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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in National Investments Fund Limited (the “Company”), you should at once hand the Prospectus Documents and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “15. Documents Delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of these documents.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the USA and may not be offered or sold within the USA, absent registration or an exemption from the registration requirements of the US Securities Act and applicable US state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the USA or to conduct a public offering of securities in the USA. Any failure to comply with this restriction may constitute a violation of US securities laws. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the USA or any other jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out in this Prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in any jurisdictions outside Hong Kong. This Prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

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# 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)

#### RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE AT HK\$0.035 PER RIGHTS SHARE

The Joint Underwriters to the Rights Issue



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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Latest Time for Acceptance is 4:00 p.m. on 8 January 2021. The procedures for acceptance, payment and transfer are set out on pages 18 to 19 of this Prospectus.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company’s constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue.**

The Shares have been dealt in on an ex-rights basis from Thursday, 10 December 2020. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 (both dates inclusive). It is expected that the conditions referred to in the section headed “Termination of the Underwriting Agreement” in this Prospectus are to be fulfilled on or before 4:00 p.m. on Monday, 11 January 2021. If the conditions referred to in that section are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed. Any person contemplating buying or selling Shares from Wednesday, 23 December 2020 and up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers. It should be noted that the Underwriting Agreement contains provisions entitling the Joint Underwriters by notice in writing to the Company at any time prior to 4:00 p.m. on the Monday, 11 January 2021 to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 7 to 9 of this Prospectus.

Upon the delivery of the notice of termination, all obligations of the Joint Underwriters under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Joint Underwriters exercise such right, the Rights Issue will not proceed.

21 December 2020

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 7 July 2020 in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue
“Articles”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“ChaoShang Securities”	ChaoShang Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 2 (Dealing in Futures Contracts) regulated activities under the SFO, being one of the joint global coordinators, joint bookrunners and Joint Underwriters of the Rights Issue
“Circular”	the circular of the Company dated 23 November 2020 in relation to, among other things, the Increase in Authorised Share Capital and the Rights Issue
“Company”	National Investments Fund Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 1227)
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

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## DEFINITIONS

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“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Despatch Date”	Monday, 21 December 2020 or such later date as may be agreed between the Company and the Joint Underwriters for the despatch of the Prospectus Documents
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Joint Underwriters
“EGM”	the extraordinary general meeting of the Company held at 11:00 a.m. on Tuesday, 8 December 2020, to approve, among other things, the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extension Letters”	seven letters dated 27 July, 24 August, 7 and 17 September, 15 October, 5 and 16 November 2020 respectively, which were entered into by the Company and the Joint Underwriters to mutually extend the relevant dates under the Underwriting Agreement dated 7 July 2020 between the Company and the Joint Underwriters in relation to the underwriting and certain other arrangements in respect of the Rights Issue

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## DEFINITIONS

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“Final Acceptance Date”	Friday, 8 January 2021 (or such other date as the Joint Underwriters and the Company may agree in writing as the latest date for acceptance of, and payment for, the Rights Shares under the Rights Issue)
“GO obligation”	the obligation to make a general offer under the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	an increase in the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$1,000,000,000 divided into 10,000,000,000 Shares by creating an additional 8,000,000,000 unissued Shares
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Joint Underwriters”	collectively, ChaoShang Securities and Solomon Securities
“Last Trading Day”	7 July 2020, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	11 December 2020, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Latest Time for Acceptance”	A time which is currently expected to be 4:00 p.m. on the Final Acceptance Date, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares

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## DEFINITIONS

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“Latest Time for Termination”	4:00 p.m. on the first Business Day following the Final Acceptance Date, or such later date as the Company and the Joint Underwriters may agree in writing
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Monday, 21 December 2020 or such other day as may be agreed between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purposes of this prospectus
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Public Float Requirement(s)”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s).

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## DEFINITIONS

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“Record Date”	Friday, 18 December 2020 or such other date as may be agreed between the Company and the Joint Underwriters, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Tengis Limited, the branch share registrar and transfer office of the Company, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the Record Date at the Subscription Price pursuant to the Prospectus Documents and as contemplated under the Underwriting Agreement
“Rights Share(s)”	up to 4,573,134,820 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Solomon Securities”	Solomon Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (Asset Management) regulated activities under the SFO, being one of the joint global coordinators, joint bookrunners and Joint Underwriters of the Rights Issue
“Share(s)”	ordinary share(s) in the issued and unissued share capital of the Company of HK\$0.1 each
“Share Option Scheme”	the share option scheme of the Company adopted on 30 June 2017

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## DEFINITIONS

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“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.035 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“U.S.” or “United States”	the United States of America
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Joint Underwriters on 7 July 2020 (as amended and supplemented by the Extension Letters) in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	an aggregate of up to 4,573,134,820 Rights Shares to be underwritten by the Joint Underwriters pursuant to the terms of the Underwriting Agreement
“Winding Up Petitions Announcements”	the eleven announcements of the Company dated 19 and 20 March, 17 June, 22 July, 19 and 20 August, 15 September, 14 and 28 October, 2 November 2020 and 18 November 2020 respectively relating to a winding up petition of the Company
“%”	per cent.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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Pursuant to the Underwriting Agreement, the Joint Underwriters may, in their discretions (acting reasonably), terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Joint Underwriters at any time prior to the Latest Time for Termination with immediate effect if:-

- i. there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the reasonable judgment of the Joint Underwriters, so material and adverse as to make them or likely to make them impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- ii. any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Joint Underwriters, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement; or
- iii. there shall have developed, occurred, happened or come into effect any of the following:  
(A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any other member of the Group by any national or international rating agency; (D) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong; (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in Hong Kong; or (F) any event or circumstance in the nature of force majeure (including, without limitation, any act of

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting Hong Kong, if the effect of any such event or circumstance specified above, individually or in the aggregate, in the reasonable judgment of the Joint Underwriters, makes them or may make them impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or

- iv. any statement contained in any of the Relevant Documents (as defined in the Underwriting Agreement) was or has become materially untrue, incorrect in any material respect or misleading; or
- v. any matter has arisen or been discovered which would, if the Announcement or the Prospectus (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement or the Prospectus (or any supplement or amendment thereto); or
- vi. the permission to deal in and the listing of the Rights Shares (in their nil paid and fully paid forms) has been withdrawn by the Stock Exchange; or
- vii. an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group, which in the reasonable judgment of the Joint Underwriters, makes them or may make them impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- viii. any Director committing any act of fraud or other indictable offense which, in the reasonable judgment of the Joint Underwriters, makes them or may make them impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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In the event the Joint Underwriters exercise their rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties thereto shall cease and terminate and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

If the Joint Underwriters exercise such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

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## EXPECTED TIMETABLE

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Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.

<b>Event</b>	<b>Date and/or Time</b>
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 23 December 2020
Latest time for splitting of PAL . . . . .	4:30 p.m. on Tuesday, 29 December 2020
Latest time of dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on Tuesday, 5 January 2021
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares. . . . .	4:00 p.m. on Friday, 8 January 2021
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional. . . . .	4:00 p.m. on Monday, 11 January 2021
Announcement of results of the Rights Issue . . . . .	Friday, 15 January 2021
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) . . . . .	Monday, 18 January 2021
Certificates for fully paid Rights Shares to be despatched . . . . .	Monday, 18 January 2021
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Tuesday, 19 January 2021

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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance will be postponed if “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- a. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- b. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance.

Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of abovementioned warnings in force at any time between 9:00 a.m. and 4:00 p.m..

# 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)

*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

*Principal place of business in Hong Kong:*

Unit 3703, 37/F.

118 Connaught Road West

Hong Kong

21 December 2020

*To the Shareholders*

Dear Sir/Madam,

**RIGHTS ISSUE ON THE BASIS OF FIVE RIGHTS SHARES  
FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE  
AT HK\$0.035 PER RIGHTS SHARE**

### INTRODUCTION

References are made to (i) the Announcement in relation to, among other things, the Rights Issue; and (ii) the Circular.

At the EGM convened and held on Tuesday, 8 December 2020 at 11:00 a.m., the increase in Authorised Share Capital was duly approved by the Shareholders and the Rights Issue was duly passed by the Independent Shareholders. The increase in Authorised Share Capital became effective on 8 December 2020.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every one (1) Share held at the close of business on the Record Date
Subscription Price	:	HK\$0.035 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	914,626,964 Shares with an aggregate nominal value of HK\$91,462,696.4
Number of Rights Shares	:	4,573,134,820 Rights Shares
Number of issued Shares of the Company upon completion of the Rights Issue	:	5,487,761,784 Shares
Amount to be raised	:	approximately HK\$160.1 million before deduction of the costs and expenses
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Law, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Joint Underwriters or other subscribers procured by them pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

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## LETTER FROM THE BOARD

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**The Rights Issue is not fully underwritten by a person or persons whose ordinary course of business includes underwriting.**

As at the Latest Practicable Date, the Company did not have any options outstanding under any Share Option Scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represented 500% of the Company's issued share capital as at the Latest Practicable Date and approximately 83.33% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be Five (5) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on enquiries made by and legal advice in the relevant jurisdictions obtained by the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus. As at the Latest Practicable Date, there was no Overseas Shareholder.

As at the Record Date, there was no Overseas Shareholder.

To the extent reasonably practicable and legally permitted, the Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL and EAF to them.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus or the PAL or the EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance or doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own

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## LETTER FROM THE BOARD

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benefit. Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.035 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 36.4% to the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 28.57% to the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 6.25% to the theoretical ex-rights price of approximately HK\$0.037 per Share based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 27.69% to the average of the closing prices of approximately HK\$0.048 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 27.39% to the average of the closing prices of approximately HK\$0.048 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (f) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 23.81%, represented by the theoretical diluted price of approximately HK\$0.037 per Share to the benchmarked price of approximately HK\$0.049 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on

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## LETTER FROM THE BOARD

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the Last Trading Day of HK\$0.049 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.048 per Share).

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising dilution impact. The terms of the Rights Issue, including the Subscription Price, were determined after arm's length negotiations between the Company and the Joint Underwriters, taking into account, among others, the following factors: (i) the prevailing share price of the Shares prior to the Last Trading Day and the theoretical ex-rights price; (ii) the latest business performance and financial position of the Group; and (iii) the funding and capital needs of the Company.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares.

The Directors are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally.

The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is expected to be approximately HK\$0.034.

### **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

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## LETTER FROM THE BOARD

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### Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares (if any). All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company and more particularly described in the section headed “Application for excess Rights Shares” below.

### Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:00 p.m. on Friday, 8 January 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 017**” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Friday, 8 January 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Tuesday, 29 December 2020, to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

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## LETTER FROM THE BOARD

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The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to obtain permission of the offering of the Rights Shares or the distribution of the Prospectus Documents in any jurisdiction other than Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in the relevant jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make on his/her/its behalf an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith.

If the Underwriter exercises the right to terminate the Underwriting Agreement at or before the Latest Time for Termination or if the conditions of the Underwriting Agreement are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered address at their own risk on or before Monday, 18 January 2021.

No receipt will be issued in respect of any application monies received.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Monday, 18 January 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or before Monday, 18 January 2021 by ordinary post to the applicants, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Rights Shares.

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## LETTER FROM THE BOARD

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The first day of dealings in the Rights Shares in their fully-paid form is expected to commence at 9:00 a.m. on Tuesday, 19 January 2021.

### **Application for excess Rights Shares**

The Qualifying Shareholders may apply, by way of excess application, for:

- (a) any unsold Rights Shares which would have been allotted to the Excluded Shareholders had they been the Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (c) any unsold Rights Shares created by aggregating fractions of nil-paid Rights Shares.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign an EAF and lodge it with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a separate cheque or banker's cashier order for the amount payable on application in respect of the excess Rights Shares applied for by no later than Latest Time for Acceptance.

The Directors will, allocate the excess Rights Shares (if any) at their sole discretion on a fair and equitable basis, and as far as practicable according to the principle that any excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Investors with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to Beneficial Owners individually. Investors with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

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## LETTER FROM THE BOARD

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Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 8 January 2021. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 018**" and crossed "**Account Payee Only**".

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on or about Friday, 15 January 2021. If no excess Rights Shares are allotted to the Qualifying Shareholders, a cheque for the amount tendered on application is expected to be refunded in full on or before Monday, 18 January 2021. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, a cheque for the surplus application monies are also expected to be refunded to them on or before Monday, 18 January 2021.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection of the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. Completion and return of the EAF with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

If the Underwriter exercises the right to terminate the Underwriting Agreement at or before the Latest Time for Termination or if the conditions of the Underwriting Agreement are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered address at their own on or before Monday, 18 January 2021.

### **Rights Issue on a best effort underwritten basis**

As the Rights Issue will proceed on a best effort basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares and Share Options under the Takeovers Code. Accordingly, the

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## LETTER FROM THE BOARD

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Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests. All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong. Both nil-paid and fully-paid Rights Shares will be traded in board lots of 20,000 Shares.

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application for listing of or permission to deal in the Shares, the Rights Shares or any other securities of the Company is being made, or is proposed to be sought, on any other stock exchange.

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## LETTER FROM THE BOARD

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### THE UNDERWRITING AGREEMENT

#### The Underwriting Agreement

Date:	7 July 2020 (as amended and supplemented by the Extension Letters)
Parties:	The Company as the issuer and Solomon Securities and ChaoShang Securities as the Joint Underwriters and the joint bookrunners
Number of Underwritten Shares:	The Joint Underwriters have agreed to subscribe for, or procure the subscription for the Underwritten Shares not taken up of up to 4,573,134,820 Rights Shares on a best effort basis
Underwriting fees:	3.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed for through each of the Joint Underwriters and/or its sub-underwriters

Solomon Securities is a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (Asset Management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. ChaoShang Securities is a licensed corporation to carry on Type 1 (dealing in securities) and Type 2 (Dealing in Futures Contracts) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

The Rights Issue is underwritten by the Joint Underwriters on a best effort basis pursuant to the terms of the Underwriting Agreement. The Rights Issue is not fully underwritten by a person or persons whose ordinary course of business includes underwriting. To the best knowledge and information of the Directors, after reasonable enquiries, each of the Joint Underwriters is independent of and not connected with the Company or its connected persons and each of them has complied with Rule 7.19(1)(a) of the Listing Rules that they are licensed under the SFO for Type 1 regulated activity and their ordinary business includes underwriting of securities.

The Company initially approached four licensed corporation underwriters, which included ChaoShang Securities, Solomon Securities and other two licensed corporations. Due to prevailing poor market conditions, all of the aforesaid four underwriters refused to underwrite the Right Shares on a fully underwritten basis. The other two underwriters also further indicated that the Subscription Price was not attractive and they might experience difficulty in procuring subscribers and refused to further negotiate.

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## LETTER FROM THE BOARD

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The underwriting fee rate (i.e. 3.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed for through each of the Joint Underwriters and/or its sub-underwriters) was determined after arm's length negotiations between the Company and each of the Joint Underwriters with reference to, among other things, the scale of the Rights Issue, the current and expected market conditions and the underwriting fee rates charged by underwriters in the recent market precedents of rights issue.

In light of the above, the Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement, including the underwriting fees payable by the Company, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (i) the Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Prospectus Documents to the Qualifying Shareholders;
- (ii) the Joint Underwriters receiving from the Company certain documents as specified in the Underwriting Agreement by the times and dates specified therein;
- (iii) the delivery of the Prospectus Documents to the Stock Exchange on the Business Day immediately before the date of the Prospectus and the issue by the Stock Exchange of a certificate of authorization of registration on the Business Day before the date of the Prospectus;
- (iv) the Registrar of Companies in Hong Kong registering the Prospectus Documents and having all the documents required by the provisions of section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on or before the despatch of the Prospectus;
- (v) the passing of necessary resolution(s) at the EGM to approve the Increase in Authorised Share Capital by the Shareholders and the Rights Issue by the Independent Shareholders;
- (vi) the Increase in Authorised Share Capital of the Company having becoming effective;

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## LETTER FROM THE BOARD

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- (vii) the grant of listing of and permission to deal in the nil paid rights and the Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Stock Exchange and dealings in the nil paid rights and the Rights Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);
- (viii) posting of the Prospectus Documents to the Qualifying Shareholders on or before the Despatch Date (or such later date to be agreed between the Company and the Joint Underwriters) and the posting, to the extent reasonably practicable and legally permitted, of the Prospectus for information purposes only to the Excluded Shareholders; provided that the Prospectus shall not be posted to the Excluded Shareholders who are known by the Company to be resident in the United States; and
- (ix) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under “Termination of the Underwriting Agreement” and which, in any such case, the Joint Underwriters consider in their reasonable discretion, as applicable, to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up or the underwriting of the Rights Issue.

The Company shall use its best efforts to procure the fulfilment of each of the conditions set out above, and shall do all acts and things as may be reasonably required by the Joint Underwriters, the Stock Exchange, the SFC and the Registrar of Companies in Hong Kong and any relevant authority for the purposes of or in connection with the listing of and permission to deal in the Rights Shares and the fulfilment of such conditions as mentioned above.

The Joint Underwriters shall have the right, in its absolute discretion, on or before the last day on which each of the conditions is required to be fulfilled, either: (i) to waive any of the conditions specified above (except the conditions specified in (i), (iii), (iv), (v), (vi), (vii) and (viii) or (ii) to extend the deadline for the fulfilment of any condition by such number of days or in such manner as the Joint Underwriters may determine in which case the Joint Underwriters shall be entitled to extend the other dates or deadlines referred to in the Underwriting Agreement in such manner as it deems appropriate.

The Underwriting Agreement shall terminate without further act or deed if any of the above conditions to the obligations of the Joint Underwriters thereunder shall not have been satisfied when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Joint Underwriters).

As at the Latest Practicable Date, conditions (v) and (vi) were satisfied and the remaining conditions above are expected to have been fulfilled on the Posting Date.

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## LETTER FROM THE BOARD

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### **Termination of Underwriting Agreement**

Terms in relation to the termination of the Underwriting Agreement are summarized in the section headed “Termination of the Underwriting Agreement” in this Prospectus.

**In the event the Joint Underwriters exercise their rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties thereto shall cease and terminate and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).**

**If the Joint Underwriters exercise such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.**

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 914,626,964 Shares in issue. The table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the Joint Underwriters take up the Rights Share in full (Note 3)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
		(Note 1)		(Note 1)		(Note 1)
Ms. Xie Xiangrong (Note 2)	60,000	0.01	360,000	0.01	60,000	0.00
The Joint Underwriters (Note 3)	—	—	—	—	4,573,134,820	83.33
Other public shareholders	914,566,964	99.99	5,487,401,784	99.99	914,566,964	16.67
<b>Total</b>	<b>914,626,964</b>	<b>100</b>	<b>5,487,761,784</b>	<b>100</b>	<b>5,487,761,784</b>	<b>100.00</b>

*Notes:*

- The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
- As at the Latest Practicable Date, those Shares were owned by Ms. Xie Xiangrong as beneficial owner, the chairperson and a non-executive Director of the Company.
- This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Joint Underwriters undertake with the Company that (i) it shall use all reasonable endeavours to procure that its sub-underwriter and subscribers or purchasers of the Underwritten Shares procured by it under the Underwriting Agreement as well as subscribers or purchasers procured by its sub-underwriter shall be a third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company or their respective associates; (ii) it shall, and shall cause its sub-underwriter to, procure independent subscribers or purchasers take up such number of Underwritten Shares (a) as necessary to ensure that the Public Float Requirements under Rule 8.08 of the Listing Rules are complied with by the Company

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## LETTER FROM THE BOARD

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and (b) such that it, its sub-underwriter and the subscribers or purchasers procured by it and by its sub-underwriter shall not, together with party(ies) acting in concert with each of them, become the controlling shareholder (as defined under the Listing Rules) of the Company upon completion of the Rights Issue.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

### **USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER SPECIFIC MANDATE IN 2019**

The Company has conducted a placing under specific mandate during the financial year 2019 (the “**Placing**”) and raised a net proceeds of approximately HK\$83.9 million. As the net proceeds from the Placing was insufficient to satisfy all the then outstanding debts, the Company had prioritized the repayment of certain debts in April 2019 in accordance with the respective urgency. Notwithstanding that some of the promissory note interests had already been due on or before April 2019, taking into account that the promissory note holders had not formally demanded the repayment of outstanding promissory notes interests, the Board considered that it had no pressing need to settle such outstanding sums in April 2019 and expected that the Company would be able to settle such outstanding sums as and when the promissory note holders make formal demand of repayment. Accordingly, as disclosed in the annual report of the Company for the year ended 31 December 2019, as at 31 December 2019, the Group had temporarily reallocated the Placing proceeds of approximately HK\$59.40 million to invest in equity securities of companies listed on the Stock Exchange and recorded a net realized loss of approximately HK\$10.52 million. As to the remaining Placing Proceeds, as at 31 December 2019, (i) approximately HK\$9.2 million was used for repayment of debts; and (ii) approximately HK\$4.8 million was used for general working capital of the Group. Considering the circumstances and reasons as detailed below in the paragraph headed “Reasons for the Rights Issue and use of proceeds — Other Financing Alternatives — (C) Liquidation of investments”, the Board is therefore of the view that divestment of the equity securities investment from the Placing proceeds to repay the Company’s existing outstanding debts is inappropriate for the time being.

Further, the Board was of the view that the temporary re-allocation of the remaining proceeds from Placing to investment in listed companies could facilitate the utilization of idle funds and had allowed the Company to deploy its financial resources more efficiently to provide investment returns based on the then market conditions. Before utilizing the Placing proceeds for investment in listed securities, the Directors had considered other options, including but not limited to, retaining the proceeds for loan repayment when the loans fall due, early repayment of the loans

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## LETTER FROM THE BOARD

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before the due dates, or investing in lower risk products, such as time deposits. After due consideration, the Board was of the view that investment in listed securities was the appropriate option for the following reasons:

- (1) as compared to retaining the proceeds and/or early repayment of the loans, temporary reallocation of the proceeds for investment was better utilization of idle funds; and
- (2) based on the then interest rate of approximately 0.13% on deposit offered by Hong Kong banks, making time deposits generates very low interest income, therefore the Board considered that investment in listed securities would maximize the investment returns and thus was in the interest of the Company and Shareholders as a whole.

Considering that some of the outstanding debts had not yet reached the payment period and taking into account the factors stated above the Board agreed, in good faith, that the temporary reallocation of the remaining proceeds to investment in equity securities of companies listed on the Stock Exchange would bring additional returns to finance the Company's day-to-day operations and to enhance the sustainability of the Company and was therefore in the best interest of the Company and its Shareholders as a whole.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment company listed on the main board of the Stock Exchange under Chapter 21 of the Listing Rules. The principal activity of the Company is investment in listed and unlisted companies.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$160.1 million and the estimated net proceeds of the Rights Issue will be approximately HK\$153.3 million. The estimated expenses of the Rights Issue are approximately HK\$6.8 million, which include underwriting commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.034. The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately 85.06%, or HK\$130.4 million will be used for repayment of external debts of the Group; and
- (ii) approximately 14.94%, or HK\$22.9 million will be used as the general working capital of the Group.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the total estimated external debts of the Company amounted to approximately HK\$130.4 million, which comprised of the total amount of principal amount and interest which will be due and payable by the Company to its creditors for the year ending 31 December 2021.

Set out below are the expected expenditure schedules (the “**Expenditure Schedule**”) of the Group for the year ending 31 December 2021 assuming full subscription under the Rights Issue with an estimated net proceeds of approximately HK\$153.3 million:

<b>Period</b>	<b>Expected amount of expenditure of the Group (approximate)</b>	<b>Remarks</b>
1 January 2021 to 31 March 2021	HK\$135.31 million	The expected expenditure of approximately HK\$135.31 million comprises approximately HK\$125.99 million to be used for repayment of the outstanding loan and promissory notes interest and approximately HK\$9.32 million to be used for the general working capital.
1 April 2021 to 30 June 2021	HK\$6.95 million	The expected expenditure of approximately HK\$6.95 million comprises approximately HK\$2.4 million to be used for repayment of the outstanding loan and promissory notes interest and approximately HK\$4.55 million to be used for the general working capital.
1 July 2021 to 30 September 2021	HK\$6.51 million	The expected expenditure of approximately HK\$6.51 million comprises approximately HK\$2.0 million to be used for repayment of the outstanding loan and promissory notes interest and approximately HK\$4.51 million to be used for the general working capital.
1 October 2021 to 31 December 2021	HK\$4.53 million	The expected expenditure of approximately HK\$4.53 million to be used for the general working capital.
<b>Total</b>	<b><u>HK\$153.3 million</u></b>	

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## LETTER FROM THE BOARD

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In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will first be utilised to settle the outstanding loan and promissory notes to the greatest extent possible taking into account of the respective maturity dates, interest rates and the amount overdue and the remaining part of proceeds (if any) will be utilised as the general working capital of the Company. The Company undertakes that it shall deposit the proceeds from the Rights Issue in a licensed bank in Hong Kong and all proceeds raised shall be used in strict compliance with the intended use of proceeds and the Expenditure Schedules detailed in this prospectus. Shall there be any material change in the use of proceeds raised from the Rights Issue, the Company will consult and inform the Stock Exchange in advance.

### **Financial Position of the Group**

As disclosed in the 2019 annual report (the “**2019 Annual Report**”) of the Company, the Group incurred a loss attributable to owners of the Company of approximately HK\$25 million and a net cash outflow for operating activities of approximately HK\$81 million for the year ended 31 December 2019. As at 31 December 2019, the Group had (i) total debts of approximately HK\$146 million; (ii) cash and cash equivalents of approximately HK\$0.3 million; and (iii) net current liabilities of approximately HK\$94 million.

Based on the published interim report of the Company for the six months ended 30 June 2020, the total amount of current assets of the Company is approximately HK\$36.1 million, which comprises of: (i) financial assets at fair value through profit or loss of approximately HK\$22.8 million; (ii) prepayments, deposits and other receivables of approximately HK\$11.1 million; and (iii) cash and bank balances of approximately HK\$2.2 million.

As at the Latest Practicable Date, the Group’s promissory notes of outstanding principals and interests of approximately HK\$125 million which fell due as at 30 June 2020 remain unpaid.

Taking into consideration gross proceeds of approximately HK\$160.1 million based on the Subscription Price (subject to the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger any GO obligation or result in the Company failing to comply with the Public Float Requirement (as the case may be)), the Directors are of the view that the Rights Issue can serve the intended purpose of repaying part of the Company’s external debts so as to lower the finance costs of the Group. The Directors expect that improvement in the financial condition of the Group can facilitate the Group to obtain further borrowings in the near future to finance its operations. Therefore, the Directors intend to raise funds through the Rights Issue to improve the financial condition of the Group.

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## LETTER FROM THE BOARD

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Further, given the low cash level of the Group as aforesaid, the Directors also intend to apply the net proceeds from the Rights Issue to replenish the general working capital of the Group, so as to accommodate the operating cash expenses of the Company and to respond to any unforeseen need in capital. The net proceeds allocated to the general working capital from the Rights Issue is equivalent to around 18 months of net operating cashflow based on the Group's performance for the six months ended 30 June 2020.

### **Other Financing Alternatives**

The Directors (excluding the independent non-executive Directors) have considered other financing alternatives to raise funds including (i) additional debt financing and/or refinancing; (ii) equity fund raising such as placement of Shares and open offer; and (iii) liquidation of investments held by the Company.

#### ***(A) Debt financing and/or refinancing:***

The availability of debt financing and/or refinancing is usually subject to the Group's existing financial positions. As at 31 October 2020, the unaudited consolidated net liabilities value per Share (excluding the fair value adjustments on the unlisted investments) of the Company was approximately HK\$0.08675. In fact, the Company has preliminarily approached a number of financial institutions for potential debt financing and/or refinancing. The Company was informed that in light of (i) the total amount of outstanding loan and promissory notes and the net liabilities position of the Group; and (ii) the substantial amount of funds required to settle such outstanding sums, the Company cannot obtain further debt financing and/or refinancing from the financial institutions at all.

On the above considerations, the Company considers that it is not commercially feasible for the Company to obtain further debt financing and/or refinancing from financial institutions.

#### ***(B) Other equity fund raising options:***

As for equity fund raising, such as placement of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow free trading of rights entitlements in the open market.

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## LETTER FROM THE BOARD

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**(C) Liquidation of investments:**

As at 30 September 2020, the Group's investment portfolio in listed equity securities amounted to approximately HK\$17.4 million, and investment in unlisted equity securities amounted to approximately HK\$37 million.

*(i) listed equity securities:*

The Board considers that divestment of its current investments in listed equity securities is inappropriate for the time being for the following reasons:

- (1) due to limited trading volume of the listed equity investments currently held, it is difficult for the Company to dispose of its entire shareholding in these stocks to realize sufficient sums for debt repayment;
- (2) as a result of fluctuation in the global and United States stock markets and the impacts caused by COVID-19 pandemic, the Hong Kong stock market experienced a downward turn since the beginning of 2020. Based on the closing stock price quoted on the Stock Exchange on 30 September 2020, certain stock investments of the Group recorded loss in the fair value of the investment for a total of approximately HK\$8.6 million. As at 30 September 2020, the aggregate market value of these stock investments is approximately HK\$16.7 million, which amounts to approximately 95.9% of the investment portfolio in listed equity securities of the Group. Considering the huge loss at present and in anticipation that these stocks may rebound upon improvement of global economy and market conditions, the Board considers that it is not in the interest of the Company to dispose of these stocks for the time being solely for repayment of loans, thereby recording irreversible losses to the Company. The Board is of the view that such stocks shall be retained in order to minimize the Company's investment losses and to protect the interest of the Shareholders as a whole; and
- (3) based on the closing stock price quoted on the Stock Exchange on 30 September 2020, certain stock investments of the Group recorded gain in the fair value of the investment for a total of approximately HK\$0.3 million. As at 30 September 2020, the aggregate market value of these stock investments is approximately HK\$0.7 million, which amounts to approximately 4.1% of the investment portfolio in listed equity securities of the Group. Considering the stock prices of these investments are on steady increasing trend and also the fact that these investments accounted for small percentage of the Group's investment portfolio, the Board is of the view that these stocks shall also be retained until the stock prices reach the expected value for the purpose of realizing larger investment returns for the Company.

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## LETTER FROM THE BOARD

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In addition, the Company has disposed of some of its listed equity investments gradually since the latter half of 2019 in an aggregate sum of approximately HK\$8.0 million for the sole purpose of repaying certain outstanding payables in order to maintain the Company's necessary operations as the Board sees fit. Further, the Company does not rule out the possibility of gradually disposing of its other listed equity investments upon improvement of market conditions and upturn in trading volume to settle all necessary operational expenses in the future.

*(ii) unlisted equity securities:*

On the other hand, pursuant to Rule 21.04(3) of the Listing Rules, the Company, being an investment company under Chapter 21 of the Listing Rules, shall not own or control more than 30% of the voting rights in any one company. Accordingly, the majority of the Investments held by the Company consisted of minority interests which did not exceed 10% of the shareholding of the investee companies. In view of the lack of a public trading market for unlisted securities and the poor market investment incentive due to the recent volatility of both global and local economies, the Company considers that it will be difficult to seek for potential purchasers for unlisted shares for the time being. In light of the aforesaid, there would be uncertainty as to the time required for, and the amount of proceeds that can be raised from, the sale of the Investments.

Taking into account that (i) disposal of the listed equity investments will not be sufficient to repay the outstanding debts; (ii) it is impracticable to dispose of the Company's entire shareholding in the listed equity investments for the time being; (iii) some stocks disposal will be hugely loss-making and other stocks shall be retained for expected growth in investment returns; (iv) the Company has gradually and will readily consider to dispose of its remaining listed equity investments to maintain its necessary operations; and (v) the difficulty for the Company to sell unlisted equity investments due to the factors above, the Board considers that divestment of the remaining listed and unlisted equity investments is inappropriate for the time being and therefore the Rights Issue is required for loan repayment.

In contrast, the Directors (excluding the independent non-executive Directors) are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing its financial position without the ongoing burden of interest expenses, and also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having taken into account of (i) the imminent funding needs of the Company to repay the outstanding loans and promissory notes; (ii) difficulty of liquidation of the Investments and the substantial amount of loss which will be incurred based on current market prices; (iii) the benefits of increasing the working capital and strengthening the financial position of the Group without

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## LETTER FROM THE BOARD

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increasing its financing costs and the possibility of lowering the net liabilities of the Group; and (iv) the fact that the Rights Issue is subject to the Independent Shareholders' approval and therefore the Independent Shareholders are given the opportunity and full discretion to consider the Rights Issue and decide whether to vote in favour of or against the Rights Issue, the Directors consider that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and it is the best available option under the current situation of the Company.

### **Future business plan of the Company**

Considering the instability of the US-China relations, the outbreak of COVID-19 and the global economy, the Company has proposed to invest conservatively in the near future. For instance, the Company proposes to gradually dispose of its other listed and unlisted equity investments upon improvement of market conditions and/or upturn in trading volume and utilise the realised proceeds to purchase shares with relatively stable trading prices and volumes such as "Blue Chip" shares to lower the investment risks and generate stable dividend returns to the Company. Alternatively, the Company also plans to invest in the debentures issued by listed companies in Hong Kong with stable pricing, so as to secure an annual return rate of approximately 10%. Proactive investment strategies will not be taken by the Company in the near future.

As at the Latest Practicable Date, save for the Rights Issue, the Board had no intention or plan to conduct other equity fund raising activities in the next 12 months. The Company will wait for the investment environment and market atmosphere to turn positive and look for suitable investment opportunities. However, if the Group experienced a further substantial deterioration of its financial position and investment performance due to the market fluctuation and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

### **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

The Company had not conducted any fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company had no controlling shareholder. Save as Ms. Xie Xiangrong, a non-executive Director of the Company, who holds 60,000 Shares of the Company, none of the Directors, the chief executive of the Company or their respective associates hold any Shares in the Company.

As such, save as Ms. Xie Xiangrong, no Shareholder will be required to abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

The Company had not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more.

### WINDING UP PETITION

#### Impact of the Winding Up Petition on the Rights Issue

References are made to the Winding Up Petition Announcements. On 19 March 2020, the Company received a petition from a promissory note holder in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Ordinance**”) from the High Court of the Hong Kong Special Administrative Region (the “**High Court**” or the “**Court**”) that the Company may be wound up by the High Court on the ground that the Company is unable to pay its debts (the “**Winding Up Petition**”).

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## LETTER FROM THE BOARD

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The Company has consulted its Hong Kong legal adviser in respect of the Winding Up Petition and has been advised that:

In response to the Winding Up Petition, the Company took out an application for a validation order in relation to, *inter alia*, the Rights Issue and payment of expenses made in the ordinary course of business on 1 June 2020.

On 12 November 2020, a validation order has been granted by the Court to the Company to proceed with the Rights Issue, the details of which are as follows:

- i) notwithstanding the presentation of the Winding Up Petition, unless otherwise ordered by the Court, any reasonable fees, expenses, and/or payments made for and/or necessitated by carrying out of the Company's Rights Issue of 4,573,134,820 Shares to be listed on the Stock Exchange and traded at the proposed subscription price of HK\$0.035 shall not be void by virtue of Section 182 of the Ordinance;
- ii) without prejudice to generality of paragraph (i) above, the payments made into and out of the bank accounts of the Company maintained in in respect of the Rights Issue, including the fees, expenses and/or payments, be sanctioned;
- iii) the bank in paragraph (ii) above shall be under no obligation to verify for itself whether any transaction through the Company's bank account is made for and/or necessitated by the carrying out of the Rights Issue;
- iv) Notwithstanding the presentation of the Winding Up Petition, the payment of necessary legal expenses reasonably incurred by the Company for the compliance of this order shall not be void by virtue of section 182 of Ordinance; and
- v) the Company shall provide to the petitioner with 14 days of the end of each calendar month a statement of accounts summarising the expenses and payments (including legal costs and expenses) of the Company (with the date, amount, payee and nature of payment) for the relevant calendar month.

As advised by its legal advisers in respect of the Winding Up Petition, the Company has obtained the requisite court approval for proceeding with the Rights Issue.

The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the Winding Up Petition as and when appropriate.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus.

### WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares were dealt in on an ex-rights basis from Thursday, 10 December 2020. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 (both dates inclusive). Shareholders and potential investors should note that dealing in the Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter in accordance with the terms thereof (a summary of which is set out in the paragraph headed “The Underwriting Agreement — Termination of the Underwriting Agreement” in this section above), the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealings in the Shares up to the date on which all the conditions precedent to the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) and any persons dealings in the nil-paid Rights Shares during the period from Wednesday, 23 December 2020 to Tuesday, 5 January 2021 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

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

**I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.nif-hk.com/>):

- Interim report of the Company for the six months ended 30 June 2020 (pages 4 to 35)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0918/2020091800420.pdf>
- Annual report of the Company for the financial year ended 31 December 2019 (pages 94 to 176)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0421/2020042100383.pdf>
- Annual report of the Company for the financial year ended 31 December 2018 (pages 88 to 239)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426923.pdf>
- Annual report of the Company for the financial year ended 31 December 2017 (pages 62 to 191)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430181.pdf>

The management discussion and analysis of the Company for each of the financial years ended 31 December 2017, 2018 and 2019 and the period ended 30 June 2020 are disclosed in the annual reports of the Company for the financial years ended 31 December 2017, 2018 and 2019 and the interim report for the six months ended 30 June 2020, respectively.

**II. INDEBTEDNESS****Promissory notes**

As at the close of business on 31 October 2020, the Group had outstanding promissory notes of approximately 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 amounts are unsecured and unguaranteed.

**Other payables**

As at 31 October 2020, the Group had interest payables to promissory note holders of approximately HK\$22,066,000. The amounts are unsecured, unguaranteed, non-interest-bearing and repayable on demand.

**Amounts due to directors**

The Group had amounts due to directors of approximately HK\$9,353,000. The amounts are unsecured, unguaranteed, interest-free and repayable on demand.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables in the normal course of business, 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 contingent liabilities as at 31 October 2020. The Group confirms that there has not been any material change in its indebtedness position since 31 October 2020.

**III. WORKING CAPITAL**

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing borrowing facilities available, the existing cash and bank balances, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus in the absence of unforeseen circumstances.

**IV. MATERIAL ADVERSE CHANGE**

Save as disclosed in the paragraph headed “Reasons for the Rights Issue and use of proceeds” in the section headed “Letter from the Board” and the Winding Up Petitions Announcements, the Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

**V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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

Considering the instability of the US-China relations, the outbreak of COVID-19 and the global economy, the Company has proposed to invest conservatively in the near future. For instance, the Company proposes to gradually dispose of its other listed and unlisted equity investments upon improvement of market conditions and/or upturn in trading volume and utilise the realised proceeds to purchase shares with relatively stable trading prices and volumes such as “Blue Chip” shares to lower the investment risks and generate stable dividend returns to the Company. Alternatively, the Company also plans to invest in the debentures issued by listed companies in Hong Kong with stable pricing, so as to secure an annual return rate of approximately 10%. Proactive investment strategies will not be taken by the Company in the near future.

Looking forward, the Company foresees more challenges in the year 2021. The unexpected outbreak of COVID-19 has brought adverse impact on the macroeconomic condition in an international and domestic context. The Directors will closely monitor the situation and evaluate the potential impact on the operations and financial position of the Company on a continuing basis.

The Group will continue to implement diversified investment strategies 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 closely monitor the performance of the investment portfolios with the goal of maximizing the results and value from the investment portfolios to the shareholders of the Company.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. The Company will wait for the investment environment and market atmosphere to turn positive and look for suitable investment opportunities. However, if the Group experienced a further substantial deterioration of its financial position and investment performance due to the market fluctuation and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATION NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2020. The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at the date to which it is made up or at any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020, as extracted from the published interim report of the Company for the period ended 30 June 2020, with adjustments described below.

	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2020 <i>(note 2)</i> HK\$ '000	Estimated net proceeds from the Rights Issue <i>(note 3)</i> HK\$ '000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue HK\$ '000	Unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2020 <i>(note 4)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after the completion of the Rights Issue <i>(note 5)</i> HK\$
Rights Issue of 4,573,134,820 Rights Shares to be issued at Subscription Price of HK\$0.035 per Rights Share <i>(note 1)</i>	(71,229)	153,303	82,074	(0.078)	0.015

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

- (1) The Rights Issue of 4,573,134,820 Rights Shares is based on 914,626,964 Shares in issue as at the Latest Practicable Date.
- (2) The unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company of HK\$71,229,000 as at 30 June 2020 are extracted from the published interim report of the Group for the period ended 30 June 2020.
- (3) The estimated net proceeds from the Rights Issue are based on 4,573,134,820 Rights Shares (as defined in the Prospectus) to be issued at the Subscription Price of HK\$0.035 per Rights Share after deduction of the estimated related expenses of HK\$6,757,000.
- (4) The calculation of the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2020 per Share is determined based on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company of HK\$71,229,000 divided by the number of Shares in issue of 914,626,964 as at the Latest Practicable Date.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 per Share immediately after the completion of the Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 immediately after completion of the Rights Issue of HK\$82,074,000, divided by 5,487,761,784 Shares, which represent 914,626,964 Shares in issue as at the Latest Practicable Date and 4,573,134,820 Rights Shares to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 30 June 2020.
- (6) No adjustments have been made to the unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.

*The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*

**2. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**



21 December 2020

The Board of Directors  
National Investments Fund Limited  
Unit 3703, 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 (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2020 and related notes (“**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 and II-2 of Appendix II to the prospectus issued by the Company dated 23 November 2020 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 4,573,134,820 Rights Shares on the basis of five Rights Shares for every one existing Share in issue on the Record Date (the “**Rights Issue**”) on the Group’s net tangible assets as at 30 June 2020 as if the transaction had been taken place at 30 June 2020. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated financial statements as included in the published interim report of the Company for the period ended 30 June 2020, on which no audit nor review report has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Prospectus” (“**AG 7**”) 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 requirement 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 behaviour.

Our 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 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 Prospectus 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 30 June 2020 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 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 unaudited 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 accountant's 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.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and use of proceeds" set out on page 29 of the Prospectus.

**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*

**Sze Lin Tang**

Practising Certificate Number P03614

Hong Kong

**1. RESPONSIBILITY STATEMENT**

This prospectus, 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 prospectus 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 prospectus misleading.

**2. SHARE CAPITAL****(a) As at the Latest Practicable Date**

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares of HK\$0.10 each	<u>200,000,000</u>
<i>Issued and fully paid:</i>	
<u>914,626,964</u> Shares of HK\$0.10 each	<u>91,462,696.4</u>

- (b) Immediately following the Increase in Authorised Share Capital having become effective and the completion of the Rights Issue (assuming (i) no change in the number of issued Shares from the Latest Practicable Date up to the Record Date; and (ii) full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.10	<u>1,000,000,000</u>
<i>Issued and fully paid:</i>		<i>HK\$</i>
	Shares of HK\$0.10 as at the Latest Practicable Date	
914,626,964		91,462,696.4
	Rights Shares to be allotted and issued under the Rights Issue	
<u>4,573,134,820</u>		<u>457,313,482.0</u>
	Shares in issue immediately upon completion of the Rights Issue	
<u>5,487,761,784</u>		<u>548,776,178.4</u>

All Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Shares then in issue in all respects. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the fully-paid Rights Shares.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executives 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%.

#### (b) Interest of substantial shareholders of the Company

As at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**4. LITIGATION**

Save as disclosed above and in the Winding Up Petitions Announcements, as at the Latest Practicable Date, as far as the Directors are aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

**7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP**

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this prospectus, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the Latest Practicable Date and are or may be material:

- (1) the conditional sale and purchase agreement (the “**SPA**”) dated 20 November 2018 and entered into by Essence Sharp Holdings Limited (as the vendor) (“**Essence Sharp**”), Oriental Richway Investment Limited (as the purchaser) (“**Oriental Richway**”) and Huang Lisha (as the purchaser guarantor) (“**Ms. Huang**”) in respect of the disposal of 1,303,500,000 fully paid up ordinary shares in the share capital of Medisun Holdings (Overseas) Limited;
- (2) 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;
- (3) 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;
- (4) the three supplemental agreements dated 18 February 2019, 30 May 2019 and 14 October 2019 respectively entered into among Essence Sharp, Oriental Richway and Ms. Huang in relation to the extension of long stop date of the SPA;
- (5) 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;
- (6) 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;
- (7) the Extension Letters; and
- (8) the Underwriting Agreement.

**9. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who have given their opinions, letters or advice contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Zhonghui Anda CPA Limited	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Principal Place of Business in Hong Kong</b>	Unit 3703, 37th Floor 118 Connaught Road West Hong Kong
<b>Authorised Representatives</b>	Chan Cheong Yee Flat F, 29/F., Block 10, Yee Lai Court, South Horizons, 10 South Horizon Drive, Hong Kong  Ho Yuk Ming Hugo Flat H, 6/F., Block 3, Kai Tak Garden, 121 Choi Hung Road, Kowloon, Hong Kong
<b>Company Secretary</b>	Mr. Ho Yuk Ming Hugo (an associate member of Hong Kong Institute of Certified Public Accountants)
<b>Legal Advisers to the Company in relation to the Rights Issue</b>	<b>Chungs Lawyers in association with DeHeng Law Offices</b> 28/F, Henley Building, 5 Queen's Road Central, Hong Kong
<b>Auditor/Reporting Accountants of the Company</b>	<b>Zhonghui Anda CPA Limited</b> Unit 701-3 & 8, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong

**Principal Bankers****The Hongkong and Shanghai Banking Corporation Limited**

3/F, South Block, Skyway House,  
3 Sham Mong Road, Tai Kok Tsui,  
Kowloon, Hong Kong

**Industrial and Commercial Bank of China (Asia) Limited**

34/F, ICBC Tower, 3 Garden Road,  
Central, Hong Kong

**Principal share registrar and Transfer Office****Conyers Trust Company (Cayman) Limited**

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**Branch share registrar and Transfer Office in Hong Kong****Tricor Tengis Limited**

Level 54, Hopewell Centre,  
183 Queen's Road East, Hong Kong

**11. EXPENSES**

The expenses in connection with the Rights Issue, including but not limited to the financial advising fees, printing, registration, translation and legal and accounting fees are estimated to be approximately HK\$6.8 million and are payable by the Company.

**12. PARTICULARS OF DIRECTORS****Executive Director**

**Mr. Chan Cheong Yee**, aged 56, was appointed as an executive Director on 27 November 2018. Mr. Chan obtained a Bachelor of Science degree from the College of Business Administration of The University of South Florida in the United States of America. Mr. Chan is experienced in dealing in securities, fund management, corporate management, corporate finance and managing listed investment companies under Chapter 21 of the Listing Rules on the Stock Exchange. Mr. Chan was one of the responsible officers of China Everbright Securities (HK) Limited from April 2003 to December 2020 and a licensed person to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Since June 2003, Mr. Chan has been appointed as an executive director of China Innovation Investment Limited, an investment company listed on the Main Board of the Stock Exchange (stock code: 1217). He was appointed as an independent non-executive director and an executive director of Bingo Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8220) respectively, from August 2007 to April 2009 and from April 2009 to September 2018. He was appointed as an independent non-executive director of Agritrade Resources Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1131) from June 2010 to October 2015. Since March 2011, he has been appointed as an executive director of China Investment and Finance Group Limited, an investment company listed on the Main Board of the Stock Exchange (stock code: 1226). Since May 2012, he has been appointed as an executive director of China Investment Development Limited, an investment company listed on the Main Board of the Stock Exchange (stock code: 204). Since November 2012, he has been appointed as an executive director of Capital VC Limited, an investment company listed on the Main Board of the Stock Exchange (stock code: 2324). Since June 2013, he has been appointed as an executive director of China New Economy Fund Limited, an investment company listed on the Main Board of the Stock Exchange (stock code: 80). Since February 2016, he has been appointed as an executive director of China Trends Holdings limited, a company listed on GEM of the Stock Exchange (stock code: 8171).

#### **Non-executive Directors**

**Ms. Xie Xiangrong**, aged 67, was appointed as a non-executive Director on 8 October 2018. Ms. Xie graduated from the Chinese Department of Hunan Normal University. Ms. Xie is currently the vice president of the China Federation of Overseas Chinese Entrepreneurs. Ms. Xie has over 25 years of experience in international trade, project investment in real estate, biotechnology, emerging energy, tourism and scenic investment fields.

**Mr. Wang Ning**, 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. Huang Hu**, aged 37, 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).

#### **Independent non-executive Directors**

**Mr. Li Li**, aged 48, was appointed as an independent non-executive Director on 8 October 2018. Mr. Li holds a bachelor degree in business administration and is a China securities and futures certified accountant\* (中國證券期貨特許註冊會計師) and a China registered asset appraiser\* (中國註冊資產評估師). In 1999, Mr. Li worked as a deputy director of Beijing Yongtuo Certified Public Accountants Co., Ltd.\* (北京永拓會計師事務所), and was in charge of the securities auditing business. In 2004, Mr. Li was the deputy general manager of Zhongxi Certified Public Accountants Co., Ltd.\* (中喜會計師事務所有限責任公司). Mr. Li is currently the managing partner of Zhongxi Certified Public Accountants (Special General Partnership)\* (中喜會計師事務所(特殊普通合夥)). Mr. Li has been an independent director of Beijing Huaye Real Estate Co., Ltd.\* (北京華業地產股份有限公司) (stock code: 600240), a company listed in PRC and an independent nonexecutive director of China Investment Development Limited (Stock code: 204) since 30 July 2018, the shares of which are listed on the Stock Exchange.

**Mr. Liao Kai**, aged 28, was appointed as an independent non-executive Director on 20 November 2018. Mr. Liao obtained his bachelor's degree of Human Resources Management (人力資源管理) from South China Normal University\* (華南師範大學) in January 2015. Mr. Liao has extensive experience in risk management and internal control. From May 2015 to January 2017, he worked as a Risk Control Manager of Kairuide (Shenzhen) Fund Management Limited\* (凱瑞德(深圳)基金管理有限公司). Since January 2017, he has been working as a general manager of Kai Hong (Shenzhen) Corporate Development Limited\* (凱鴻(深圳)企業發展有限公司).

**Ms. Wu Xiaoxia**, aged 40, was appointed as independent nonexecutive Director 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).

### Senior Management

**Mr. Ho Yuk Ming Hugo**, aged 48, was appointed as the chief financial officer and the company secretary of our Company on 8 October 2018. Mr. Ho is responsible for accounting, financial reporting and internal control procedures of our Group. He has over 20 years of experience in auditing, accounting and financial management and has been a certified public accountant in Hong Kong for over 18 years. Mr. Ho held senior positions in a number of listed companies in Hong Kong prior to joining the Group. Mr. Ho is an associate member of the Hong Kong Institute of Certified Public Accountants. He 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. Currently, Mr. Ho is an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited\* (無錫盛力達科技股份有限公司) (Stock code: 1289).

### Business address of the Directors and senior manager

The business address of the Directors and senior manager is the same as the Company's head office and principal place of business in Hong Kong at Unit 3703, 37th Floor, 118 Connaught Road West Hong Kong.

## 13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The English text of this prospectus and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

**14. BINDING EFFECT**

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit 3703, 37th Floor, 118 Connaught Road West, Hong Kong, and on the websites of the Company (<http://www.nif-hk.com/>), from the Latest Practicable Date up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Group for the three years ended 31 December 2019;
- (c) the letter from the Board, the text of which is set out on pages 12 to 38 of this prospectus;
- (d) the report from Zhonghui Anda CPA Limited on the unaudited pro forma financial information of the Group as set out in Appendix II of this prospectus;
- (e) the material contracts referred to in the section headed “Material Contracts” to this appendix;
- (f) the written consents referred to in the section headed “Experts and Consents” in this appendix; and
- (g) this prospectus.

\* *for identification purpose only*

*This appendix serves as an additional disclosure requirement pursuant to Rule 21.09 of Listing Rules in connection with the listing document of investment company. This appendix includes particulars given in compliance with the Listing Rules for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.*

#### **INVESTMENT MANAGEMENT INFORMATION**

The Company currently does not have an investment adviser, distribution Company, custodian or an investment manager nor have any engagement with any investment advisor, distribution company or custodian.

No Director or any of his/her associate, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

#### **The Custodian**

Since all the available-for-sale assets held by the Company are listed and unlisted securities, the Company did not appoint any custodian bank to provide custodian services.

#### **RISKS RELATING TO THE COMPANY**

The Company is an investment company and its funds will be invested in listed and unlisted companies mainly in Hong Kong and PRC. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its net asset value are liable to be adversely affected by external factors beyond the control of the Company. As a result, income of the fund and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

#### **INVESTMENT OBJECTIVES AND POLICIES**

The Company is an investment company incorporated in the Cayman Islands with the primary objective of achieving short to medium term (i.e. less than one year to five years) capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC. The Company also intends to invest in unlisted companies with the potential to seek a listing on the Stock Exchange or any overseas stock exchanges.

The Company has adopted the following investment policies:

1. At least 50% of Company's assets will be invested in equity securities, convertible notes, preference shares, options, warrants, futures contracts, debt securities, mutual funds and unit trusts issued or managed by listed and unlisted companies in Hong Kong and the PRC, or such other types of investments in accordance with the investment objectives and policies adopted by the Company from time to time and the requirements of the Memorandum, the Articles, the Listing Rules;
2. Investments will normally be made in the form of equity related securities and debt instruments in listed and unlisted companies engaged in different industries including (but not limited to) information technology, manufacturing, pharmaceutical, service, property, telecommunications, life and environmental and infrastructure sectors. This helps to maintain a balance in the Company's exposure to different industry sectors and to minimize the effect on the Company of downturn in any particular sector;
3. The Company will seek to identify businesses or entities with a potential of profit growth, strong management, high level of technical expertise and research and development capabilities as well as management commitment to long-term growth of such companies;
4. Where possible, the Board and the investment manager (if any) will seek to identify investments where there is a certain degree of synergy with other investee companies and where cooperation between such companies would be of mutual benefit to each other;
5. The Company's investments may take the form of equity joint ventures, co-operative joint ventures or participation in unincorporated investments. In the event that the entity in which an investment is made is an unlimited company under the PRC laws, the Company may invest through a wholly-owned subsidiary or an intermediate investment holding company with limited liability. The Board will seek to ensure that the Company will not be directly and unnecessarily exposed to any unlimited liability on its investments;
6. The Company's investments are intended to be held for short to medium term (i.e. less than one year to five years) capital appreciation. Nevertheless, the Directors will from time to time realize investments where they believe the realization would be in the best interests of the Company or where terms on which such realization can be achieved are considered by the Directors to be favorable to the Company;

7. The investment limit exercisable by the Company for any single investment shall not exceed 20% of the net asset value at the time when such investment is made as required by the Listing Rules; and
8. The investment limit exercisable by the investment procedure for any single investment is below HK\$10,000,000 resolved by the investment committee or HK\$10,000,000 or above resolved by the Board from time to time.

Given that there are no requirements under the Listing Rules that any alterations to the investment objectives and policies of an investment company under Chapter 21 of the Listing Rules require shareholders' approval after a period of 3 years from the date of listing, the investment objectives and policies of the Company as stated above may be altered without shareholders' approval (save as item 7) and the Company has to comply with the Articles and Chapter 21 of the Listing Rules at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

#### **INVESTMENT RESTRICTIONS**

Under the Articles and the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. To abide by such restrictions, the Board has resolved that the Company may not:

- (1) either on its own, or in conjunction with any connected person (as defined in the Listing Rules), take legal or effective management control of any Company or other entity in which it invest or control more than thirty per cent. (30%) (or such other percentage as may from time to time be specified in the Hong Kong Codes on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in such company or other entity, except in relation to wholly-owned subsidiaries of the Company;
- (2) invest in any company or entity, other than wholly-owned subsidiaries of the Company, if any, for the purpose of holding investments only, if such investment will result in more than 20% of the Net Asset Value being invested in such company or entity as at the date the investment is made;
- (3) buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metal;

- (4) invest more than 50% of the Company's assets outside Hong Kong and the PRC to the extent of contravening its primary objective of achieving short to medium term (i.e. less than one year to five years) capital appreciation by investing in listed and unlisted companies in Hong Kong and the PRC; and
- (5) engage in transactions in options and futures except for hedging purposes.

In accordance with the investment objectives, policies and restrictions of the Company, the Company is able to invest in unlisted securities, options, warrants and future contracts not exceeding 20% of the Net Asset Value of the Company.

The Company has to comply with investment restrictions 1 and 2 above, in accordance with its Articles, and at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

As at the Latest Practicable Date, the Board has no present intention to change any of the above-mentioned investment restrictions and the Company has no present intention to invest in options, warrants, commodities, future contracts, unlisted securities and precious metals.

## **BORROWING POWER**

Pursuant to the provision of the Articles, the borrowing power is mentioned as below:

1. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party provided always that no borrowing may be made if it would result in the aggregate principal amount for the time being remaining undischarged of all moneys borrowed by the Company exceeding fifty per cent. (50%) of the latest available net asset value at the time the borrowing is made without the approval of the shareholders at a general meeting.
2. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
3. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

4. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members of the Company or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the law in regard to the registration of charges and debentures therein specified and otherwise.

**DISTRIBUTION POLICY**

Interest, dividends and other income of the Company will be used first to meet expenses. The Board and the Investment Manager (if any) will then assess whether it is reasonable to make provisions for future expenses and/or any possible diminution in value of investments, and will consider the amount of cash which should be retained by the Company for future investment. It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the Shareholders. Interim distribution may also be made from time to time to Shareholders if it appears to the Board to be justified by the financial position of the Company and is permissible under the Articles and the applicable laws. Distributions will be made in HK\$.

**FOREIGN CURRENCY MANAGEMENT AND EXCHANGE CONTROL**

All the cash and cash equivalents were placed in HK\$ accounts with the banks in Hong Kong, exposure to exchange fluctuation is considered minimal.

**TAXATION**

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

**FEES AND EXPENSES**

The Company will pay certain other costs and expenses incurred in its operation, including taxes, expenses for legal, auditing, printing and consulting services, promotional expenses, registration fees and other expenses due to supervisory authorities in various jurisdictions, insurance, interest and brokerage cost.

**INVESTMENT PORTFOLIO****(A) All investment held as at 30 June 2020 and ten largest investment held as at 31 December 2019**

The following are the details of all investment of the Group as at 30 June 2020 and the ten largest investments of the Group as at 31 December 2019, which include all listed investments and all other investments with a value of more than 5% of the Group's gross assets as at 30 June 2020 and 31 December 2019. Save for the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 30 June 2020 and 31 December 2019.

## (i) As at 30 June 2020

Name of investee	Number of shares held	Effective shareholding interest	Cost of investment	Market Value/fair Value	Change in fair value	Dividend/ interest received/ receivable during the period	Percentage to the Company's net asset value as at 30 June 2020	Percentage to the Company's gross asset value as at 30 June 2020
			as at 30 June 2020	Value as at 30 June 2020			(HK\$'000)	(HK\$'000)
<b>Unlisted equity securities:</b>								
Upperclass Developments Limited (Note 1)								
	30	30%	—	—	—	—	—	—
Smart Role Limited (Note 2)								
	8	8%	59,680	18,989	(40,691)	—	(26.66%)	25.65%
Co-Lead Holdings Limited (Note 3)								
	41	0.39%	15,908	5,000	(10,908)	—	(7.02%)	6.75%
FreeOpt Holdings Limited (Note 4)								
	160,000	3.35%	16,000	5,000	(11,000)	—	(7.02%)	6.75%
Freewill Holdings Limited (Note 5)								
	2,900,000	0.59%	15,950	1,000	(14,950)	—	(1.4%)	1.35%
Joint Global Limited (Note 6)								
	2,200,000	0.88%	16,038	—	(16,038)	—	—	—
Satinu Resources Group Limited (Note 7)								
	1,815,405	0.15%	—	7,000	7,000	—	(9.83%)	9.46%
<b>Debt securities:</b>								
Premium Castle Limited (Note 8)								
	N/A	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	N/A	34,502	22,825	(11,677)	—	(32.04%)	30.83%

A brief description of the business and financial information of the above listed and unlisted investee companies, based on their latest financial statements, are as follows:

## 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 six months ended 30 June 2020 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Upperclass was approximately HK\$299.12. As at 30 June 2020, the investee company had net assets of approximately HK\$82.15 million. The Directors noted that there was no fair value as at 30 June 2020.

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 2020 provided by the investee company, no operating revenue was recorded and loss attributable to owners of Smart Role was approximately HK\$0.24 million. As at 30 June 2020, Smart Role had net liabilities of approximately HK\$12.36 million.
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 2020 provided by the investee company, Co-Lead’s operating revenue was approximately HK\$60.02 million and profit attributable to owners of Co-Lead was approximately HK\$39.20 million. As at 30 June 2020, Co-Lead had net assets of approximately HK\$3,570.76 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\$1,745.04 million and investment in promissory notes of HK\$1,841.47 million as at 30 June 2020. The listed companies in which Co-Lead invested included companies operating in the industries of financials, transportation, consumer and properties investment.
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 2020 provided by FreeOpt, FreeOpt’s operating revenue was approximately HK\$13.19 million and loss attributable to owners of FreeOpt was approximately HK\$73.31 million. As at 30 June 2020, FreeOpt had net assets of approximately HK\$587.76 million.
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 2020 provided by Freewill, Freewill’s operating revenue was approximately HK\$15.76 million and profit attributable to owners of Freewill was approximately HK\$20.49 million. As at 30 June 2020, Freewill had net assets of approximately HK\$2,093.88 million. Freewill is principally engaged in investments in Co-Lead and holds 52.28% of its issued share capital.
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 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 31 March 2020 provided by the investee company, Satinu’s operating revenue was approximately HK\$782.61 million and loss attributable to owners of Satinu was approximately HK\$1,235.06 million. As at 31 March 2020, Satinu had net assets of approximately HK\$7,022.00 million.
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. The Directors noted that there was no fair value as at 30 June 2020.

9. During the Period, the 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	Effective shareholding interest	Cost of investment as at 30-Jun-2020 (HK\$'000)	Market Value/Fair Value as at 30-Jun-2020 (HK\$'000)	Change in fair value (HK\$'000)	Dividend/interest received/receivable during the period (HK\$'000)	Percent to the Company's net asset value as at 30-Jun-2020	Percent to the Company's gross asset value as at 30-Jun-2020
1143	Link-Asia International Co. Ltd.	12,442,800	3.488%	11,386	4,293	(7,093)	—	(6.03%)	5.8%
1715	Miji International Holdings Limited	50,000	0.0033%	13	13	—	—	(0.02%)	0.02%
1730	LHN Limited	190,000	0.047%	103	105	2	—	(0.15%)	0.14%
1783	Golden Ponder Holdings Limited	12,130,000	1.516%	1,973	1,455	(518)	—	(2.04%)	1.97%
2212	Future Bright Mining Holdings Limited	6,500,000	0.168%	339	130	(209)	—	(0.18%)	0.18%
2312	China Financial Leasing Group Limited	65,160,000	3.380%	8,629	6,451	(2,178)	—	(9.06%)	8.71%
2322	Hong Kong ChaoShang Group Limited	296,000	0.0072%	148	296	148	—	(0.42%)	0.4%
6063	Lotus Horizon Holdings Limited	368,000	0.0184%	524	567	43	—	(0.8%)	0.77%
8047	China Ocean Group Development Limited	1,500,000	0.0355%	341	298	(43)	—	(0.42%)	0.4%
8096	Tasty Concepts Holding Limited	2,050,000	0.410%	154	164	10	—	(0.23%)	0.22%
8133	Jete Power Holdings Limited	76,920,000	1.849%	1,633	1,769	136	—	(2.48%)	2.39%
8140	BOSA Technology Holdings Limited	100,000	0.0125%	103	99	(4)	—	(0.14%)	0.13%
8402	GT Steel Construction Group Limited	70,000	0.0146%	32	29	(3)	—	(0.04%)	0.04%
8425	Hing Ming Holdings Limited	832,000	0.208%	1,655	1,281	(374)	—	(1.8%)	1.73%
8430	C&N Holdings Limited	890,000	0.139%	50	36	(14)	—	(0.05%)	0.05%
8437	RMH Holdings Limited	8,848,000	1.475%	3,468	4,291	823	—	(6.02%)	5.8%
8455	Lai Group Holding Company Limited	1,030,000	0.129%	198	111	(87)	—	(0.16%)	0.15%
8482	Wan Leader International Limited	5,410,000	0.644%	1,058	541	(517)	—	(0.76%)	0.73%
8547	Pacific Legend Group Limited	13,290,000	1.329%	2,504	731	(1,773)	—	(1.03%)	0.99%
8609	Eggriculture Foods Ltd.	1,290,000	0.258%	191	165	(26)	—	(0.23%)	0.22%
				<b>Total:</b>	<b>34,502</b>	<b>22,825</b>	<b>(11,677)</b>	<b>—</b>	

Name of investee company	Principal business and future prospect
Link-Asia International Co. Ltd.	The group is engaged in the electronic manufacturing services (“EMS”), distribution of communications products and the securities and other assets investment. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately HK\$171.74 million and the net asset was approximately HK\$411.01 million.
Miji International Holdings Limited	The group is engaged in the development, manufacturing and selling of kitchen appliances. As disclosed in the annual report for the year ended 31 December 2019, the profit attributable to owners of the company was approximately RMB18.76 million and the net asset was approximately RMB194.84 million.
LHN Limited	The group is engaged in the space resource management services, facilities management services and logistics services. As disclosed in the interim report for the six months ended 31 March 2020, the profit attributable to owners of the company was approximately S\$3.18 million and the net asset was approximately S\$104.73 million.
Golden Ponder Holdings Limited	The group is engaged in the provision of superstructure building and repair, maintenance, alteration and addition works as a main contractor in Hong Kong. As disclosed in the annual report for the year ended 31 March 2020, the loss attributable to owners of the company was approximately HK\$2.05 million and the net asset was approximately HK\$188.27 million.
Future Bright Mining Holdings Limited	The group is engaged in the production and sale of marble and marble-related products. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately RMB18.82 million and the net asset was approximately RMB62.9 million.

China Financial Leasing Group Limited	The group is engaged in the short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately HK\$65.64 million and the net asset was approximately HK\$69.21 million.
Hong Kong Chaoshang Group Limited	The group is engaged in the trading, money lending and factoring, finance leasing and financial services. As disclosed in the annual report for the year ended 31 March 2020, the loss attributable to owners of the company was approximately HK\$19.47 million and the net asset was approximately HK\$895.23 million.
Lotus Horizon Holdings Limited	The group is engaged in the provision of design, supply and installation services for façade works and building metal finishing works. As disclosed in the annual report for the year ended 31 March 2020, the profit attributable to owners of the company was approximately HK\$34.16 million and the net asset was approximately HK\$62.26 million.
China Ocean Group Development Limited	The group is engaged in the provision of supply chain management services, money lending business and ocean fishing business. As disclosed in the annual report for the year ended 31 March 2020, the profit attributable to owners of the company was approximately HK\$24.08 million and the net asset was approximately HK\$1,277.2 million.
Tasty Concepts Holding Limited	The group is engaged in the operation of Japanese ramen restaurants in Hong Kong and the PRC. As disclosed in the annual report for the year ended 31 March 2020, the loss attributable to owners of the company was approximately HK\$56.44 million and the net asset was approximately HK\$34.83 million.

Jete Power Holdings Limited

The group is engaged in the manufacturing of metal casting parts and components in the PRC. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately HK\$10.49 million and the net asset was approximately HK\$27.74 million.

BOSA Technology Holdings  
Limited

The group is engaged in providing mechanical splicing services to the reinforced concrete construction industry in Hong Kong. As disclosed in the third quarterly report for the nine months ended 31 March 2020, the profit attributable to owners of the company was approximately HK\$7.04 million.

GT Steel Construction Group  
Limited

The group is engaged in 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 annual report for the year ended 31 December 2019, the profit attributable to owners of the company was approximately S\$5.33 million and the net asset was approximately S\$30.82 million.

Hing Ming Holdings Limited

The group is engaged in providing rental services of temporary suspended working platforms and other equipment, mainly including tower cranes and generators and) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope. As disclosed in the annual report for the year ended 31 March 2020, the profit attributable to owners of the company was approximately HK\$1.10 million and the net asset was approximately HK\$119.81 million.

C&N Holdings Limited	The group is engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately S\$0.98 million and the net asset was approximately S\$20.64 million.
RMH Holdings Limited	The group is engaged in the provision of medical and surgical service. As disclosed in the annual report for the year ended 31 December 2019, the profit attributable to owners of the company was approximately S\$0.16 million and the net asset was approximately S\$14.74 million.
Lai Group Holding Company Limited	The group is engaged in the provision of interior design and fit-out services in Hong Kong. As disclosed in the annual report for the year ended 31 March 2020, the loss attributable to owners of the company was approximately HK\$3.75 million and the net asset was approximately HK\$44.21 million.
Wan Leader International Limited	The group is engaged in provision of freight forwarding and related logistics services and warehousing and related value-added services. As disclosed in the annual report for the year ended 31 March 2020, the loss attributable to owners of the company was approximately HK\$22.84 million and the net asset was approximately HK\$47.44 million.
Pacific Legend Group Limited	The group is engaged in the sale of home furniture and accessories, leasing of home furniture and accessories and provision of design consultancy services for fitting out interiors with furnishings. As disclosed in the annual report for the year ended 31 December 2019, the loss attributable to owners of the company was approximately HK\$7.80 million and the net asset was approximately HK\$132.43 million.

Eggiculture Foods Ltd.

The group is engaged in production and sale of fresh eggs and processed egg products in Singapore. As disclosed in the annual report for the year ended 31 March 2020, the profit attributable to owners of the company was approximately S\$5.16 million and the net asset was approximately S\$26.78 million.

*(ii) As at 31 December 2019*

Name of investee	Number of shares held	Effective shareholding interest	Cost of investment as at	Market Value/fair Value as at	Change in fair value	Dividend/ interest received/ receivable during the year	Percentage to the Company's net asset value as at	Percentage to the Company's gross asset value as at
			31 December 2019	31 December 2019			31 December 2019	31 December 2019
			(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)		
<b>Unlisted equity securities:</b>								
Upperclass Developments Limited								
<i>(Note 1)</i>	30	30%	—	—	—	—	—	—
Smart Role Limited <i>(Note 2)</i>	8	8%	59,680	19,816	(39,864)	—	(38.11%)	21.15%
Co-Lead Holdings Limited								
<i>(Note 3)</i>	41	0.39%	15,908	5,400	(10,508)	—	(10.39%)	5.76%
FreeOpt Holdings Limited								
<i>(Note 4)</i>	160,000	3.35%	16,000	7,000	(9,000)	—	(13.46%)	7.47%
Freewill Holdings Limited								
<i>(Note 5)</i>	2,900,000	0.59%	15,950	1,000	(14,950)	—	(1.92%)	1.07%
Joint Global Limited <i>(Note 6)</i>	2,200,000	0.88%	16,038	—	(16,038)	—	—	—
Satinu Resources Group Limited								
<i>(Note 7)</i>	1,815,405	0.12%	—	7,750	7,750	—	(14.91%)	8.27%
<b>Debt securities:</b>								
Premium Castle Limited								
<i>(Note 8)</i>	N/A	N/A	12,056	—	(12,056)	—	—	—
<b>Listed equity securities:</b>								
Investments in equity securities of companies listed in Hong Kong								
<i>(Note 9)</i>	N/A	N/A	59,405	40,015	(19,390)	—	(76.97%)	42.7%

A brief description of the business and financial information of the above listed and unlisted investee companies, based on their latest financial statements, are as follows:

*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 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.
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.
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.
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.
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.
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 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.

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. The Directors noted that there was no fair value as at 31 December 2019.
9. During the year ended 31 December 2019, the 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	Effective shareholding interest	Cost of investment as at 31-Dec-2019 (HK\$'000)	Market Value/Fair Value as at 31-Dec-2019 (HK\$'000)	change in fair value (HK\$'000)	Dividend/interest received/ receivable during the period (HK\$'000)	Percent to the Company's net asset value as at 31-Dec-2019	Percent to the Company's gross asset value as at 31-Dec-2019
1143	Link-Asia International Co. Ltd.	135,320,000	2.28%	9,980	4,195	(5,785)	—	(8.07%)	4.48%
1783	Golden Ponder Holdings Limited	11,890,000	1.49%	2,443	2,247	(196)	—	(4.32%)	2.40%
2212	Future Bright Mining Holdings Limited	59,580,000	1.54%	4,257	4,469	212	—	(8.6%)	4.77%
2312	China Financial Leasing Group Limited	84,820,000	5.28%	18,248	10,857	(7,391)	—	(20.88%)	11.59%
2322	Hong Kong ChaoShang Group Limited	3,776,000	0.09%	1,893	1,888	(5)	—	(3.63%)	2.01%
8047	China Ocean Group Development Limited	1,916,000	0.05%	794	460	(334)	—	(0.88%)	0.49%
8331	Hang Kan Group Limited	6,880,000	1.03%	1,648	447	(1,201)	—	(0.86%)	0.48%
8401	Stream Ideas Group Limited	200,000	0.10%	189	222	33	—	(0.43%)	0.24%
8402	GT Steel Construction Group Limited	70,000	0.01%	30	31	1	—	(0.06%)	0.03%
8430	C&N Holdings Limited	6,850,000	1.07%	593	548	(45)	—	(1.05%)	0.58%
8437	RMH Holdings Limited	14,656,000	2.44%	3,791	2,360	(1,431)	—	(4.54%)	2.52%
8482	Wan Leader International Limited	740,000	0.09%	174	166	(8)	—	(0.32%)	0.18%
8487	ISP Global Limited	7,030,000	0.88%	4,931	5,976	1,045	—	(11.49%)	6.38%
8547	Pacific Legend Group Limited	46,720,000	4.67%	10,358	6,073	(4,285)	—	(11.68%)	6.48%
8609	Eggriculture Foods Ltd.	520,000	0.10%	76	76	—	—	(0.15%)	0.08%
				<b>Total:</b>	<b>59,405</b>	<b>40,015</b>	<b>(19,390)</b>	<b>—</b>	

Name of investee company	Principal business and future prospect
Link-Asia International Co. Ltd.	The group is engaged in the electronic manufacturing services, distribution of communications products and the securities and other assets investment. As disclosed in the interim report for the six months ended 30 June 2019, the loss attributable to owners of the company was approximately HK\$56.17 million and the net asset was approximately HK\$538.29 million.
Golden Ponder Holdings Limited	The group is engaged in the 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 loss attributable to owners of the company was approximately HK\$2.28 million and the net asset was approximately HK\$188.05 million.
Future Bright Mining Holdings Limited	The group is engaged in the production and sale of marble and marble-related products. As disclosed in the interim report for the six months ended 30 June 2019, the loss attributable to owners of the company was approximately RMB11.64 million and the net asset was approximately RMB75.4 million.
China Financial Leasing Group Limited	The group is engaged in the 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, the loss attributable to owners of the company was approximately HK\$43.53 million and the net asset was approximately HK\$91.34 million.
Hong Kong Chaoshang Group Limited	The group is engaged in the vessel chartering, trading, money lending, factoring and finance leasing. As disclosed in the interim report for the six months ended 30 September 2019, the loss attributable to owners of the company was approximately HK\$11.60 million and the net asset was approximately HK\$697.39 million.

China Ocean Group Development Limited	The group is engaged in the 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 profit attributable to owners of the company was approximately HK\$10.59 million and the net asset was approximately HK\$1,227.39 million.
Hang Kan Group Limited	The group is engaged in 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 profit attributable to owners of the company was approximately RMB4.02 million.
Stream Ideas Group Limited	The group is engaged in the 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 loss attributable to owners of the company was approximately HK\$0.87 million and the net asset was approximately HK\$60.88 million.
GT Steel Construction Group Limited The	The group is engaged in 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 profit attributable to owners of the company was approximately S\$4.89 million.
C & N Holdings Limited	The group is engaged in 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 loss attributable to owners of the company was approximately S\$0.59 million.

**RMH Holdings Limited**

The group is engaged in 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 profit attributable to owners of the company was approximately S\$0.69 million.

**Wan Leader International Limited**

The group is engaged in 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 loss attributable to owners of the company was approximately HK\$8.74 million and the net asset was approximately HK\$61.15 million.

**ISP Global Limited**

The group is engaged in 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 profit attributable to owners of the company was approximately S\$0.10 million and the net asset was approximately S\$14.62 million.

Pacific Legend Group Limited

The group is engaged in 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 loss attributable to owners of the company was approximately HK\$13.44 million.

Eggriculture Foods Ltd.

The group is engaged in 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 profit attributable to owners of the company was approximately S\$2.18 million and the net asset was approximately S\$23.81 million.

The Group appointed an independent professional valuer to assess the fair value of its unlisted equity investments. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The Directors of the Company have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

**(B) Top-ten largest investments bought during 2019 and the six months ended 30 June 2020**

Set out below are the top-ten securities bought by the Company for the years ended 31 December 2019 and the six months ended 30 June 2020.

Stock code	Name of investee company	For the year ended 31 December 2019	For the six months ended 30 June 2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
1143	Link-Asia International Co. Ltd.	18,990	8,788
8547	Pacific Legend Group Limited	12,655	6,896
2312	China Financial Leasing Group Limited	20,028	3,430
8437	RMH Holdings Limited	4,565	2,840
8133	Jete Power Holdings Limited	—	2,758
8482	Wan Leader International Limited	4,541	1,780
8425	Hing Ming Holdings Limited	—	1,655
8140	BOSA Technology Holdings Limited	—	1,483
2212	Future Bright Mining Holdings Limited	20,805	1,445
8609	Eggriculture Foods Ltd.	304	987
1783	Golden Ponder Holdings Limited	3,995	898
8487	ISP Global Limited	7,015	—
8613	Oriental Payment Group Holdings Limited	5,514	—
2322	Hong Kong Chaoshang Group Limited	5,113	—

**(C) Top-three loss investments for the six months ended 30 June 2020 and for the year ended 31 December 2019**

The top-three loss investments of the Company for the for the six months ended 30 June 2020 and for the year ended 31 December 2019 are set out below:

**(i) For the six months ended 30 June 2020**

<b>Stock code</b>	<b>Name of investee company</b>	<b>Realised loss/(gain) HK\$'000</b>	<b>Unrealised loss HK\$'000</b>	<b>Total loss HK\$'000</b>
1143	Link-Asia International Co. Ltd.	(861)	7,093	6,232
8547	Pacific Legend Group Limited	2,258	1,773	4,031
2312	China Financial Leasing Group Limited	70	2,178	2,248

**(ii) For the year ended 31 December 2019**

<b>Stock code</b>	<b>Name of investee company</b>	<b>Realised loss HK\$'000</b>	<b>Unrealised loss HK\$'000</b>	<b>Total loss HK\$'000</b>
2312	China Financial Leasing Group Limited	860	7,391	8,251
1143	Link-Asia International Co. Ltd.	923	5,785	6,708
8547	Pacific Legend Group Limited	484	4,286	4,770

None of the Directors is or has been a director of any company, the securities of which were one of the top-ten securities bought by the Company for the year ended 31 December 2019.

To the best of knowledge of the Directors, there was no cross-shareholdings between the Company and its major (top-ten bought) investments as for the year ended 31 December 2019.