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# NationalInvestments

## National Investments Fund Limited

國盛投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1227)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

<b>KEY FINANCIAL HIGHLIGHTS</b>			
	<b>2019</b>	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	Change
<b>RESULTS</b>			
Revenue	—	9,690	N/A
Loss before taxation	<b>(25,043)</b>	(59,654)	(58.02)%
Loss for the year	<b>(25,043)</b>	(59,654)	(58.02)%
Loss attributable to owners of the Company	<b>(25,043)</b>	(59,654)	(58.02)%
Basic and diluted loss per share	<u><b>(HK\$3.23) cents</b></u>	<u>(HK\$15.96) cents</u>	<u>(79.76)%</u>
	<b>2019</b>	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	Change
<b>KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
Equity attributable to owners of the Company	<b>(51,990)</b>	(100,495)	(48.27)%
Total assets	<b>93,713</b>	59,604	57.23%
Cash and cash equivalents	<b>301</b>	111	171.17%
Net liabilities per share	<b>(HK\$5.68) cents</b>	(HK\$23.24) cents	(75.56)%
Net cash per share	<u><b>HK\$0.03 cents</b></u>	<u>HK\$0.03 cents</u>	<u>—</u>
<ul style="list-style-type: none"> <li>• No operating revenue was recorded (2018: a gain of approximately HK\$9.69 million).</li> <li>• Loss attributable to owners of the Company decreased by 58.02% to approximately HK\$25.04 million.</li> <li>• Basic and diluted loss per share was HK\$3.23 cents (2018: HK\$15.96 cents).</li> <li>• The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).</li> </ul>			

The board (the “**Board**”) of directors (the “**Directors**”) of National Investments Fund Limited (the “**Company**”) hereby presents the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Year**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	5	—	9,690
Other income	6	<b>2,242</b>	1,867
Gain on disposal of an associate		<b>20,000</b>	—
Change in fair value of financial assets at fair value through profit or loss		<b>(29,910)</b>	(20,279)
Impairment loss of other receivables		<b>(700)</b>	(1,674)
Other operating expenses		<b>(11,443)</b>	(42,582)
Finance costs	7	<u><b>(5,232)</b></u>	<u>(6,676)</u>
<b>Loss before taxation</b>		<b>(25,043)</b>	(59,654)
Income tax expense	8	<u>—</u>	<u>—</u>
<b>Loss for the year</b>	9	<u><b>(25,043)</b></u>	<u>(59,654)</u>
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
— Fair value change of equity investments at fair value through other comprehensive income		<u><b>(10,344)</b></u>	<u>(44,240)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u><b>(10,344)</b></u>	<u>(44,240)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(35,387)</b></u>	<u>(103,894)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<u><b>(25,043)</b></u>	<u>(59,654)</u>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<u><b>(35,387)</b></u>	<u>(103,894)</u>
<b>Loss per share</b>			
Basic and diluted ( <i>HK cents per share</i> )	10	<u><b>(3.23)</b></u>	<u>(15.96)</u>
<b>Dividend</b>		<u><b>Nil</b></u>	<u>Nil</u>

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		31 December	
		2019	2018
	Notes	HK\$'000	HK\$'000
<b>Assets:</b>			
<b>Non-current assets</b>			
Property, plant and equipment		—	484
Right-of-use assets		<b>1,306</b>	—
Other tangible assets		—	1,575
Financial assets at fair value through other comprehensive income		<u>40,966</u>	<u>51,310</u>
		<u>42,272</u>	<u>53,369</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		<b>40,015</b>	2,180
Prepayments, deposits and other receivables	11	<b>11,125</b>	3,944
Cash and bank balances		<u>301</u>	<u>111</u>
		<u>51,441</u>	<u>6,235</u>
<b>Total assets</b>		<u><b>93,713</b></u>	<u>59,604</u>
<b>Equity:</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		<b>91,463</b>	43,241
Reserves		<u>(143,453)</u>	<u>(143,736)</u>
<b>Total equity</b>		<u><b>(51,990)</b></u>	<u>(100,495)</u>

		<b>31 December</b>	
		<b>2019</b>	<b>2018</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Liabilities:</b>			
<b>Current liabilities</b>			
Accrued charges and other payables	12	<b>26,288</b>	29,235
Amount due to directors		<b>8,083</b>	6,785
Amount due to a former director		—	3,630
Amount due to a related company		—	10,791
Promissory notes		<b>109,979</b>	79,769
Lease liabilities		<b>821</b>	—
		<u><b>145,171</b></u>	<u>130,210</u>
<b>Non-current liabilities</b>			
Promissory notes		—	29,889
Lease liabilities		<b>532</b>	—
		<u><b>532</b></u>	<u>29,889</u>
<b>Total liabilities</b>		<u><b>145,703</b></u>	<u>160,099</u>
<b>Total equity and liabilities</b>		<u><b>93,713</b></u>	<u>59,604</u>
<b>Net current liabilities</b>		<u><b>(93,730)</b></u>	<u>(123,975)</u>
<b>Total assets less current liabilities</b>		<u><b>(51,458)</b></u>	<u>(70,606)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 June 2002 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 3705, 37/F., 118 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group is principally engaged in the investment in listed and unlisted companies.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL") which are carried at their fair value.

These consolidated financial statements are presented in Hong Kong dollars with all values rounding to the nearest thousand except otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 5 to the consolidated financial statements. The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

#### **Going concern**

In the preparation of the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group's net current liabilities and net liabilities of HK\$93,730,000 and HK\$51,990,000 respectively as at 31 December 2019 and incurred a loss attributable to owners of the Company of approximately HK\$25,043,000 and a net cash outflow from operating activities of approximately HK\$81,083,000 for the year then ended. In addition, the Group's promissory notes of outstanding principals and accrued interests of approximately HK\$87,427,000 fell due as at 31 December 2019.

On 19 March 2020, the Group received a winding up petition filed by a promissory note holder with the High Court of Hong Kong for the outstanding principal and interest fell due to the promissory note holder. The Group is negotiating with the promissory note holders to extend the repayment date.

In order to improve the Group's financial position, to provide liquidity and cash flows and sustain the Group as a going concern, the Group has been implementing a number of measures, including but not limited to:

1. The Group is seeking to obtain additional financing by means of including but not limited to rights issue, open offer and placing of the new shares.
2. The Group is implementing operation plans to control costs and generate adequate cash flows from the Group's operations.

On the basis that the Group can successfully obtain additional financing and certain measures as mentioned above to improve its operating results and cash flows, the directors of the Company believe that the Group will have sufficient funds to finance its current working capital requirements in the next twelve months from the end of the reporting date. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### **3. ADOPTION OF NEW AND REVISED HKFRSs**

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

Except for HKFRS 16, Lease, none of the developments have had a material effect on how the Group's results and financial position for the current year or prior years have been prepared in this financial report. The Group has not applied the new HKFRSs that have been issued but not yet effective. The Directors of the Company anticipate the application of the other new or revised standards, amendments or interpretations will have no material impact on the consolidated financial statement.

#### **HKFRS 16 “Leases”**

The group has initially applied HKFRS 16 from 1 January 2019. The group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

### ***Impact on transition***

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The reconciliation of operating lease commitment to expenses short-term leases is set out below:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	2,268
Less: commitments relating to leases exempt from capitalisation	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	<u>(2,268)</u>
Right-of-use assets and lease liabilities as at 1 January 2019	<u>—</u>

#### **4. SEGMENT INFORMATION**

The Company's operating segment is investments which comprise the investing in listed and unlisted companies in order to achieve short and medium-term capital appreciation. Since this is the only operating segment of the Company which its revenue and non-current assets are entirely contributed from the investments, no further analysis thereof is presented.

#### **Geographical information**

The Group's operations are located in Hong Kong. The following table provides an analysis of the Group's revenue by geographical market:

	<b>Revenue by geographical market</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<u>—</u>	<u>9,690</u>

The following is an analysis of the carrying amount of non-current assets (excluding financial assets at fair value through other comprehensive income) analysed by the geographical area in which the assets are located:

	<b>Carrying amount of non-current assets</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<u>1,306</u>	<u>2,059</u>

#### **Information about major customers**

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

## 5. REVENUE

The amount of significant category of revenue recognizing during the year is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	—	3
Interest income from financial assets at FVTPL	—	2,337
Dividend income	—	7,350
	<u>—</u>	<u>7,350</u>
	<u>—</u>	<u>9,690</u>

## 6. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Sundry income	572	500
Gain on disposal of property, plant and equipment	1,670	—
Gain on settlement of short-term loans	—	1,367
	<u>2,242</u>	<u>1,867</u>

## 7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest expenses on promissory notes	5,200	5,848
Interest expenses on other payables	—	104
Interest expenses on short-term loans	—	677
Interest expenses on obligations under finance leases	—	47
Lease interests	32	—
	<u>5,232</u>	<u>6,676</u>

## 8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits for the year ended 31 December 2019 (2018: Nil).

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Auditors' remuneration	580	350
Directors' emoluments	1,767	3,735
Total staff costs, excluding Directors' emoluments	1,395	12,494
Depreciation of property, plant and equipment	71	2,652
Depreciation of right-of-use assets	344	—
Expenses related to short-term lease	2,396	—
Operating lease rental in respect of land and building	—	10,331
(Gain)/loss on disposal of property, plant and equipment	(1,670)	236
Written off of property, plant and equipment	—	1,652
Change in fair value of financial assets at fair value through profit on loss	29,910	20,279
Impairment loss of other tangible assets	—	8
Impairment loss of other receivable	700	1,674

## 10. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$25,043,000 (2018: HK\$59,654,000) and the weighted average number of ordinary shares of approximately 775,906,000 (2018: approximately 373,877,000, as adjusted for the effects of rights issue and share consolidation) in issue during the year.

### Diluted loss per share

No diluted earnings per share are presented as the Group did not have any dilutive potential ordinary sharing during the two years ended 31 December 2019.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Prepayments	82	61
Consideration receivable from disposal of an associate	10,000	—
Other receivables	650	699
Rental deposits and others deposits	393	3,184
Total	11,125	3,944

## 12. ACCRUED CHARGES AND OTHER PAYABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Accrued charges	8,853	14,181
Other payables ( <i>Note</i> )	<u>17,435</u>	<u>15,054</u>
	<u><u>26,288</u></u>	<u><u>29,235</u></u>

*Note:*

Other payables mainly include interest payables to promissory notes of approximately HK\$17,427,000 (2018: HK\$15,034,000).

## **EXTRACT OF INDEPENDENT AUDITORS' REPORT**

### **DISCLAIMER OF OPINION**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

As explained in the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$25,043,000 and a net cash outflow from operating activities of approximately HK\$81,083,000 for the year ended 31 December 2019. As at 31 December 2019, the Group had net current liabilities of approximately HK\$93,730,000 and net liabilities of approximately HK\$51,990,000. In addition, the Group's promissory notes of outstanding principals and accrued interests of approximately HK\$87,427,000 fell due as at 31 December 2019.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon (i) the successful obtaining of additional financing as and when required, the achievability of which depends on the future performance of the Group; and (ii) the successful implementation of its operation plans for controlling costs and to generate adequate cash flow from operations, the achievability of which depends on the market environment which is expected to remain challenging. The consolidated financial statements do not include any adjustments that would result from the failure to obtain additional financing as and when required, the achievability of which depends on the future performance of the Group; and the failure to implement its operation plans for controlling costs and to generate adequate cash flow from operations. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, in view of the extent of the uncertainty relating to (i) the successful obtaining of additional financing as and when required, the achievability of which depends on the future performance of the Group; and (ii) the successful implementation of its operation plans for controlling costs and to generate adequate cash flow from operations, the achievability of which depends on the market environment which is expected to remain challenging. We disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

During the Year, no operating revenue was recorded as compared to a gain of approximately HK\$9.69 million for the year of 2018 (the “FY2018”). 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\$2.34 million from financial assets at fair value through profit or loss for the FY2018 and the absence of the aforesaid dividend income during the Year.

#### Other Income

Other income for the Year were approximately HK\$2.24 million, which represented a slightly increase of approximately HK\$0.37 million as compared to the other income of approximately HK\$1.87 million for the FY2018. The increase was mainly due to the gain on the disposal of property, plant and equipment approximately HK\$1.67 million during the Year, while the Group had no such other income for the FY2018.

#### Other Operating Expenses

Other operating expenses significantly decreased by approximately HK\$31.14 million or 73.13% from approximately HK\$42.58 million for the FY2018 to approximately HK\$11.44 million for the Year. The decrease was mainly due to the Group having successfully implemented the cost control plans during the Year. Details of other operating expenses for the Year were as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Legal and professional fees	<b>5,279</b>	7,207
Rental	<b>2,515</b>	11,129
Salaries	<b>3,161</b>	16,157
Depreciation	<b>71</b>	2,652
Written off of property, plant and equipment	—	1,652
Entertainment	<b>4</b>	898
Travelling and motor vehicle expenses	<b>27</b>	846
Others	<b>386</b>	2,041
	<b>11,443</b>	42,582

## **Finance Costs**

Finance costs for the Year was approximately HK\$5.23 million, which represented a significant decrease of approximately HK\$1.45 million as compared to the finance costs of approximately HK\$6.68 million for the FY2018. The decrease was mainly due to the absence of interest expenses on short-term loans during the Year.

## **Loss attributable to owners of the Company**

Loss attributable to owners of the Company was approximately HK\$25.04 million for the Year (FY2018: loss of approximately HK\$59.65 million). The decrease of loss was mainly due to the gain on disposal of an associate of approximately HK\$20.00 million and gain on the disposal of property, plant and equipment of approximately HK\$1.67 million during the Year, while the Group had no such other income for the FY2018 and the Group has successfully implemented the costs control plans during Year.

## **Consolidated Statements of Financial Position of the Company**

As at 31 December 2019, the Group had a net liabilities of approximately HK\$51.99 million (as at 31 December 2018: net liabilities of approximately HK\$100.50 million). The decrease in net liabilities was mainly resulted from the net proceeds raised from the placement of shares of the Company during the Year.

## **BUSINESS REVIEW**

The Company is an investment company and the Group is principally engaged in investments in a diversified portfolio of listed and unlisted companies. As at 31 December 2019, the Group's investment portfolio in listed equity securities amounted to approximately HK\$40.02 million (as at 31 December 2018: Nil), and investment in unlisted equity securities amounted to approximately HK\$40.97 million (as at 31 December 2018: approximately HK\$51.31 million). Impairment losses of HK\$10.34 million were made on the unlisted investments during the Year.

As disclosed in the announcement of the Company dated 20 November 2018, the Group, as the vendor, had entered into a sale and purchase agreement with an independent third party as the purchaser, pursuant to which the Group conditionally agreed to sell, and the purchaser agreed to acquire approximately 29.997% of the entire issued share capital of Medisun Holdings (Overseas) Limited at the consideration of HK\$20,000,000. The aforesaid disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the shareholders' approval. All conditions precedent to the sale and purchase agreement have been fulfilled and completion took place on 12 December 2019 in accordance with the terms and conditions of the sale and purchase agreement. A sum of HK\$8,000,000 of consideration was paid by the purchaser on the completion date and had been used for repayment of the outstanding indebtedness. The remaining balance of the consideration payable by the purchaser in the sum of HK\$10,000,000 will be settled

in three installments of HK\$3 million, HK\$3 million and HK\$4 million and payable in every 4 months on 29 April 2020, 31 August 2020 and 31 December 2020 respectively. The aforesaid disposal will provide the Group with additional cash flow and further strengthen its financial position.

During the Year, the Group has been actively exploring other investment opportunities in order to diversify the existing investment portfolio of the Group. On 26 February 2019, the 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 Group which can provide a more stable investment return in order to optimize the operational efficiency and to improve the cash flow of the Group. As no formal sales and purchase agreement has been entered into between the two parties within the exclusivity period, the memorandum of understanding has been automatically terminated on 25 August 2019.

Moreover, in order to further optimize the assets structure of the Group so as to liquidize remnant assets and to utilize the remnant assets to settle the outstanding debt owed to the Purchaser (as defined below), thereby lowering the level of indebtedness of the Group, on 22 March 2019, the Company and OBOR Investments Fund Management Limited (the “**Purchaser**”) entered into the sale and purchase agreement, pursuant to which the Company agreed to dispose and the Purchaser agreed to acquire a collection of assets at an aggregate consideration of HK\$5,838,000. The entire issued share capital of the Purchaser is owned by Mr. Wong Danny F., a former executive Director who resigned on 18 March 2019. For details, please refer to the Company’s announcement dated 22 March 2019.

## **PROSPECT**

Our vision is to become a well-known investment company in Hong Kong. We plan to invest in listed and non-listed with high quality to strive for short-term and medium-term gains from capital appreciation in the course of securitisation of corporate assets invested, and apply the same as our key operation strategy and income source.

2019 was a rough year but towards 2020, global economy has overcome concerns from the trade war, Germany’s recession and Brexit, stabilizing growth shall be a reasonable anticipation. Besides, monetary policies are largely moderately expansionary, inflation would barely head up. The new year began flourishing peaceful news till the new virus, widely known as WARS attacked worldwide. Definitely, economic activities would be adjusted with China’s size of outbound travel and global exports. Moreover, the Gross Domestic Product of the PRC grew 6.1% in 2019, the slowest annual growth since 1990. Therefore, the market widely expects a challenging downside risk on the PRC’s economy in 2020. The market is expecting policies from the PRC authorities to boost up the economy.

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 and is confident that the investment portfolios will deliver results and add value to the shareholders of the Company.

## SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, the 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/financial assets at fair value through profit or loss, details of which are as follows:

Name of investee company	Percentage of share capital owned by the Group	Investment cost HK\$'000	Fair value as at 31 December 2019 HK\$'000	Accumulated unrealized gain/(loss) change in fair value HK\$'000	Dividend/ interest received/receivable during the Period HK\$'000
<b>Unlisted equity securities:</b>					
Upperclass Developments Limited (Note 1)	30%	—	—	—	—
Smart Role Limited (Note 2)	8%	59,680	19,816	(39,864)	—
Co-Lead Holdings Limited (Note 3)	0.39%	15,908	5,400	(10,508)	—
FreeOpt Holdings Limited (Note 4)	3.35%	16,000	7,000	(9,000)	—
Freewill Holdings Limited (Note 5)	0.59%	15,950	1,000	(14,950)	—
Joint Global Limited (Note 6)	0.88%	16,038	—	(16,038)	—
Satinu Resources Group Limited (Note 7)	0.12%	—	7,750	7,750	—
<b>Debt securities:</b>					
Premium Castle Limited (Note 8)	N/A	12,056	—	(12,056)	—
<b>Listed equity securities:</b>					
Investments in equity securities of companies listed in Hong Kong (Note 9)	N/A	59,405	40,015	(19,390)	—

### Notes:

- 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 year ended 31 December 2019 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Upperclass was approximately HK\$4,421.36. As at 31 December 2019, the investee company had net assets of approximately HK\$86.63 million. The Directors noted that there was no fair value as at 31 December 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 nine months ended 31 December 2019 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Smart Role was approximately HK\$0.75 million. As at 31 December 2019, Smart Role had net liabilities of approximately HK\$11.35 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 year ended 31 December 2019 provided by the investee company, Co-Lead’s operating revenue was approximately HK\$41.80 million and loss attributable to owners of Co-Lead was approximately HK\$1,305.59 million. As at 31 December 2019, Co-Lead had net assets of approximately HK\$3,444.26 million. Co-Lead is principally engaged in investments in equity securities of listed companies which were classified as held for long-term investments valued at HK\$1,213.91 million and investment in promissory notes of HK\$1,820.15 million as at 31 December 2019. The listed companies in which Co-Lead invested included companies operating in the industries of financials, transportation, consumer and properties investment. 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 year ended 31 December 2019 provided by FreeOpt, FreeOpt’s operating revenue was approximately HK\$11.84 million and profit attributable to owners of FreeOpt was approximately HK\$146.91 million. As at 31 December 2019, FreeOpt had net assets of approximately HK\$666.69 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 year ended 31 December 2019 provided by Freewill, Freewill’s operating revenue recorded a loss of approximately HK\$1,108.38 million and loss attributable to owners of Freewill was approximately HK\$682.56 million. As at 31 December 2019, Freewill had net assets of approximately HK\$1,967.37 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 2019 to 30 September 2019 provided by the investee company, Satinu’s operating revenue was approximately HK\$811.14 million and loss attributable to owners of Satinu was approximately HK\$89.96 million. As at 30 September 2019, Satinu had net assets of approximately HK\$9,879.69 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 31 December 2019.

9. During the Period, the Group had significant investments in equity securities of companies listed on The Stock Exchange of Hong Kong Limited (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 Group	Investment cost (HK\$)	Market value as at 31 December 2019 (HK\$)	Unrealized gain/(loss) on change in fair value for the period ended 31 December 2019 (HK\$)
1143	Link-Asia International Co. Ltd.	135,320,000	2.28%	9,980,420	4,194,920	(5,785,500)
1783	Golden Ponder Holdings Limited	11,890,000	1.49%	2,442,851	2,247,210	(195,641)
2212	Future Bright Mining Holdings Limited	59,580,000	1.54%	4,256,706	4,468,500	211,794
2312	China Financial Leasing Group Limited	84,820,000	5.28%	18,247,948	10,856,960	(7,390,988)
2322	Hong Kong Chaoshang Group Limited	3,776,000	0.09%	1,892,671	1,888,000	(4,671)
8047	China Ocean Fishing Holdings Limited	1,916,000	0.05%	794,030	459,840	(334,190)
8331	Hang Kan Group Limited	6,880,000	1.03%	1,648,039	447,200	(1,200,839)
8401	Stream Ideas Group Limited	200,000	0.10%	188,543	222,000	33,457
8402	GT Steel Construction Group Limited	70,000	0.01%	30,171	31,500	1,329
8430	C & N Holdings Limited	6,850,000	1.07%	593,364	548,000	(45,364)
8437	RMH Holdings Limited	14,656,000	2.44%	3,790,626	2,359,616	(1,431,010)
8482	Wan Leader International Limited	740,000	0.09%	173,653	165,760	(7,893)
8487	ISP Global Limited	7,030,000	0.88%	4,931,291	5,975,500	1,044,209
8547	Pacific Legend Group Limited	46,720,000	4.67%	10,359,232	6,073,600	(4,285,632)
8609	Eggriculture Foods Ltd.	520,000	0.10%	75,849	76,440	591
			<b>Total:</b>	<b>59,405,394</b>	<b>40,015,046</b>	<b>(19,390,348)</b>

## **Brief description of principal business of investee companies**

<b>Name of investee company</b>	<b>Principal business and future prospect</b>
Link-Asia International Co. Ltd.	The EMS, distribution of communication products, and securities and other assets investment — principally involved in seizing opportunities from the burgeoning healthcare and medical industry in the PRC. As disclosed in the interim report for the six months ended 30 June 2019, the group's operating revenue was approximately HK\$348.98 million and loss attributable to owners of the company was approximately HK\$56.17 million. In respect of the EMS and distribution of communication products businesses, the Link-Asia International Co. Ltd. will seek to bolster ties with its business partners in order to seize new opportunities, as well as to work together in overcoming whatever challenges that may arise. In the case of the EMS business in particular, Link-Asia International Co. Ltd. will direct greater effort towards the research and development of IoT, Wi-Fi and Bluetooth enabled products. With regard to the securities and other assets Investment operation, Link-Asia International Co. Ltd. will continue to look for business opportunities that can further enhance its growth and facilitate value creation for its investors.
Golden Ponder Holdings Limited	Provision of superstructure building and repair, maintenance, alteration and addition works as a main contractor in Hong Kong. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately HK\$135.21 million and loss attributable to owners of the company was approximately HK\$2.28 million. Golden Ponder Holdings Limited will also consider the potential business developments of other construction sectors, leveraging the advantages and resources of a listed company to expand the profit base for the shareholders.

Future Bright Mining Holdings Limited	Production and sale of marble and marble related products. As disclosed in the interim report for the six months ended 30 June 2019, the group's operating revenue was approximately RMB1.10 million and loss attributable to owners of the company was approximately RMB11.64 million. Future Bright Mining Holdings Limited intended to increase the variety of marble and marble-related products through acquiring the marble projects in the PRC which would further grow the marble and marble-related business of Future Bright Mining Holdings Limited.
China Financial Leasing Group Limited	Short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. As disclosed in the interim report for the six months ended 30 June 2019, no operating revenue was recorded and loss attributable to owners of the company was approximately HK\$43.53 million. China Financial Leasing Group Limited will remain cautious and continue to explore investment opportunities to enhance the shareholders' return.
Hong Kong Chaoshang Group Limited	Vessel chartering, trading, money lending, factoring and finance leasing. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately HK\$104.37 million and loss attributable to owners of the company was approximately HK\$11.60 million. Hong Kong Chaoshang Group Limited will actively identify and explore other investment and business opportunities to broaden its assets and revenue base. Hong Kong Chaoshang Group Limited will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

China Ocean Fishing  
Holdings Limited

Provision of supply chain management services, money lending business and ocean fishing business. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately HK\$337.98 million and profit attributable to owners of the company was approximately HK\$10.59 million. China Ocean Fishing Holdings Limited will keep proactively seeking for other investment and business opportunities with promising prospect to broaden the source of income of the group and enhance value to the shareholders of the company through making investments and/or acquiring business or projects that have promising outlooks and prospects, and with the group's new management team having extensive experience in the marine fishing business, the group will also explore further in the marine fishing business.

Hang Kan Group Limited

Bentonite mining, production and sales of drilling mud and pelletising clay. As disclosed in the third quarterly report for the nine months ended 30 September 2019, the group's operating revenue was approximately CNY44.23 million and profit attributable to owners of the company was approximately CNY4.02 million. Hang Kan Group Limited intends to continue expanding its customer base and market share by boosting product awareness of pelletising clay, refining its production technology and developing new products with a view to enhancing the overall competitiveness to cope with the unfavorable business environment.

Stream Ideas Group  
Limited

Provision of online advertising services, which consist of social viral service, engager service and mass blogging service. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately HK\$11.96 million and loss attributable to owners of the company was approximately HK\$0.87 million. It is noted that Stream Ideas Group Limited will replicate its expansion success in Malaysia and apply the experience to drive the new businesses in Philippines and Indonesia. Furthermore, Stream Ideas Group Limited will focus on enriching their member base from different segments such as age group, interest and lifestyle to enhance the diversity of the membership base and thereby attract more clients.

GT Steel Construction  
Group Limited

Designing, supplying, fabricating and erecting structural steel-works for the construction of buildings including technological plants, industrial buildings, commercial buildings, government institutions and residential buildings and provision of pre-fabricated steel structures or on-site installation services. As disclosed in the third quarterly report for the nine months ended 30 September 2019, the group's operating revenue was approximately S\$39.67 million and profit attributable to owners of the company was approximately S\$4.89 million. GT Steel Construction Group Limited intends to expand and strengthen its market position in the structural steelwork industry in Singapore through the expansion of its production capacity and workforce. GT Steel Construction Group Limited is in the process of considering a proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange.

C & N Holdings Limited

Offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services. As disclosed in the third quarterly report for the nine months ended 30 September 2019, the group's operating revenue was approximately S\$22.01 million and loss attributable to owners of the company was approximately S\$0.59 million. C & N Holdings Limited expects to: (a) maintain growth in the industry and enhance overall competitiveness and market share in Singapore; (b) increase service capacity through the acquisition of new vehicles; (c) enhance and expand the Group's workforce to keep up with the business expansion; (d) purchase a new office to incorporate an increase in workforce; and (e) enhance the information technology system.

RMH Holdings Limited

Leading specialist dermatological and surgical practice accredited by the Ministry of Health of Singapore in Singapore, providing accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. As disclosed in the third quarterly report for the nine months ended 30 September 2019, the group's operating revenue was approximately S\$5.43 million and profit attributable to owners of the company was approximately S\$0.69 million. RMH Holdings Limited intends to capitalise on business opportunities arising from the continued demand for dermatological and surgical services in Singapore, by seeking suitable and strategic locations to expand our growing business and to widen our customer pool. RMH Holdings Limited is exploring to further grow by capturing opportunities from markets with substantial growth potential such as Hong Kong and the People's Republic of China.

Wan Leader International  
Limited

Provision of freight forwarding and related logistics services, including reselling cargo space which purchased from airlines' general sales agents, shipping liners and other freight forwarders to direct shippers or respective freight forwarders, which act on behalf of their shipper customers and eventually deliver the goods to the destinations, provision of warehousing and related value-added services, including labelling services and packaging services. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately HK\$93.21 million and loss attributable to owners of the company was approximately HK\$8.74 million. Wan Leader International Limited will further enhance its service capabilities, offer better services to its customers and continue to exercise careful cost controls to strengthen its competitiveness in the logistics industry.

ISP Global Limited	<p>Sale of sound and communication systems and related services, provision of integrated services of sound and communication systems, and provision of alert alarm system services in Singapore. As disclosed in the annual report for the year ended 30 June 2019, the group's operating revenue was approximately S\$8.62 million and profit attributable to owners of the company was approximately S\$0.10 million. ISP Global Limited plans to expand its manpower capability, and fleet of machinery and equipment, which will enhance its available resources to bid for future projects. ISP Global Limited will also proactively seek opportunities to expand its customer base and its market share and undertake more sound and communication system projects which will enhance value to its shareholders.</p>
Pacific Legend Group Limited	<p>Sale of home furniture and accessories, rental of home furniture and accessories and project and hospitality services, which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats. As disclosed in the third quarterly report for the nine months ended 30 September 2019, the group's operating revenue was approximately HK\$208.75 million and loss attributable to owners of the company was approximately HK\$13.44 million. Pacific Legend Group Limited will continue to build design studio advertising campaign both online and through the media. Pacific Legend Group Limited have finalised China online strategy and will be working with marketing experts to ensure our investment has the highest chance of success.</p>
Eggriculture Foods Ltd.	<p>Production and sale of fresh eggs and processed egg products in Singapore. As disclosed in the interim report for the six months ended 30 September 2019, the group's operating revenue was approximately S\$22.81 million and profit attributable to owners of the company was approximately HK\$2.18 million. With the planned expansion of the chicken eggs laying facilities at current farm and expansion into quail eggs farming, Eggriculture Foods Ltd. is expected to strengthen its market position as a leading eggs distributor in Singapore.</p>

During the Year, no dividend was received from the above securities investment. As at 31 December 2019, the market value of the listed securities being held by the Group was approximately HK\$40.02 million and an unrealized loss on fair value change was approximately HK\$19.39 million. No impairment was made to the above securities investment.

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look out for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments by the Group during the Year.

## **LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO**

During the Year, the Group's liquidity funds were primarily used to invest in the listed investments and for its operations and such funds were funded by a combination of capital contribution by shareholders as well as cash generated from operation.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK\$0.30 million which were denominated in Hong Kong dollars (2018: approximately HK\$0.11 million).

As at 31 December 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. The net proceeds were used for investment in securities and as general working capital of the Group.

On 4 January 2019, Chung Lee Securities Company Limited (the "**Placing Agent**") and the Company entered into a placing agreement (as supplemented by the supplemental agreements dated 21 January 2019 and 29 March 2019) (the "**Placing Agreement**") pursuant to which the Placing Agent has agreed to place, on a best effort basis, up to 860,000,000 placing shares (the "**Placing Shares**") at the placing price of HK\$0.18 per Placing Share (the "**Placing**"). The completion of the Placing took place on 16 April 2019. A total of 482,220,000 of the Placing Shares had been successfully placed and issued under the specific mandate obtained at the extraordinary general meeting of the Company held on 5 March 2019. The gross proceeds and net proceeds from the Placing amounted to approximately HK\$86.80 million and HK\$83.90 million respectively. The Company intends to apply the net proceeds for repayment of the outstanding indebtedness, and/or general working capital of the Group. Details of the Placing and the Placing Agreement were set out in the announcements of the Company dated 4 January 2019, 21 January 2019, 29 March 2019 and 16 April 2019 and the circular of the Company dated 13 February 2019.

The Group had net liabilities as at 31 December 2019, therefore the gearing ratio (defined as borrowing and long term debt divided by total shareholder's equity) is not applicable. The current ratio of the Group as at 31 December 2019 was about 0.35 times as compared to 0.05 times as at 31 December 2018, based on current assets of approximately HK\$51.44 million (as at 31 December 2018: approximately HK\$6.24 million) and current liabilities of approximately HK\$145.17 million (as at 31 December 2018: approximately HK\$130.21 million).

## **CAPITAL STRUCTURE**

During the Year, the changes of share capital structure of the Company were as follows:

At the extraordinary general meeting of the Company held on 5 March 2019, an ordinary resolution was duly passed under which every 10 existing issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company as of 6 March 2019 was consolidated into 1 ordinary share of par value of HK\$0.10 each (the “**Share Consolidation**”). The authorized and issued share capital of the Company were decreased immediately after the Share Consolidation. The total number of authorised shares of the Company was decreased from 20,000,000,000 ordinary shares to 2,000,000,000 ordinary shares and the total number of issued shares was decreased from 4,324,069,642 ordinary shares to 432,406,964 ordinary shares.

On 16 April 2019, a total of 482,220,000 new shares of the Company had been successfully placed by the Placing Agent to not less than six places at the placing price of HK\$0.18 per placing share under the specific mandate obtained at the extraordinary general meeting of the Company held on 5 March 2019. Upon the completion of the aforesaid placing of new shares, the total number of issued shares was increased from 432,406,964 ordinary shares to 914,626,964 ordinary shares.

## **EMPLOYEES**

As at 31 December 2019, the Group employed a total of 10 employees in Hong Kong or in the PRC, including executive Director, non-executive Directors and independent non-executive Directors. The total employment costs were approximately HK\$3.16 million for the Year.

Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include basic salaries and other employees' benefits including double pay, housing allowance and contributions to statutory mandatory provident funds. Share options may also be granted to eligible employees.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group had no significant capital commitments and contingent liabilities as at 31 December 2019.

## **CHARGES ON GROUP ASSETS**

The Group had no charges on the Group's assets as at 31 December 2019.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

There was no specific plan for material investments or capital asset as at 31 December 2019.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

The Group's monetary assets and transactions are mainly denominated in Hong Kong dollars, exposure to exchange fluctuation is considered minimal. During the Year, the Group did not use financial instruments for hedging purposes.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

## **AUDIT COMMITTEE**

The audit committee of the Board (the "Audit Committee") was set up with written terms of reference, which was revised and adopted on 31 December 2015, in accordance with the requirements of the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Mr. Li Li, Mr. Liao Kai and Ms. Wu Xiaoxia. It is chaired by Mr. Li Li.

The Audit Committee had, amongst other things, reviewed the audited results of the Group for the Year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix 10 of the Listing Rules (the "Model Code").

Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the Year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Except for the deviations from code provisions A.4.1 of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Year. The Company periodically reviews its corporate governance practices to ensure that the Company complies with the requirements of the CG Code. The Company acknowledges the importance of corporate governance and ensures transparency and accountability of the Company's operations.

Meetings were held throughout the year and where appropriate, circulars and other guidance notes were issued to directors and senior management of the Group to ensure that each and every director and senior management is aware of the importance of corporate governance.

### **DEVIATION FROM THE CODE**

According to code provision A.4.1 of the CG Code, non-executive Directors should be appointed for specific term, subject to re-election. Except for Mr. Wang Ning, Mr. Huang Hu, Mr. Liao Kai and Ms. Wu Xiaoxia who is appointed for a specific term of three years, the other non-executive Director and independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

### **EVENTS AFTER REPORT PERIOD**

#### **Summary of Material Legal Proceedings Involving the Company**

On 19 March 2020, the Company received a winding petition (the "**Petition**") from an individual issued from the High Court of the Hong Kong Special Administrative Region (the "**High Court**") that the Company may be wound up by the High Court on the ground that the Company is unable to pay her debts of approximately HK\$10,500,000. The Petition will be heard before the High Court at 10:00 am on 17 June 2020. For details, please refer to the Company's announcements dated 19 March 2020 and 20 March 2020.

Except as disclosed in this announcement, since 31 December 2019 and up to the date hereof, no important events has occurred affecting the Group.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be held on Thursday, 18 June 2020 (the “**2020 AGM**”). A notice convening the 2020 AGM will be published and despatched to the shareholders of the Company in accordance with the articles of association of the Company, the Listing Rules and other applicable laws and regulations.

## **DIVIDEND**

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 15 June 2020 to Thursday, 18 June 2020, both days inclusive, during which period no transfer of the Shares can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2020.

## **AUDITORS**

The consolidated financial statements of the Group for the Year have been audited by Zhonghui Anda CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the 2020 AGM. A resolution will be submitted to the 2020 AGM to re-appoint Messrs. Zhonghui Anda CPA Limited as auditors of the Company.

The Company has changed its external auditors on 16 January 2020. For details, please refer to the announcement of the Company dated 16 January 2020.

## **PUBLICATION OF FINAL RESULTS AND 2019 ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.nif-hk.com](http://www.nif-hk.com)). The 2019 annual report of the Company will be despatched to the shareholders and available on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Wang Ning**  
*Chairman*

Hong Kong, 26 March 2020

*As at the date of this announcement, the Board 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.*