NationalInvestments

National Investments Fund Limited

國盛投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1227)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of National Investments Fund Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 ("Review Period") together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**48,955**	(59,608)
Other income		**55**	1
Change in fair value of conversion options embedded in convertible notes		**(121)**	58
Gain on recognition of available-for-sale financial assets		**745**	–
Other operating expenses		**(54,111)**	(15,680)
Finance costs		**(2,868)**	(2,518)
Share of result of an associate		**(1,273)**	(218)
Loss before income tax		**(8,618)**	(77,965)
Income tax expense	*5*	**–**	–
Loss for the period	*6*	**(8,618)**	(77,965)

	Note	Six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Share of changes in other comprehensive income in an associate		**–**	46
Net gain/(loss) on valuation of available-for-sale financial assets		**984**	(14,308)
Other comprehensive income/(loss) for the period, net of income tax		**984**	(14,262)
Total comprehensive loss for the period		**(7,634)**	(92,227)
Loss for the period attributable to:			
Owners of the Company		**(8,618)**	(77,965)
Total comprehensive loss attributable to:			
Owners of the Company		**(7,634)**	(92,227)
Loss per share:			
Basic, in HK cents	*8*	**(0.88)**	(12.55)
Diluted, in HK cents	*8*	**(0.88)**	(12.55)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	**As at 30 June 2014 (Unaudited) *HK$'000***	As at 31 December 2013 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**29,750**	31,166
Interest in an associate		**28,728**	–
Available-for-sale financial assets		**42,990**	41,892
Conversion options embedded in convertible notes		**6,103**	–
		107,571	73,058
Current assets			
Available-for-sale financial assets		**12,942**	–
Financial assets at fair value through profit or loss		**125,005**	68,500
Prepayments, deposits and other receivables		**71,517**	68,608
Cash and bank balances		**9,498**	21,624
		218,962	158,732
Total assets		**326,533**	231,790
EQUITY			
Capital and reserves attributable to owners of the Company:			
Share capital	*9*	**13,267**	3,317
Reserves		**198,607**	117,026
Total equity		**211,874**	120,343
LIABILITIES			
Current liability			
Accrued charges and other payables		**6,434**	3,362
Non-current liability			
Promissory notes		**108,225**	108,085
Total liabilities		**114,659**	111,447
Total equity and liabilities		**326,533**	231,790
Net current assets		**212,528**	155,370
Total assets less current liability		**320,099**	228,428

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. CORPORATE INFORMATION

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 27 September 2002.

The principal activity of the Group is investment in listed and unlisted companies.

These condensed consolidated interim financial statements have not been audited.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for certain financial assets and financial liabilities that are measured at fair value.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs").

Except for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2014, the significant judgement in applying accounting policies and the key sources of accounting estimates used in the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013. The application of the new and revised HKFRSs did not have any material impact on how the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Group is in the process of assessing the potential impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. REVENUE

The amount of significant category of revenue recognised during the period is as follow:

	Six months ended 30 June 2014 (Unaudited) *HK$'000*	2013 (Unaudited) *HK$'000*
Net gain/(loss) on financial assets at fair value through profit or loss ("FVTPL") *(Note)*	**47,650**	(63,158)
Bank interest income	**–**	1
Dividend income from financial assets at FVTPL	**26**	704
Interest income from financial assets at FVTPL	**824**	2,070
Interest income from available-for-sale financial assets	**455**	775
	48,955	(59,608)

Note:

Net gain/(loss) on financial assets at FVTPL represented:

	Equities and debt securities		Commodities futures contracts		Total	
	2014	2013	**2014**	2013	**2014**	2013
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Proceeds on sales	**82,946**	52,369	**(62)**	3,326	**82,884**	55,695
Less: Cost of sales	**(96,633)**	(54,234)	**(2)**	(79)	**(96,635)**	(54,313)
Net realised (loss)/gain on financial assets at FVTPL	**(13,687)**	(1,865)	**(64)**	3,247	**(13,751)**	1,382
Unrealised gain/(loss) on financial assets at FVTPL	**61,401**	(62,749)	**–**	(1,791)	**61,401**	(64,540)
Net gain/(loss) on financial assets at FVTPL					**47,650**	(63,158)

4. SEGMENT INFORMATION

The Group manages its business by both business lines and geography. In a manner consistent with the way in which information is reported internally to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance, the Group has presented its reportable segments under HKFRS 8 as follows:

Business segment

The Group operates one segment for the six months ended 30 June 2014 and 2013. All of the Group's revenue was derived from investment income from investments in listed securities, unlisted securities and commodities futures contracts. Accordingly, the Group does not have separately reportable segment.

Geographical information

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

	Revenue by geographical market Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong	**48,131**	(61,678)
Singapore	**824**	2,070
	48,955	(59,608)

In addition, all the Group's non-current assets (excluding available-for-sale financial assets and conversion options embedded in convertible notes) are located in Hong Kong.

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

5. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit. No provision of Hong Kong profits tax has been made for the six months ended 30 June 2014 and 2013 as the Group had no assessable profits.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,708**	892
Directors' emoluments	**1,200**	1,200
Total staff costs, excluding directors' emoluments	**8,943**	4,475
Operating lease rental in respect of land and building	**4,459**	2,587
Legal and professional fee	**2,896**	684

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share	**(8,618)**	(77,965)
	'000	*'000*
Number of shares		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**976,698**	621,186

The weighted average of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2014 have been adjusted for the effect of rights issue completed on 20 February 2014. The rights issue has been reflected retrospectively by restating the opening weighted average number of ordinary shares at 1 July 2013.

For the six months ended 30 June 2014, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

For the six months ended 30 June 2013, the Company's outstanding share options and warrants were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options and warrants were anti-dilutive.

9. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorised ordinary shares:		
At 1 January 2013	20,000,000	200,000
At 31 December 2013 (Audited), 1 January 2014 and 30 June 2014 (Unaudited)	**20,000,000**	**200,000**
Issued and fully paid ordinary shares:		
At 1 January 2013	184,266	1,843
Rights issue	110,558	1,106
Placing	36,850	368
At 31 December 2013 (Audited) and 1 January 2014	331,674	3,317
Rights issue *(Note)*	995,023	9,950
At 30 June 2014 (Unaudited)	**1,326,697**	**13,267**

Note:

On 20 February 2014, the Company completed a rights issue of 331,674,157 ordinary shares of HK$0.01 each at a subscription price of HK$0.10 per share. Accordingly, the issued share capital of the Company has been increased from HK$331,674,157 to HK$1,326,696,628. The net proceeds of approximately HK$99,165,000 are intended to be used for future investments pursuant to the investment objectives of the Company and general working capital of the Company. Details of the rights issue have been disclosed in the announcement dated on 18 November 2013 and prospectus dated on 28 January 2014 respectively.

All the shares issued during the period rank pari passu with the existing shares in all respect.

10. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, for the six months ended 30 June 2014 and 2013, the Group had entered into transactions with related parties, which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Consultancy expenses paid to a related party *(Note (a))*	**167**	199
Interest income from a related party *(Note (b))*	**184**	169
Commission expenses paid to a related party *(Note (c))*	**–**	800

	30 June	31 December
	2014	2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Available-for-sales financial assets issued by a related party *(Note (b))*	**12,942**	–
Loan receivable from a related party *(Note (b))*	**–**	18,208
Interest receivable from a related party *(Note (b))*	**1,471**	1,287

Notes:

(a) Mr. Wu Tse Wai, Frederick is the director of the Company and Beijing Capital Partners Limited ("Beijing Capital"). Beijing Capital has switched from providing investment management services to consultancy services since 27 May 2011.

(b) Mr. Wong Danny F. is the director of the Company and the shareholder of Premium Castle.

(c) Mr. Wong Danny F. is the director of the Company and the shareholder of Beijing Securities Limited's holding company.

Key management compensation

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**1,178**	1,178
Employer's contribution to pension scheme	**22**	22
	1,200	1,200

The remuneration of directors and other members of key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

11. COMMITMENTS

Operating lease commitments

As lessee:

As at the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases falling due are as follows:

	At 30 June 2014	At 31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within one year	**8,805**	10,046
In the second to fifth years, inclusive	**5,173**	8,010
	13,978	18,056

The Group leases office properties under operating lease arrangement and the lease payments are fixed and pre-determined.

12. EVENTS AFTER THE REPORTING PERIOD

The Company entered into a placing agreement with Beijing Securities Limited, a connected person, to place an aggregate of 132,660,000 placing shares, representing 9.09% of the issued share capital of the Company, to not less than six placees who are independent third parties at the placing price of HK$0.60 per placing share. The placing of shares was completed on 15 August 2014. For details, please refer to the Company's announcement dated 12 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Company is principally engaged in investment in listed and unlisted companies.

For the Review Period, the Group's revenue, excluding the net gain (for the six months ended 30 June 2013 ("Last Corresponding Period"): loss) on financial assets at fair value through profit or loss ("FVTPL"), was decreased by 63.24% to approximately HK$1,305,000 (Last Corresponding Period: approximately HK$3,550,000). The Group recorded a net gain on financial assets at FVTPL of approximately HK$47,650,000 (Last Corresponding Period: a net loss on financial assets at FVTPL of approximately HK$63,158,000). Included in the net loss (Last Corresponding Period: loss) on financial assets at FVTPL, the proceeds on sales were approximately HK$82,884,000 (Last Corresponding Period: approximately HK$55,695,000), and the cost of sales was approximately HK$96,635,000 (Last Corresponding Period: approximately HK$54,313,000). Therefore, the net realised loss on financial assets at FVTPL was approximately HK$13,751,000 (Last Corresponding Period: the net realised profit on financial assets at FVTPL of approximately HK$1,382,000). Apart from the net realised loss on financial assets at FVTPL, the unrealised gain on financial assets at FVTPL was approximately HK$61,401,000 (Last Corresponding Period: the unrealised loss on financial assets at FVTPL of approximately HK$64,540,000).

For the Review Period, the loss for the period attributable to owners of the Company was approximately HK$8,618,000 (Last Corresponding Period: the loss for the period attributable to owners of the Company of approximately HK$77,965,000). The loss was attributable to other operating expenses in the amount of approximately HK$54,111,000 (Last Corresponding Period: approximately HK$15,680,000), finance costs of approximately HK$2,868,000 (Last Corresponding Period: approximately HK$2,518,000) and share of result of an associate of approximately HK$1,273,000 (Last Corresponding Period: approximately HK$218,000).

During the Review Period, the Group received dividend income from financial assets at FVTPL of approximately HK$26,000 (Last Corresponding Period: approximately HK$704,000).

Prospect

As the positive outlook of Hong Kong stock market supported by market forecasts form various renowned financial institutions worldwide for 2014, the Group will continue to implement diversified investment strategy and to identify suitable investment opportunities with potential of asset appreciation to generate better return for 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. The Group is confident that shareholders of the Company be rewarded with strong positive returns under our investment portfolios.

INTERIM DIVIDEND

The Board of the Company did not recommend the payment of an interim dividend for the Review Period (Last Corresponding Period: Nil).

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had cash and cash equivalents of approximately HK$9,498,000 (31 December 2013: approximately HK$21,624,000) as at 30 June 2014.

As at 30 June 2014, the Company had issued promissory notes in the aggregate amount of HK$110,000,000. Eleven promissory notes in the denomination of HK$10,000,000 each were issued to eleven independent third parties. Each promissory note bears interest at a rate of 5% per annum with a maturity period of 7 years from the date of issue. The net proceeds were used for investment in securities and/or as general working capital of the Group.

The Group had net current assets of approximately HK$212,528,000 (31 December 2013: approximately HK$155,370,000) as at 30 June 2014. Save as the above promissory notes, the Group had not obtained any credit facilities from financial institutions during the Review Period. All the cash and cash equivalents were placed in Hong Kong Dollars accounts with the banks in Hong Kong, exposure to exchange fluctuation is considered minimal. The gearing ratio, calculated on the basis of 30 June 2014 was 0.541 (31 December 2013: 0.926).

Capital Structure

As announced by the Company on 18 November 2013, the Company proposed to raise approximately HK$99,500,000 (before expenses) by way of the rights issue of 995,022,471 rights shares of HK$0.01 each at a subscription price of HK$0.10 per rights share on the basis of three rights shares for every one then existing share held. This rights issue of shares was approved by the Company's independent shareholders at the extraordinary general meeting held on 13 January 2014. 995,022,471 rights shares were allotted on 20 February 2014.

As at 30 June 2014, the total number of issued ordinary shares of the Company was 1,326,696,628 shares (31 December 2013: 331,674,157 shares).

EMPLOYEES

As at 30 June 2014, the Group had 33 (31 December 2013: 25) employees, including executive directors, non-executive director and independent non-executive directors. Total employees costs for the Review Period were approximately HK$10,143,000 (31 December 2013: approximately HK$5,675,000). The Group's remuneration policies are in line with the prevailing market practice and the remuneration are determined with reference to the performance and experience of individual employees.

CAPITAL COMMITMENTS

As at 30 June 2014, the Group and the Company did not have any material capital commitments (31 December 2013: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2014, there were no charges on the Group's assets or any significant contingent liabilities (31 December 2013: Nil).

FUND RAISING

Save as disclosed below, the Company has not conducted any fund raising activities from 1 June 2013 up to the date of this announcement:

(i) On 28 June 2013, the Company completed the placing of 36,850,000 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.285 per placing share, representing a discount of 5% to the closing price of HK$0.30 per share as quoted on the Stock Exchange on the last trading day immediate preceding the placing. The net proceeds of the placing in the amount of approximately HK$9,936,000, representing a net price of HK$0.27 per placing share, were invested in Mascotte Holdings Limited (Stock Code: 136). Details of which were disclosed in the announcement of the Company dated 20 June 2013.

(ii) On 3 September 2013, the Company completed a rights issue and issued 110,558,052 new shares with par value of HK$0.01 each at a subscription price of HK$0.17 each. After deducting the related costs and expenses, the net proceeds of approximately HK$17,205,000 were raised as general working capital of the Group and for future investment in listed securities. Details of which were more particularly set out in the Company's prospectus dated 13 August 2013.

(iii) On 20 February 2014, the Company completed a rights issue and issued 331,674,157 new shares with par value of HK$0.01 each at a subscription price of HK$0.10 each. After deducting the related costs and expenses, the net proceeds of approximately HK$99,165,000 were raised as general working capital of the Group and for future investment in listed securities. Details of which were more particularly set out in the Company's prospectus dated 28 January 2014.

(iv) On 15 August 2014, the Company completed the placing of 132,660,000 new ordinary shares of HK$0.01 each through a placing agent to not less than six independent investors at a price of HK$0.60 per placing share, representing a discount of 10.45% to the closing price of HK$0.67 per share as quoted on the Stock Exchange on the last trading day immediate preceding the placing. The net proceeds of the placing in the amount of approximately HK$77,590,000, representing a net price of HK$0.58 per placing share, were raised for future investments in accordance with the investment objectives of the Company. Details of which were disclosed in the announcement of the Company dated 12 August 2014.

As at the date of this announcement, approximately 40% of the net proceeds of the placing were invested in listed securities.

FOREIGN EXCHANGE EXPOSURE

During the Review Period, the investments of the Group were mainly denominated in Hong Kong dollars and RMB. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Review Period, the Company has not purchased, sold nor redeemed any of its listed securities.

CONNECTED TRANSACTION

Subscription Agreement

On 14 October 2010, the Company and Premium Castle Limited ("Premium Castle"), a company incorporated under the laws of British Virgin Islands, entered into an subscription agreement, pursuant to which Premium Castle agreed to issue and the Company agreed to subscribe a convertible note at 2% in the principal amount of HK$27,000,000 due on 13 October 2013 (the "2010 Convertible Note"). In 2011, Premium Castle repaid HK$10,000,000 of the outstanding principal amount under 2010 Convertible Note to the Company. Subsequently, the 2010 Convertible Note was cancelled and Premium Castle issued to the Company another convertible note in replacement of the 2010 Convertible Note (the "2011 Convertible Note"). The Company has not exercised the conversion rights under the 2011 Convertible Note and the principal amount of HK$17,000,000 was due on 13 October 2013.

Upon expiry of the 2011 Convertible Note and following the negotiation between Premium Castle and the Company, the Company and Premium Castle entered into a new subscription agreement (the "New Subscription Agreement") on 24 December 2013, pursuant to which the Company has conditionally agreed to subscribe for and Premium Castle has conditionally agreed to issue a convertible note in the principal amount of HK$18,600,000, being the outstanding principal amount of HK$17,000,000 under the 2011 Convertible Note and the outstanding interest in the sum of approximately HK$1,600,000 under 2010 Convertible Note and 2011 Convertible Note ("Debt"), with maturity period of 5 years and coupon rate of 2% (the "Subscription"). The New Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios as defined under Rule 14.06 of the Listing Rules are more than 5% but less than 25%. The New Subscription Agreement also constitutes a connected transaction under Chapter 14A of the Listing Rules as the major shareholder of Premium Castle is Mr. Wong Danny F., the chairman and an executive director of the Company, Premium Castle is therefore a connected person of the Company. The New Subscription Agreement is therefore subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. Mr. Wong Danny F., being the chairman and an executive director of the Company and a major shareholder of Premium Castle, is regarded as having a material interest in the New Subscription Agreement and therefore he abstained from voting at the meeting of the Board at which the resolution approving the New Subscription Agreement was passed and Mr. Wong Danny F. and his associates are required to abstain from voting at the extraordinary general meeting of the Company (the "EGM") approving the New Subscription Agreement. Details of the Subscription were disclosed in the circular of the Company dated 7 February 2014. The New Subscription Agreement was approved at the EGM of the Company held on 25 February 2014 and the Subscription was completed on the same day.

Upon completion of the Subscription on 25 February 2014, the obligation of Premium Castle to pay the Debt has been released and the Debt, which has been previously recorded as current assets of the Company, has been reclassified as financial asset in the Company's consolidated statement of financial position.

CONTINUING CONNECTED TRANSACTIONS

Investment Advising Service Agreement

On 16 May 2011, the Company and Beijing Capital Partners Limited ("Beijing Capital") had mutually agreed to terminate the Investment Management Agreement and there was no penalty and/or compensation to any parties in relation to the early termination of the agreement. Meanwhile, the Company and Beijing Capital entered into an Investment Advising Service Agreement (the "IAS Agreement") whereby Beijing Capital was appointed to act as an investment adviser of the Company and agreed to provide investment advising services and present suitable investment opportunities to the Company commencing from 16 May 2011. Pursuant to Rule 21.13 of the Listing Rules, an investment adviser shall be regarded as a connected person of the Company. Therefore, the entering into of the IAS Agreement with Beijing Capital constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. According to the terms and condition of the IAS Agreement, the Company shall pay to Beijing Capital a monthly investment adviser fee of HK$33,333. Therefore, it is exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Investment Management Agreement

The Investment Management Agreement dated 11 July 2013 entered into between the Company and Enerchine Investment Management Limited ("Enerchine Investment") was expired on 15 May 2014. Accordingly, the Company entered into a new investment management agreement (the "New Investment Management Agreement") on 9 May 2014 to renew the appointment of Enerchine Investment as the investment manager of the Company on the same terms with a management fee of HK$100,000 per month. Under the New Investment Management Agreement, the investment manager agreed to provide investment management services to the Company for a period of one year from 16 May 2014. Pursuant to Rule 21.13 of the Listing Rules, an investment manager shall be regarded as a connected person of the Company. Therefore, the entering into of the New Investment Management Agreement with Enerchine Investment constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Details of which could be found in the Company's announcement date 9 May 2014.

The Directors (including the independent non-executive Directors), who do not have any material interest in the New Investment Management Agreement, are of the view that the New Investment Management Agreement was entered into (1) on normal commercial terms; (2) in the ordinary and usual course of business of the Company; and (3) on terms that was fair and reasonable and in the interest of the Company and its independent shareholders as a whole.

Custodian Agreement

Commencing from 11 March 2005, the Company appointed the Bank of Communications Trustee Limited as its custodian for the provision of custody services. The Bank of Communications Trustee Limited has agreed to provide the Company with securities services including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The custodian agreement will continue in force until terminated by either the Company or the custodian by giving to the other not less than 90 days' notice in writing at any time.

The Board, including the independent non-executive directors, is of the view that the continuing connected transaction has been entered into (1) on normal commercial terms; (2) on an arm's length basis; and (3) in the ordinary and usual course of business of the Company, and that the terms of the above connected transaction are fair and reasonable to the shareholders and the Company as a whole. According to the terms and conditions of the custodian agreement, the Company shall pay to the Bank of Communications Trustee Limited an annual fee of HK$77,530. Therefore, the entering into of the custodian agreement with the Bank of Communications Trustee Limited is exempted from the reporting, announcements and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors at the date of this interim result, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Board acknowledges the importance of the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing the shareholders' value and safeguarding interest of the shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasis an effective internal control and accountability to all shareholders.

The Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Listing Rules during the Review Period, save for the deviation from code provisions E.1.2 and A.6.7 which are explained in the paragraph below. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

According to code provision E.1.2, the Chairman of the Board should attend the annual general meeting. As Mr. Wong Danny F., the chairman of the Board, was engaged in an important business meeting on that date, therefore, he was not able to attend the annual general meeting held on 16 May 2014.

Under the code provision A.6.7, independent non-executive directors and non-executive director should attend general meetings of the Company. Due to other business commitment, Ms. Yang XiaoFeng, a non-executive director, and Mr. Liu Jin, an independent non-executive director, could not attend the general meetings of the Company held on 13 January 2014, 25 February 2014, 28 March 2014 and 16 May 2014 respectively. Mr. Char Shik Ngor, Stephen, an independent non-executive director, could not attend the annual general meeting of the Company held on 16 May 2014.

CHANGES REGARDING THE DIRECTORS OR SUPERVISOR

The changes regarding the directors or supervisors as required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules are set out below:

(1) Mr. Wong Danny F. has resigned as the Chairman and executive director of Mascotte Holdings Limited with effect from 3 June 2014.

(2) Mr. Wu Tse Wai, Frederick has stepped down from his position as the Chief Executive Officer of the Company, but remains as the executive director of the Company, with effect from 19 May 2014.

(3) Mr. Chiu Shung Wai, Vincent has been appointed as the Chief Executive Officer of the Company on 19 May 2014.

(4) Ms. Yang XiaoFeng redesignated as an executive director of the Company on 1 March 2014 and further redesigned as a non-executive director of the Company on 11 March 2014.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities by the directors of the Company. Based on specific enquiry with the directors, all the directors confirmed that they have complied with the required standards as set out in the Mode Code throughout the Review Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising three independent non-executive Directors, together with the management, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the Group's unaudited interim financial statements for the Review Period.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Listing Rules, is published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.nif-hk.com). The Company's interim report for 2014 will be despatched to the shareholders of the Company and posted on the aforementioned websites in due course.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in Note 12 to the condensed consolidated financial statements.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their unfailing support. I would also like to thank our management and staff for their dedication and hard work.

On behalf of the Board
National Investments Fund Limited
Wong Danny F.
Chairman & Executive Director

Hong Kong, 29 August 2014

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. Wong Danny F. (Chairman), Mr. Wu Tse Wai, Frederick and Mr. Fong Chi Wah; a non-executive director, Ms. Yang XiaoFeng; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Law Tze Lun.