables	(212)	1,077	(30)	(19,688)	406
Change in due from related companies	(73)	81	–	–	–
Change in due from a director	–	(18,408)	15,213	4,623	510
Change in trade payables	345	360	290	59	270
Change in other payables, accruals and deposits received	59	6,750	13,345	2,695	2,139
Change in contract liabilities	–	(4,201)	(513)	2,874	(1,159)
Change in due to a related company	(4,748)	(5,413)	6,796	6,796	–
Change in due to a director	(7,676)	(347)	–	–	–
Cash (used in)/generated from operations	(61,284)	(31,394)	5,212	(4,153)	2,383
Loan interests paid	(227)	(3,322)	(699)	(367)	–
Lease interests paid	–	–	–	–	(985)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(61,511)	(34,716)	4,513	(4,520)	1,398

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash flows from investing activities					
Purchase of property, plant and equipment	(3,870)	(892)	(332)	–	(152)
Proceeds from disposal of property, plant and equipment	–	2	3	–	–
Acquisition of subsidiaries	–	(42,634)	–	–	–
Acquisition of investments at fair value through profit or loss	(9,996)	–	–	–	–
Proceeds from disposal of investments at fair value through profit or loss	81,270	34,602	–	–	–
Net cash outflow arising from disposal of subsidiaries	–	–	(2,432)	–	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	67,404	(8,922)	(2,761)	–	(152)
Cash flows from financing activities					
Other loans raised	–	43,700	2,000	2,000	–
Loans from ultimate holding company raised	–	333	–	–	–
Repayment of loans to ultimate holding company	–	–	(6,338)	–	–
Capital injection from a non-controlling shareholder of a subsidiary	750	–	–	–	–
Repayment of lease liabilities	–	–	–	–	(2,186)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	750	44,033	(4,338)	2,000	(2,186)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,643	395	(2,586)	(2,520)	(940)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	581	7,224	7,619	7,619	5,033
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	7,224	7,619	5,033	5,099	4,093
Analysis of cash and cash equivalents					
Bank and cash balances	7,224	7,619	5,033	5,099	4,093

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

1. GENERAL

Medisun Holdings (Overseas) Limited (the "**Target Company**") is a limited liability company incorporated under the laws of the British Virgin Islands in which National Investments Fund Limited (the "**Company**") owns approximately 29.997% interest through Essence Sharp Holdings Limited (the "**Vendor**"), a wholly owned subsidiary of the Company. The Target Company is an investment holding company. The Target Company and its subsidiaries (collectively referred to as the "**Target Group**") are principally engaged in the business of development of bio-pharmaceutical and regenerative medicine system and products.

On 20 November 2018, the Vendor entered into a sale and purchase agreement (the "**SPA**") with Oriental Richway Investment Limited, the purchaser, and Ms. Huang Lisha, the purchaser guarantor, for the disposal of 29.997% of the entire issued share capital of the Target Company at a consideration of HK$20,000,000 (the "**Disposal**"). Upon completion of the Disposal, the Target Group will cease to be an associate of the Company.

2. GOING CONCERN BASIS

The Target Group incurred a loss of approximately HK$192,999,000, HK$16,277,000, HK$26,045,000, HK$4,681,000 and HK$2,944,000 for the years ended 31 December 2016, 2017 and 2018 and for the five months ended 31 May 2018 and 2019, respectively. In addition, as at 31 December 2016, 2017 and 2018 and 31 May 2019, the Target Group had net current liabilities of approximately HK$232,999,000, HK$297,970,000, HK$318,243,000 and HK$325,569,000, respectively; and net liabilities of approximately HK$223,958,000, HK$291,069,000, HK$313,541,000 and HK$316,485,000, respectively. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Therefore, the Target Group may be unable to realise its assets and disclose its liabilities in the normal course of business. The shareholders of the Target Company have confirmed to provide sufficient financial support to the Target Group so as to enable the Target Group to meet its liabilities and obligations as and when they fall due and to enable the Target Group to continue their business for twelve months after 31 May 2019 if the Disposal is not completed, and to the completion date if the Disposal is completed. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the financial information on a going concern basis.

3. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The unaudited consolidated financial information of the Target Group has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular issued by the Company in connection with the Disposal.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2018 and 2019 have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries (the "**Group**") adopted in the preparation of the Company's annual consolidated financial statements, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") which comprise Hong Kong Financial Reporting Standards, 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.

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 "Presentation of Financial Statements" or an interim financial report as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and should be read in conjunction with the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019.

4. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Changes in accounting policies

For the year ended 31 December 2018, the Target Group has applied HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs.

For the five months ended 31 May 2019, the Target Group has applied HKFRS 16 "Leases" in accordance with the transition provisions set out in the Group's condensed consolidated financial statements for the six months ended 30 June 2019, without restating the comparative information.

Due to the changes in accounting policies, certain comparative information may not be comparable.

Impacts and changes in accounting policies of application on new/revised HKFRSs

HKFRS 15 has been applied retrospectively and resulted in changes in the amounts reported in the unaudited consolidated statements of financial position as follows:

	As at 31 December 2017	**As at 31 December 2016**
	HK$'000	*HK$'000*
Decrease in other payables, accruals and deposits received	(114,000)	–
Increase in contract liabilities	114,000	–

On adoption of HKFRS 16, the Target Group elected the modified retrospective approach to recognise right-of-use assets and lease liabilities in relation to leases which had previously been classified as "operating leases" under HKAS 17 "Leases". Changes in the amounts reported in the unaudited consolidated statements of financial position are as follows:

	As at 1 January 2019
	HK$'000
Increase in right-of-use assets	22,003
Increase in lease liabilities	22,003

Based on the assessment by the directors of the Target Group, there is no material impact of transition to HKFRS 9 and the related amendments at the date of initial application on 1 January 2018.

INDEPENDENT PRACTITIONER'S REVIEW REPORT TO THE BOARD OF DIRECTORS OF NATIONAL INVESTMENTS FUND LIMITED

(Incorporated in the Cayman Islands with limited liability)

中汇
ZHONGHUI

Introduction

We have reviewed the financial information of Medisun Holdings (Overseas) Limited and its subsidiaries (the "**Target Group**") set out on pages II-2 to II-10 which comprises the unaudited consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 31 May 2019 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows for each of the three years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2018 and 2019 (the "**Relevant Periods**") and explanatory notes. The financial information has been prepared solely for the purpose of inclusion in the circular issued by National Investments Fund Limited (the "**Company**") dated 21 November 2019 in connection with the disposal of the Target Group in accordance with Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors' responsibilities for the financial information

The directors of the Company are responsible for the preparation and presentation of the financial information of the Target Group in accordance with the basis of preparation set out in notes 2 and 3 to the unaudited consolidated financial information and Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

Practitioner's responsibilities

Our responsibility is to express a conclusion on this financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our review in accordance with Hong Kong Standard on Review Engagements ("**HKSRE**") 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. HKSRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the Target Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Basis for qualified conclusion

Valuation of goodwill

The Target Group acquired 51% equity interests in Cryolife Holdings Limited ("**Cryolife**") during the year ended 31 December 2017 (the "**Acquisition**"). Accordingly, goodwill of approximately HK$96,707,000 from the Acquisition was recognised. However, we were unable to obtain sufficient documents to review and there were no alternative review procedures that we could adopt to verify the fair value of the identifiable assets and liabilities of Cryolife at the date of Acquisition and thereby determine whether the carrying amounts of goodwill of approximately HK$96,707,000 were fairly stated on the unaudited statements of financial position as at 31 December 2017 and 2018 and 31 May 2019.

Impairment of right-of-use asset

We were unable to obtain sufficient appropriate evidence to assess the recoverable amount of right-of-use asset of approximately HK$15,575,000. There were no alternative procedures that we could perform to satisfy ourselves as to the recoverable amount of this right-of-use asset was fairly stated on the unaudited statements of financial position as at 31 May 2019 and whether any impairment charge should be made in the five months ended 31 May 2019.

Any adjustments to the above figures might have a consequential effect on the financial performance and cash flows for the years ended 31 December 2017 and 2018 and five months ended 31 May 2019 and the financial position as at 31 December 2017 and 2018 and 31 May 2019.

Material uncertainty relating to the going concern

Without qualifying our conclusion, we draw attention to note 2 to the unaudited consolidated financial information which mentions that Target Group incurred a loss of approximately HK$192,999,000, HK$16,277,000, HK$26,045,000, HK$4,681,000, and HK$2,944,000 for the years ended 31 December 2016, 2017 and 2018 and for the five months ended 31 May 2018 and 2019, respectively. In addition, as at 31 December 2016, 2017 and 2018 and 31 May 2019, the Target Group had net current liabilities of approximately HK$232,999,000, HK$297,970,000, HK$318,243,000 and HK$325,569,000, respectively, and net liabilities of approximately HK$223,958,000, HK$291,069,000, HK$313,541,000 and HK$316,485,000, respectively. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern.

Qualified conclusion

Based on our review, except for the effects of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the financial information of the Target Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2 and 3 to the unaudited consolidated financial information.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong
21 November 2019

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the proposed disposal (the "**Disposal**") of approximately 29.997% of the entire issued share capital of Medisun Holdings (Overseas) Limited (the "**Target Company**") and its subsidiaries (collectively the "**Target Group**") might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2019 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 as extracted from the interim report of the Company for the six months ended 30 June 2019 as if the Disposal had been completed on 30 June 2019.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Remaining Group for the year ended 31 December 2018 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 as if the Disposal had been completed on 1 January 2018.

The unaudited pro forma financial information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	The Group as at 30 June 2019	Pro forma adjustments	The Remaining Group as at 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Non-current assets			
Financial assets at fair value through other comprehensive income	50,131	–	50,131
	50,131	–	50,131
Current assets			
Financial assets at fair value through profit or loss	56,737	–	56,737
Prepayments, deposits and other receivables	3,867	10,000	13,867
Cash and cash equivalents	301	8,000	8,301
	60,905	18,000	78,905
Current liabilities			
Accrued charges and other payables	29,576	(500)	29,076
Amounts due to directors	10,596	–	10,596
Amount due to a related company	4,953	–	4,953
Promissory notes	109,838	–	109,838
	154,963	(500)	154,463
Net current liabilities	(94,058)	18,500	(75,558)
NET LIABILITIES	(43,927)	18,500	(25,427)
Capital and reserves			
Share capital	91,463	–	91,463
Reserves	(135,390)	18,500	(116,890)
TOTAL DEFICIT ON EQUITY	(43,927)	18,500	(25,427)

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	The Group for the year ended 31 December 2018	Pro forma adjustments	The Remaining Group for the year ended 31 December 2018
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Revenue	9,690	–	9,690
Other income	1,867	–	1,867
Gain on disposal of an associate	–	18,500	18,500
Change in fair value of financial assets at fair value through profit or loss	(20,279)	–	(20,279)
Impairment loss of other tangible assets	(8)	–	(8)
Impairment loss of other receivable	(1,674)	–	(1,674)
Loss on disposal of a subsidiary	(10)	–	(10)
Other operating expenses	(42,564)	–	(42,564)
Loss from operations	(52,978)	18,500	(34,478)
Finance costs	(6,676)	–	(6,676)
Loss before tax	(59,654)	18,500	(41,154)
Taxation	–	–	–
Loss for the year	(59,654)	18,500	(41,154)
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income	(44,240)	–	(44,240)
Other comprehensive loss for the year, net of tax	(44,240)	–	(44,240)
Total comprehensive loss for the year	(103,894)	18,500	(85,394)
Loss for the year attributable to:			
Owners of the Company	(59,654)	18,500	(41,154)
Total comprehensive loss for the year attributable to:			
Owners of the Company	(103,894)	18,500	(85,394)

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	The Group for the year ended 31 December 2018 *HK$'000* *(Note 1)*	Pro forma adjustments *HK$'000* *(Note 2)*	The Remaining Group for the year ended 31 December 2018 *HK$'000*
Cash flows from operating activities			
Bank interest income received	3	–	3
Cash payments to employees	(23,910)	–	(23,910)
Cash payments to other suppliers	(36,311)	(1,500)	(37,811)
Net cash used in operating activities	(60,218)	(1,500)	(61,718)
Cash flows from investing activities			
Proceeds from disposal of other tangible assets	16,000	–	16,000
Proceeds from disposal of an associate	–	8,000	8,000
Net cash generated from investing activities	16,000	8,000	24,000
Cash flows from financing activities			
Proceeds from placing	10,810	–	10,810
Placing expenses	(346)	–	(346)
Repayment for obligations under finance leases	(1,629)	–	(1,629)
Proceeds from short-term loans	2,500	–	2,500
Repayment of short-term loans	(1,500)	–	(1,500)
Interest paid	(300)	–	(300)
Net cash generated from financing activities	9,535	–	9,535
Net decrease in cash and cash equivalents	(34,683)	6,500	(28,183)
Cash and cash equivalents at beginning of year	34,794	–	34,794
Cash and cash equivalents at end of year	111	6,500	6,611
Analysis of cash and cash equivalents			
Cash and bank balances	111	6,500	6,611

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. For the preparation of unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2019 in the Company's interim report for the six months ended 30 June 2019, whereas for the preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2018, which are set out in the Company's annual report for the year ended 31 December 2018.

2. The pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Disposal had taken place on 30 June 2019; and have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Disposal had taken place on 1 January 2018.

   The estimated gain on disposal assuming the Disposal had taken place on 30 June 2019 and 1 January 2018 is calculated as follows:

	Notes	*HK$'000*
Consideration	*(b)*	20,000
Less: Cost of investment less impairment loss	*(a)*	–
Estimated gain on disposal before transaction cost		20,000
Less: Estimated transaction costs attributed to the Disposal	*(c)*	(1,500)
Estimated gain on disposal		18,500

   (a) The Target Company being an associate of the Group has been accounted for by the Company using the equity method. The Group has recorded losses in respect of its interest in the Target Group since the financial year ended 31 December 2014 and the sharing losses of the Target Group attributed to the Group has exceeded its interest in the Target Group and recorded no carrying value as at 1 January 2018 and 30 June 2019.

(b) Pursuant to the sale and purchase agreement (the "**SPA**"), the Group has conditionally agreed to sell its shares at the total consideration of HK$20,000,000. The shares represent approximately 29.997% of the entire issued share capital of the Target Company.

Pursuant to the terms of the SPA, the consideration of HK$20,000,000 shall be payable by the purchaser to Essence Sharp Holdings Limited (the "**Vendor**"), a wholly owned subsidiary of the Company, or its nominees in cash in the following manners:

(i) a refundable deposit in the sum of HK$2,000,000 (the "**Deposit**") shall be paid by the purchaser to the Vendor or its nominees upon the signing of the SPA. The Deposit shall be treated as part of the consideration at completion;

(ii) a sum of HK$8,000,000 shall be paid by the purchaser to the Vendor or its nominees at completion; and

(iii) the remaining balance of the consideration in the sum of HK$10,000,000 shall be paid by the purchaser to the Vendor or its nominees within twelve months from the completion date.

(c) Estimated transaction costs of approximately HK$1,500,000 that are directly attributable to the Disposal are adjusted, as if the Disposal had been completed on 30 June 2019 for unaudited pro forma consolidated statement of financial position or on 1 January 2018 for unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

中汇
ZHONGHUI

21 November 2019

The Board of Directors
National Investments Fund Limited
Unit 3705, 37/F., 118 Connaught Road West
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of National Investments Fund Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2019, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2018 and related notes as set out on pages III-2 to III-6 of the circular dated 21 November 2019 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page III-1 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed disposal of approximately 29.997% of the entire issued share capital of Medisun Holdings (Overseas) Limited on the Group's financial position as at 30 June 2019 as if the transaction had taken place at 30 June 2019, and on the Group's financial performance and cash flows for the year ended 31 December 2018 as if the transaction had taken place at 1 January 2018. As part of this process, information about the Group's financial position as at 30 June 2019 has been extracted by the directors of the Company from the interim report of the Company for the six months ended 30 June 2019; and information about the Group's financial performance and cash flows for the year ended 31 December 2018 has been extracted by the directors of the Company from the annual report of the Company for the year ended 31 December 2018, on which an independent auditor's report has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2018 and 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

Upon completion of the Disposal, the Company will cease to hold any interest in the Target Company and the results of the Target Group will no longer be classified as associate of the Company. Following the Disposal, the Remaining Group will continue to carry out its existing businesses. The management discussion and analysis of the Remaining Group for each of the years ended 31 December 2016 ("**FY2016**"), 31 December 2017 ("**FY2017**") and 31 December 2018 ("**FY2018**") and the six months ended 30 June 2019 ("**Interim 2019**") respectively are set out below.

Business review

The Company is an investment company and the Remaining Group is principally engaged in investments in a diversified portfolio of listed and unlisted companies. The Remaining Group operates one business segment for three years ended 31 December 2018 and the six months ended 30 June 2019. All of revenue of the Remaining Group was derived from investment income from investments in listed and unlisted securities. Accordingly, the Remaining Group does not have separately reportable segment.

FY2016

For FY2016, the revenue of the Remaining Group recorded a net gain of approximately HK$1,785,000 (year ended 31 December 2015 ("**FY2015**"): net loss of approximately HK$27,193,000). Excluding the net loss of approximately HK$200,000 (FY2015: approximately HK$29,776,000) recorded on the financial assets at fair value through profit or loss ("**FVTPL**"), the revenue of the Remaining Group decreased by approximately 23.15% to approximately HK$1,985,000 (FY2015: approximately HK$2,583,000). The proceeds on sales of equity securities were approximately HK$7,459,000 (FY2015: approximately HK$110,693,000), and the cost of sales were approximately HK$7,659,000 (FY2015: approximately HK$140,252,000). The net realised loss on financial assets at FVTPL was therefore approximately HK$200,000 (FY2015: 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 (FY2015: unrealised loss on financial assets at FVTPL of approximately HK$217,000).

For FY2016, the loss for the year attributable to owners of the Company was approximately HK$99,218,000 (FY2015: approximately HK$303,893,000). The loss was primarily attributable to (i) other operating expenses of approximately HK$70,921,000 (FY2015: approximately HK$120,193,000) and (ii) finance costs of approximately HK$11,922,000 (FY2015: approximately HK$6,486,000).

FY2017

For FY2017, the revenue of the Remaining Group recorded a net gain of approximately HK$2,915,000 (FY2016: net gain of approximately HK$1,785,000). Excluding the net gain of approximately HK$575,000 (FY2016: the net loss of approximately HK$200,000) recorded on the financial assets at FVTPL, the revenue of the Remaining Group increased by approximately 17.88% to approximately HK$2,340,000 (FY2016: approximately HK$1,985,000). The proceeds on sales of equity securities were approximately HK$13,365,000 (FY2016: approximately HK$7,459,000), and the cost of sales were approximately HK$12,790,000 (FY2016: approximately HK$7,659,000). The net realised gain on financial assets at FVTPL was therefore approximately HK$575,000 (FY2016: the net realised loss of approximately HK$200,000). Apart from the net realised gain on financial assets at FVTPL, there was no unrealised gain on financial assets at FVTPL (FY2016: NIL).

For FY2017, the loss for the year attributable to owners of the Company was approximately HK$123,593,000 (FY2016: approximately HK$99,218,000). The loss was primarily attributable to (i) impairment loss of available-for-sale financial assets of approximately HK$13,868,000 (FY2016: approximately HK$18,388,000); (ii) impairment loss of other tangible assets of approximately HK$1,007,000 (FY2016: approximately HK$86,000); (iii) impairment loss of other receivable of approximately HK$40,800,000 (FY2016: Nil); and (iv) finance costs of approximately HK$15,415,000 (FY2016: approximately HK$11,922,000).

FY2018

For FY2018, the Remaining Group's operating revenue was approximately HK$9.69 million, which represented a significant increase of approximately 232.42% as compared to the operating revenue of approximately HK$2.92 million for FY2017. The increase in revenue was mainly due to the increase in dividend income generated from the unlisted investment portfolios during FY2018. During FY2018, the Remaining Group had received the distribution of 1,815,405 shares of a company as dividend from an investee company and the appraised value of the shares as at 30 June 2018 was approximately HK$7,350,000 by making reference to the valuation report prepared by an independent valuer.

For FY2018, the Remaining Group did not invest any listed securities and has been focusing on the investment of unlisted companies. As at 31 December 2018, the Remaining Group's investment portfolio in unlisted securities consists of equity securities of approximately HK$51.31 million (2017: approximately HK$88.20 million) and debt securities of approximately HK$2.18 million (2017: approximately HK$20.49 million). Impairment losses of HK$64.52 million were made on the unlisted investments during FY2018.

Loss attributable to owners of the Company was approximately HK$59.65 million for FY2018 (FY2017: loss of approximately HK$123.59 million). The decrease of loss was mainly due to the decrease in impairment losses of approximately HK$33.71 million were made on the financial assets at FVTPL, other tangible assets and other receivables and the Remaining Group has successfully implemented the costs control plans during FY2018.

Interim 2019

For Interim 2019, the operating revenue of the Remaining Group recorded a loss of approximately HK$18.64 million as compared to a gain of approximately HK$8.49 million for the six months ended 30 June 2018. Excluding the net loss of approximately HK$18.64 million recorded on financial assets at FVTPL, the Remaining Group's revenue was approximately HK$21.41, which represented a significant decrease of approximately 100% as compared to the operating revenue of approximately HK$8.49 million for the six months ended 30 June 2018. The decrease in revenue was mainly due to the dividend income of approximately HK$7.35 million generated from the unlisted investment portfolios and interest income of approximately HK$1.14 million from financial assets at FVTPL during the six months ended 30 June 2018 and the absence of the aforesaid dividend income during Interim 2019.

For Interim 2019, the Remaining Group has been actively exploring other investment opportunities in order to diversify the existing investment portfolio of the Remaining Group. On 26 February 2019, the Remaining Group entered into a memorandum of understanding to acquire 20% equity interest in a company engaged in agricultural product cultivation, production, processing and sales, details of which are set out in the announcement of the Company dated 26 February 2019. The proposed acquisition is expected to enlarge the investment portfolio of the Remaining Group which can provide a more stable investment return in order to optimize the operational efficiency and to improve the cash flow of the Remaining Group.

Loss attributable to owners of the Company was approximately HK$26.15 million for Interim 2019 (six months ended 30 June 2018: loss of approximately HK$21.00 million). The increase of loss was mainly due to the change in fair value of financial assets at FVTPL of approximately HK$18.27 million during Interim 2019.

Liquidity, financial resources and capital structure

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Remaining Group had cash and cash equivalents of approximately HK$7,401,000, HK$34,794,000, HK$111,000 and HK$301,000 respectively. All cash and cash equivalents were maintained in Hong Kong Dollars with banks in Hong Kong.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the net current assets/(liabilities) held by the Remaining Group amounting to approximately HK$17,878,000, HK$(49,332,000), HK$(123,975,000) and HK$(94,058,000) respectively.

As at 31 December 2016, the total liabilities of the Remaining Group amounted to approximately HK$164.0 million, mainly comprising approximately HK$109.0 million promissory notes (the "**Promissory Notes**") at 5% interest rate per annum with a maturity period of seven years from the date of issue (i.e. seven and four promissory notes were issued on 21 November 2012 and 11 April 2013 respectively).

As at 31 December 2017, the total liabilities of the Remaining Group amounted to approximately HK$222.3 million, mainly comprising (i) approximately HK$109.3 million Promissory Notes at 5% interest rate per annum with a maturity period of seven years from the date of issue; and (ii) approximately HK$6.8 million short term loans at 12% interest rate per annum which repayable within one year.

As at 31 December 2018, the total liabilities of the Remaining Group amounted to approximately HK$160.1 million, mainly comprising (i) approximately HK$109.7 million Promissory Notes at 5% interest rate per annum with a maturity period of seven years from the date of issue; and (ii) approximately HK$29.2 million accrued charges and other payables which repayable within one year.

As at 30 June 2019, the total liabilities of the Remaining Group amounted to approximately HK$155.0 million, mainly comprising (i) approximately HK$109.8 million Promissory Notes at 5% interest rate per annum with a maturity period of seven years from the date of issue; and (ii) approximately HK$29.6 million accrued charges and other payables which repayable within one year.

Gearing Raito

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the gearing ratio of the Remaining Group was approximately 3.174, nil, nil and nil respectively. Gearing ratio is calculated on the basis of total debt over total equity.

Capital Commitments

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Remaining Group did not have any material capital commitments.

Foreign exchange risk

As all cash and cash equivalents were maintained in HK$ accounts with banks in Hong Kong, exposure to exchange fluctuation is considered minimal.

The assets and liabilities of the Group are mainly denominated in HK$, except certain bank balances and financial assets at financial assets at FVTPL are denominated in US$. As HK$ are pegged to US$, it is assumed that there would be no material currency risk exposure between these two currencies. The Remaining Group does not have any formal hedging policies.

Employees and remuneration policies

The remuneration policies of the Remaining Group are in line with the prevailing market practice and are determined based on the performance, level of responsibility and experience of individual employees.

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

As at 31 December 2016 and 2017, the Remaining Group had a total of 26 and 20 employees (including directors) respectively. As at 31 December 2018, the Remaining Group employed a total of 4 full time employees in Hong Kong. As at 30 June 2019, the Remaining Group had 8 employees in Hong Kong, including executive Directors, non-executive Director and independent non-executive Directors.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the staff costs (including directors' emoluments) of the Remaining Group amounted to approximately HK$21.7 million, HK$20.8 million, HK$16.2 million and HK$3.1 million respectively.

Charges on assets and contingent liabilities

FY2016

The Remaining 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 Remaining 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 (the "**2016 Loan**").

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 Remaining Group.

FY2017

As at 31 December 2017, the outstanding balance regarding the 2016 Loan payable by the Remaining Group is approximately HK$39,130,000, which includes the outstanding principal and accrued interest payable. Pursuant to the loan agreement, the Remaining 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.

In 2017, the Remaining Group as borrower entered into a loan agreement with an independent third party as lender for a short-term loan of approximately HK$1,500,000. As at 31 December 2017, the outstanding balance payable by the Remaining Group is approximately HK$1,580,000, which includes the outstanding principal and accrued interest payable.

As at 31 December 2017, bank deposits in the amount of approximately HK$2,070,000 (2016: HK$2,040,000) were pledged to a bank as security for certain trade credit facilities granted to the Remaining Group.

FY2018

On 8 January 2018, the Company has fully settled the loan entered with Citizens Money Lending Corporation Limited with cash of approximately HK$39,233,000. The share charges of the Remaining Group's wholly owned subsidiaries in favour of Massive Shine Limited, Old Peak Limited, Eighty Riches Limited, Union Power Holdings Limited and Fine East Trading Limited were released on 8 January 2018.

Save as disclosed above, the Remaining Group had no pledge of assets, significant capital commitments and contingent liabilities as at 31 December 2018.

Interim 2019

As at 30 June 2019, the Remaining Group had no pledge of assets, significant capital commitments and contingent liabilities.

Significant investments, material acquisitions and disposals

As at 31 December 2016 and 2017, the Remaining Group did not have significant investments, material acquisitions and disposals.

As at 31 December 2018, the Remaining Group had significant investments in unlisted equity securities and debt securities of companies which were classified as financial assets at fair value through other comprehensive income and profit or loss/available-for-sale financial assets are as follows:

Name of investee company	Percentage of share capital owned by the Remaining Group	Investment cost	Fair value as at 31 December 2018	Accumulated unrealized gain/(loss) change in fair value	Dividend/ interest received/ receivable during the FY2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Equity securities:					
Upperclass Developments Limited *(Note 1)*	30%	–	–	–	–
Smart Role Limited *(Note 2)*	8%	59,680	30,300	(29,380)	–
Co-Lead Holdings Limited *(Note 3)*	0.39%	15,908	6,900	(9,008)	–
FreeOpt Holdings Limited *(Note 4)*	3.35%	16,000	5,260	(10,740)	–
Freewill Holdings Limited *(Note 5)*	0.59%	15,950	4,960	(10,990)	7,350
Joint Global Limited *(Note 6)*	0.88%	16,038	540	(15,498)	–
Satinu Resources Group Limited *(Note 7)*	0.18%	–	3,350	3,350	–
Debt securities:					
Premium Castle Limited *(Note 8)*	N/A	12,056	–	(12,056)	–
The American Club *(Note 9)*	N/A	1,800	2,180	380	–

Notes:

1. Upperclass Developments Limited ("**Upperclass**") is incorporated in the British Virgin Islands and principally engaged in investment holding. According to the management accounts for the year ended 31 December 2018 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Upperclass was approximately HK$25,938. As at 31 December 2018, the investee company had net assets of approximately HK$90.47 million. The Directors noted that there was no fair value as at 31 December 2018. The investee company mainly held 16% interest in a PRC company which is principally engaged in leasing business in the PRC. It is expected that the leasing market in the PRC will be more volatile in the future and the Directors will closely monitor the performance of the investee company.

2. Smart Role Limited ("**Smart Role**") is incorporated in the British Virgin Islands and principally engaged in investment holding. The principal assets of Smart Role indirectly holds 8% interest in a company incorporated in the PRC, of which is principally engaged in holding of the Forest Rights Certificates. According to the management accounts for the year ended 31 December 2018 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Smart Role was approximately HK$1.08 million. As at 31 December 2018, Smart Role had net liabilities of approximately HK$7.04 million. The Directors noted that the fair value of the investee company decreased during the year which may be due to the economic slowdown of the PRC, the impact of the trade war and a slumping global economy. The Directors considered that the forest material market in the PRC remains huge which would benefit the investee company in the long run. The Directors are optimistic to the future returns for the investment in forestry.

3. Co-Lead Holdings Limited ("**Co-Lead**") is incorporated in the British Virgin Islands and principally engaged in investments in a diversified portfolio of listed companies. According to the management accounts for the year ended 31 December 2018 provided by the investee company, Co-Lead's operating revenue was approximately HK$133.01 million and profit attributable to owners of Co-Lead was approximately HK$1,412.02 million. As at 31 December 2018, Co-Lead had net assets of approximately HK$4,495.99 million. Co-Lead is principally engaged in investments in equity securities of listed companies which were classified as held for trading valued at HK$3,595.94 million as at 31 December 2018. The listed companies in which Co-Lead invested included companies operating in the industries of consumer services, media and entertainment. The principal investment of Co-Lead included 3.01% interest in a Hong Kong listed company, which is principally engaged in "Internet+" community health management, international hospitals, elderly care, rehabilitation and new energy vehicle manufacture. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders and the Directors are optimistic to the future returns for the investment in the investee company.

4. FreeOpt Holdings Limited ("**FreeOpt**") is incorporated in Republic of the Marshall Islands and principally engaged in money lending. According to the management accounts for the period from 1 April 2018 to 31 December 2018 provided by FreeOpt, FreeOpt's operating revenue was approximately HK$6.29 million and profit attributable to owners of FreeOpt was approximately HK$19.86 million. As at 31 December 2018, FreeOpt had net assets of approximately HK$474.33 million. The Directors expect that there is room for growth for the money lending industry in which FreeOpt operated and are optimistic to the future returns for the investment in the investee company.

5. Freewill Holdings Limited ("**Freewill**") is incorporated in Republic of the Marshall Islands and principally engaged in investments in a diversified portfolio of unlisted companies. According to the management accounts for the period from 1 April 2018 to 31 December 2018 provided by Freewill, Freewill's operating revenue was approximately HK$141.74 million and profit attributable to owners of Freewill was approximately HK$738.20 million. As at 31 December 2018, Freewill had net assets of approximately HK$3,019.11 million. Freewill is principally engaged in investments in Co-Lead and holds 52.28% of its issued share capital. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders.

6. Joint Global Limited ("**Joint Global**") is incorporated in Republic of the Marshall Islands and principally engaged in investments in a diversified portfolio of debt securities. According to the latest unaudited balance sheet as at 30 April 2017 provided by the investee company, Joint Global had net assets of approximately HK$141.06 million. Joint Global is principally engaged in investments in Co-Lead and holds 4.88% of its issued share capital. On 11 May 2017, Joint Global has resolved to distribute all its holding shares in Co-Lead to its shareholders. According to the management of the investee company, Joint Global will be liquidated shortly.

7. Satinu Resources Group Limited ("**Satinu**") is incorporated in the British Virgin Islands and principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments. According to the management accounts for the year ended 31 December 2018 provided by the investee company, Satinu's operating revenue was approximately HK$529.74 million and loss attributable to owners of Satinu was approximately HK$1,031.66 million. As at 31 December 2018, Satinu had net assets of approximately HK$6,933.52 million. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders.

8. Premium Castle Limited ("**Premium Castle**") is incorporated in the British Virgin Islands and principally engaged in investment holding. The principal assets of Premium Castle directly holds 100% interest in Beijing Securities Limited incorporated in Hong Kong, of which is principally engaged in securities brokerage services and other financial services. The Company holds convertible note issued by Premium Castle with principal amount of HK$18,600,000, which comprise principal amount and outstanding interest of HK$17,000,000 and approximately HK$1,600,000 respectively. According to the management accounts for the year ended 31 December 2018 provided by the investee company, Premium Castle's operating revenue was approximately HK$0.32 million and loss attributable to owners of Premium Castle was approximately HK$5.59 million. As at 31 December 2018, Premium Castle had net assets of approximately HK$4.82 million. According to the management of the investee company, Premium Castle will be liquidated shortly. The Directors noted that there was no fair value as at 31 December 2018.

9. The American Club, which provides a gathering place for social, recreational, and business activities for members. The Company holds a debenture issued by the American Club with principal amount of HK$625,000 at a consideration of HK$1,800,000. The Directors noted that the fair value of the debenture increased during the year. The Directors are optimistic to the future returns for the investment in the debenture.

Save as disclosed above, the Remaining Group did not have significant investments, material acquisitions and disposals as at 31 December 2018.

As at 30 June 2019, the Remaining Group had significant investments in listed and unlisted equity securities and debt securities of companies which were classified as financial assets at fair value through other comprehensive income/available-for-sale financial assets, details of which are as follows:

Name of investee company	Percentage of share capital owned by the Remaining Group	Investment cost	Fair value as at 30 June 2019	Accumulated unrealized gain/(loss) change in fair value	Dividend/ interest received/ receivable during Interim 2019
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity securities:					
Upperclass Developments Limited *(Note 1)*	30%	–	–	–	–
Smart Role Limited (*Note 2)*	8%	59,680	20,537	(39,143)	–
Co-Lead Holdings Limited (*Note 3)*	0.39%	15,908	10,000	(5,908)	–
FreeOpt Holdings Limited (*Note 4)*	3.35%	16,000	12,000	(4,000)	–
Freewill Holdings Limited *(Note 5)*	0.59%	15,950	2,000	(13,950)	–
Joint Global Limited (*Note 6)*	0.88%	16,038	–	(16,038)	–
Satinu Resources Group Limited (*Note 7)*	0.12%	–	5,594	5,594	–
Debt securities:					
Premium Castle Limited (*Note 8)*	N/A	12,056	–	(12,056)	–
Listed equity securities:					
Investments in equity securities of companies listed in Hong Kong *(Note 9)*	N/A	75,009	56,737	(18,272)	–

Notes:

1. Upperclass Developments Limited ("**Upperclass**") is incorporated in British Virgin Islands and principally engaged in investment holding. The principal assets of Upperclass are the indirect shareholding of 16% interest in a company incorporated in the PRC which is principally engaged in leasing. According to the management accounts for the six months ended 30 June 2019 provided by the investee company, no operating revenue was recorded and lose attributable to owners of Upperclass was approximately HK$1,255.67. As at 30 June 2019, the investee company had net assets of approximately HK$90.33 million. The Directors noted that there was no fair value as at 30 June 2019. It is expected that the leasing market in the PRC will be more volatile in the future and the Directors will closely monitor the performance of the investee company.

2. Smart Role Limited ("**Smart Role**") is incorporated in the British Virgin Islands and principally engaged in investment holding. The principal assets of Smart Role are the indirect shareholding of 8% interest in a company incorporated in the PRC which is principally engaged in holding of the forest rights certificates in the PRC. According to the management accounts for the three months ended 30 June 2019 provided by the investee company, no operating revenue was recorded and lose attributable to owners of Smart Role was approximately HK$0.26 million. As at 30 June 2019, Smart Role had net liabilities of approximately HK$10.56 million. The Directors considered that the forest material market in the PRC remains huge which would benefit the investee company in the long run. The Directors are optimistic to the future returns for the investment in forestry.

3. Co-Lead Holdings Limited ("**Co-Lead**") is incorporated in the British Virgin Islands and principally engaged in investments in a diversified portfolio of listed companies. According to the management accounts for the six months ended 30 June 2019 provided by the investee company, Co-Lead's operating revenue was approximately HK$10.96 million and loss attributable to owners of Co-Lead was approximately HK$14.92 million. As at 30 June 2019, Co-Lead had net assets of approximately HK$3,931.07 million. Co-Lead is principally engaged in investments in equity securities of listed companies which were classified as held for trading valued at HK$3,094.75 million as at 30 June 2019. The listed companies in which Co-Lead invested included companies operating in the industries of consumer services, media and entertainment. The principal investment of Co-Lead included 3.02% interest in a Hong Kong Listed company, which is principally engaged in "Internet+" community health management, international hospitals, elderly care, rehabilitation and new energy vehicle manufacture. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders and the Directors are optimistic to the future returns for the investment in the investee company.

4. FreeOpt Holdings Limited ("**FreeOpt**") is incorporated in the Republic of the Marshall Islands and principally engaged in money lending. According to the management accounts for the six months ended 30 June 2019 provided by FreeOpt, FreeOpt's operating revenue recorded a loss of approximately HK$1.07 million and profit attributable to owners of FreeOpt was approximately HK$142.62 million. As at 30 June 2019, FreeOpt had net assets of approximately HK$616.49 million. The Directors expect that there is room for growth for the money lending industry in which FreeOpt operated and are optimistic to the future returns for the investment in the investee company.

5. Freewill Holdings Limited ("**Freewill**") is incorporated in the Republic of the Marshall Islands and principally engaged in investments in a diversified portfolio of unlisted companies. According to the management accounts for the six months ended 30 June 2019 provided by Freewill, Freewill's operating revenue was approximately HK$15.79 million and loss attributable to owners of Freewill was approximately HK$7.80 million. As at 30 June 2019, Freewill had net assets of approximately HK$2,454.19 million. Freewill is principally engaged in investments in Co-Lead and holds 52.28% of its issued share capital. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders.

6. Joint Global Limited ("**Joint Global**") is incorporated in the Republic of the Marshall Islands and principally engaged in investments in a diversified portfolio of debt securities. According to the latest unaudited balance sheet as at 30 April 2017 provided by the investee company, Joint Global had a net assets of approximately HK$141.06 million. Joint Global is principally engaged in investments in Co-Lead and holds 4.88% of its issued share capital. On 11 May 2017, Joint Global has resolved to distribute all its holding shares in Co-Lead to its shareholders. According to the management of the investee company, Joint Global will be liquidated shortly.

7. Satinu Resources Group Limited ("**Satinu**") is incorporated in the British Virgin Islands and principally engaged in integrated financial services, securities brokerage services, money lending, securities and other direct investments. According to the management accounts for the period from 1 April 2018 to 31 March 2019 provided by the investee company, Satinu's operating revenue was approximately HK$569.91 million and loss attributable to owners of Satinu was approximately HK$955.00 million. As at 31 March 2019, Satinu had net assets of approximately HK$7,161.71 million. The investee company will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to its shareholders.

8. Premium Castle Limited ("**Premium Castle**") is incorporated in the British Virgin Islands and principally engaged in investment holding. The principal assets of Premium Castle are the direct shareholding of 100% interest in Beijing Securities Limited, which is incorporated in Hong Kong and principally engaged in securities brokerage services and other financial services. The Company holds convertible note issued by Premium Castle with principal amount of HK$18,600,000, which comprise principal amount and outstanding interest of HK$17,000,000 and approximately HK$1,600,000 respectively. According to the management accounts for the year ended 31 December 2018 provided by the investee company, Premium Castle's operating revenue was approximately HK$0.32 million and loss attributable to owners of Premium Castle was approximately HK$5.59 million. As at 31 December 2018, Premium Castle had net assets of approximately HK$4.82 million. According to the management of the investee company, Premium Castle will be liquidated shortly. The Directors noted that there was no fair value as at 30 June 2019.

9. During Interim 2019, the Remaining Group had significant investments in equity securities of companies listed on the Stock Exchange which were classified as held for trading, and the performance of such equity securities are as follows:

Stock code	Name of investee company	Number of shares held	Percentage of share capital owned by the Remaining Group	Investment cost	Market value as at 30 June 2019	Unrealized gain/(loss) on change in fair value for the period ended 30 June 2019
				HK$	*HK$*	*HK$*
1783	Golden Ponder Holdings Limited	3,350,000	0.42%	1,124,895.00	723,600.00	(401,295.00)
2212	Future Bright Mining Holdings Limited	161,120,000	4.16%	16,456,184.00	14,017,440.00	(2,438,744.00)
2312	China Financial Leasing Group Limited	65,080,000	4.05%	16,694,224.00	11,063,600.00	(5,630,624.00)
8047	China Ocean Fishing Holdings Limited	2,700,000	0.06%	1,118,935.00	1,066,500.00	(52,435.00)
8331	Hang Kan Group Limited	14,540,000	2.17%	3,415,119.00	2,006,520.00	(1,408,599.00)
8401	Stream Ideas Group Limited	1,820,000	0.91%	1,714,933.00	1,164,800.00	(550,133.00)
8402	GT Steel Construction Group Limited	7,000,000	1.46%	3,017,095.00	3,150,000.00	132,905.00
8437	RMH Holdings Limited	13,520,000	2.25%	3,862,404.00	3,082,560.00	(779,844.00)
8482	Wan Leader International Limited	13,700,000	1.63%	2,907,557.00	2,356,400.00	(551,157.00)
8487	ISP Global Limited	10,000,000	1.25%	7,014,639.00	6,000,000.00	(1,014,639.00)
8547	Pacific Legend Group Limited	53,200,000	5.32%	12,168,437.00	7,235,200.00	(4,933,237.00)
8613	Oriental Payment Group Holdings Limited	27,990,000	2.80%	5,514,350.00	4,870,260.00	(644,090.00)
			Total:	**75,008,772.00**	**56,736,880.00**	**(18,271,892.00)**

Save as disclosed above, the Remaining Group did not have significant investments, material acquisitions and disposals as at 30 June 2019.

Future plans for material investment

As at 31 December 2016, 2017 and 2018 and 30 June 2019, the Remaining Group did not have any future plans for material investment or capital assets.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long position in the Shares:

Name of Director	**Capacity**	**Number of Shares**	**Approximate percentage of total number of issued Shares (%)** *(Note 1)*
Ms. Xie Xiangrong	Beneficial owner	60,000	– *(Note 2)*

Notes:

1. The approximate percentage of shareholding is calculated based on 914,626,964 Shares in issue as at the Latest Practicable Date.

2. Represents percentage less than 0.1%.

3. LITIGATION

As at the Latest Practicable Date, no member of the Remaining Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim material importance is known to the Directors to be pending or threatened by or against any member of the Remaining Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group save for those expiring or determinable by the employer within one year without payment of any compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. DISCLOSURE OF OTHER INTEREST

Ms. Xie Xiangrong, non-executive Director, held 11,000,000 shares of the Target Company (representing approximately 0.25% of the entire issued share capital of the Target Company).

Save for disclosed above, as at the Latest Practicable Date:

(a) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018 (being the date to which the latest published audited accounts of the Group were made up); and

(b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

i. the underwriting agreement dated 21 November 2017 entered into between the Company (as issuer) and Enhanced Securities Limited (as underwriter) in relation to the rights issue on the basis of one (1) rights share for every two (2) shares at the subscription price of HK$0.035 per rights share;

ii. the conditional underwriting agreement dated 12 June 2018 entered into between the Company (as issuer) and Satinu Markets Limited (as underwriter) in relation to the proposed consolidation of every 100 issued and unissued existing shares of HK$0.01 each into 1 consolidated share of HK$1.00 (the "**Consolidated Share**") and a proposed rights issue on the basis of five (5) rights share for every Consolidated Share held at a subscription price of HK$0.50 per rights share. Such underwriting agreement has lapsed on 13 June 2018 as the conditions precedent of the underwriting agreement have not been fulfilled;

iii. the placing agreement dated 5 October 2018 entered into between the Company (as issuer) and Supreme China Securities Limited (as placing agent) in relation to the placing of up to 720,678,273 new Shares at a placing price of HK$0.015 per placing share;

iv. the SPA;

v. the placing agreement (the "**2019 Placing Agreement**") dated 4 January 2019 entered into between the Company (as issuer) and Chung Lee Securities Company Limited ("**Chung Lee**", as placing agent) in relation to the placing of up to 8,600,000,000 placing shares at a placing price of HK$0.018 per placing share;

vi. the supplemental agreement to the 2019 Placing Agreement dated 21 January 2019 entered into between the Company and Chung Lee in relation to adjust the placing price from HK$0.018 to HK$0.18 and the placing shares from 8,600,000,000 to 860,000,000 in view of the share consolidation;

vii. the Supplemental Agreements;

viii. the sale and purchase agreement dated 22 March 2019 entered into between the Company (as vendor) and OBOR Investments Fund Management Limited (as purchaser) in relation to the disposal of a collection of assets at an aggregate consideration of HK$5,838,000; and

ix. the second supplemental agreement to the 2019 Placing Agreement dated 29 March 2019 entered into between the Company and Chung Lee in relation to the extension of the long stop date of the 2019 Placing Agreement.

8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	**Qualification**
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited did not had any interest, either direct or indirect, in any assets which have been, since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group nor had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Unit 3705, 37/F., 118 Connaught Road West, Hong Kong from the date of this circular up to and including the date of the EGM (both days inclusive):

a) the memorandum and articles of association of the Company;

b) the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively;

c) the interim report of the Company for the six months ended 30 June 2019;

d) the report on the unaudited pro forma financial information of the Remaining Group issued by ZHONGHUI ANDA CPA Limited set out in appendix III;

e) the consent letter referred to in the paragraph under the heading "Experts and Consents" in this appendix;

f) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this appendix; and

g) this circular.

10. MISCELLANEOUS

a) the registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;

b) the principal place of business of the Company in Hong Kong is at Unit 3705, 37/F., 118 Connaught Road West, Hong Kong;

c) the Company's branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong;

d) the principal share register and transfer office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands;

e) the company secretary of the Company is Mr. Ho Yuk Ming, Hugo ("**Mr. Ho**"), who is also the chief financial officer of the Company. Mr. Ho graduated from the Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) with a honours diploma in accounting in July 1996 and is an associate member of the Hong Kong Institute of Certified Public Accountants; and

f) the English text of this circular shall prevail over the Chinese text in case of any inconsistency.

The biographical details of the retiring Directors proposed to be re-elected at the EGM are set out as follows:

Ms. Wu

Ms. Wu, aged 39, was appointed as independent non-executive Director, a member of each of the audit committee, nomination committee and remuneration committee of the Board on 13 June 2019. She completed the course on Computer and Applications (計算機及應用) from Zhejiang Radio & TV University* (浙江廣播電視大學) in June 2001. Ms. Wu has extensive experience in investments, mergers and acquisitions, and finance management. Since November 2010, she has worked as a general manager of Zhejiang Fifth Season Enterprises Limited* (浙江第五季實業有限公司).

Ms. Wu has entered into a letter of appointment with the Company, pursuant to which Ms. Wu shall hold office for an initial term of three years commencing from 13 June 2019, unless terminated by either party in accordance with the terms thereof and subject to re-election in accordance with the Articles of Association. Pursuant to the letter of appointment, she is entitled to a director's fee of HK$240,000 per annum. The emoluments of Ms. Wu are determined by the Board with the recommendation of the remuneration committee of the Board and after taking into account the prevailing market situation and her duties and responsibilities within the Company.

Save as disclosed above, as at the Latest Practicable Date, Ms. Wu (i) does not hold any position with the Company or other members of the Group or other major appointments and professional qualification; (ii) does not have any relationship with the Directors, senior management, substantial or controlling shareholders of the Company; (iii) does not hold any directorship in public companies in the last three years preceding the Latest Practicable Date the securities of which are listed on any securities market in Hong Kong or overseas; and (iv) does not have any interests in the securities of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Ms. Wu that are required to be brought to the attention of the Shareholders, nor is there other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Wang

Mr. Wang, aged 41, was appointed as non-executive Director on 17 July 2019. Mr. Wang graduated from Fudan University*（復旦大學）completed the Executive Management Program in Business Administration of Real Estate organized by HKU School of Professional and Continuing Education and Fudan University*（復旦大學）in January 2008 and graduated from Anhui Normal University*（安徽師範大學）with Bachelor Degree of Hotel Management in December 2001. He has extensive experience in asset management and business development. Mr. Wang held the position of chief executive officer of Shenzhen Huasheng Laimeng Fund Management Limited*（深圳華盛萊蒙投資基金管理有限公司）from May 2010 to August 2012. Mr. Wang is currently acting as the president of Shenzhen Youth Entrepreneur Promotion Association*（深圳市青年創業促進會會長）. He has also been the chairman of Prosperity Investment Fund Limited*（華盛基金有限公司）since June 2015. Since June 2018, Mr. Wang joined RMH Holdings Limited (stock code: 8437), a company listed on GEM, as an independent non-executive director.

Mr. Wang has entered into a letter of appointment with the Company, pursuant to which Mr. Wang shall hold office for an initial term of three years commencing from 17 July 2019, unless terminated by either party in accordance with the terms thereof and subject to re-election in accordance with the articles of association of the Company. Pursuant to the letter of appointment, he is entitled to a director's fee of HK$300,000 per annum. The emoluments of Mr. Wang are determined by the Board with the recommendation of the remuneration committee of the Board and after taking into account the prevailing market situation and his duties and responsibilities within the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Wang (i) does not hold any position with the Company or other members of the Group or other major appointments and professional qualification; (ii) does not have any relationship with the Directors, senior management, substantial or controlling shareholders of the Company; (iii) does not hold any directorship in public companies in the last three years preceding the Latest Practicable Date the securities of which are listed on any securities market in Hong Kong or overseas; and (iv) does not have any interests in the securities of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Wang that are required to be brought to the attention of the Shareholders, nor is there other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Huang

Mr. Huang, aged 36, was appointed as non-executive Director on 28 August 2019. Mr. Huang graduated from Hunan Institute of Engineering*（湖南工程學院）and obtained a diploma in Computer Application and Maintenance（計算機應用與維護）in July 2005. He has extensive experience in asset management and business development. Mr. Huang held the position of merger and acquisition director of Kairuide Holding Co., Ltd.*（凱瑞德控股股份有限公司）(stock code: 002072.SZ), a company listed on the Shenzhen Stock Exchange, from December 2014 to November 2016. He was appointed as general manager of Hunan Xiangyi Investment Private Fund Management Co., Ltd*（湖南省湘醫投私募基金管理有限公司）from December 2016 to June 2017. Mr. Huang has been appointed as general manager of Hunan Xmig Investment Group Co., Ltd.*（湖南湘民投集團有限公司）since July 2017. Mr. Huang is currently acting as a director of China Mergers and Acquisitions Association*（中國併購公會理事）.

Mr. Huang has entered into a letter of appointment with the Company, pursuant to which Mr. Huang shall hold office for an initial term of three years commencing from 28 August 2019, unless terminated by either party in accordance with the terms thereof and subject to re-election in accordance with the articles of association of the Company. Pursuant to the letter of appointment, he is entitled to a director's fee of HK$240,000 per annum. The emoluments of Mr. Huang are determined by the Board with the recommendation of the remuneration committee of the Board and after taking into account the prevailing market situation and his duties and responsibilities within the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Huang (i) does not hold any position with the Company or other members of the Group or other major appointments and professional qualification; (ii) does not have any relationship with the Directors, senior management, substantial or controlling shareholders of the Company; (iii) does not hold any directorship in public companies in the last three years preceding the Latest Practicable Date the securities of which are listed on any securities market in Hong Kong or overseas; and (iv) does not have any interests in the securities of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters concerning Mr. Huang that are required to be brought to the attention of the Shareholders, nor is there other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

* *for identification purpose only*

National Investments

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of National Investments Fund Limited (the "**Company**") will be held at Unit 3705, 37/F., 118 Connaught Road West, Hong Kong at 11:00 a.m. on Tuesday, 10 December 2019 for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (A) the entry into of the SPA (as defined in the circular of the Company dated 21 November 2019), a copy of which is tabled at the Meeting and marked "A" and signed by the chairman of the Meeting for identification purpose, and all the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

   (B) any one of the directors of the Company ("**Director(s)**") be and is hereby authorised to do all such acts and things, to sign, execute and seal (where required) any such documents, instruments or agreements for and on behalf of the Company as may be deemed by such Director in his/her absolute discretion to be incidental to, ancillary to or in connection with the SPA and all transactions contemplated thereunder."

2. "**THAT**

   (a) to re-elect Ms. Wu Xiaoxia as a Director.

   (b) to re-elect Mr. Wang Ning as a Director.

   (c) to re-elect Mr. Huang Hu as a Director."

By order of the Board
National Investments Fund Limited
Wang Ning
Chairman

Hong Kong, 21 November 2019

Registered Office:	*Principal place of business in Hong Kong:*
Cricket Square	Unit 3705, 37/F.
Hutchins Drive	118 Connaught Road West
P.O. Box 2681	Hong Kong
Grand Cayman KY1-1111	
Cayman Islands	

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his/her stead. A proxy need not be a shareholder of the Company.

2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders are present at the Meeting personally or by proxy, one of the holders so present whose name stand first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting should they so desire.

4. In the event of any inconsistency, the English version shall prevail.

As at the date of this notice, the board of directors of the Company comprises an executive Director, namely Mr. Chan Cheong Yee; three non-executive Directors, namely Mr. Wang Ning (Chairman), Ms. Xie Xiangrong and Mr. Huang Hu; and three independent non-executive Directors, namely Mr. Li Li, Mr. Liao Kai and Ms. Wu Xiaoxia.