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NationalInvestments

National Investments Fund Limited

國盛投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1227)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015 (“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 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue	3	(26,233)	48,955
Other income		–	55
Change in fair value of conversion options embedded in convertible notes		(10,327)	(121)
Gain on recognition of available-for-sale financial assets		–	745
Loss on derecognition of available-for-sale financial assets		(10,584)	–
Impairment loss of available-for-sale financial assets		(1,203)	–
Other operating expenses		(60,428)	(54,111)
Finance costs		(3,278)	(2,868)
Share of result of an associate		(3,765)	(1,273)
Loss before income tax		(115,818)	(8,618)
Income tax expense	5	–	–
Loss for the period	6	(115,818)	(8,618)

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
<i>Note</i>		HK\$'000	HK\$'000
Other comprehensive income/(loss), net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification relating to derecognition of available-for-sale financial assets		10,222	–
Net (loss)/gain on valuation of available-for-sale financial assets		(7,626)	984
Other comprehensive income for the period, net of income tax		2,596	984
Total comprehensive loss for the period		(113,222)	(7,634)
Loss for the period attributable to:			
Owners of the Company		(115,818)	(8,618)
Total comprehensive loss attributable to:			
Owners of the Company		(113,222)	(7,634)
Loss per share:			
Basic, in HK cents	8	(7.05)	(0.88)
Diluted, in HK cents	8	(7.05)	(0.88)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		As at 30 June 2015 (Unaudited) HK\$'000	As at 31 December 2014 (Audited) HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		20,839	6,616
Other tangible assets		21,730	21,730
Interests in associates		20,172	23,938
Available-for-sale financial assets		184,946	194,864
Conversion options embedded in convertible notes		7,529	2,453
		<u>255,216</u>	<u>249,601</u>
Current assets			
Available-for-sale financial assets		49,665	13,444
Financial assets at fair value through profit or loss		9,728	120,112
Prepayments, deposits and other receivables		58,866	69,372
Cash and bank balances		3,577	16,489
		<u>121,836</u>	<u>219,417</u>
Total assets		<u>377,052</u>	<u>469,018</u>
EQUITY			
Capital and reserves attributable to owners of the Company:			
Share capital	9	17,161	15,920
Reserves		215,212	280,072
Total equity		<u>232,373</u>	<u>295,992</u>
LIABILITIES			
Current liabilities			
Accrued charges and other payables		6,044	8,912
Short-term loan		30,120	55,747
		<u>36,164</u>	<u>64,659</u>
Non-current liability			
Promissory notes		108,515	108,367
Total liabilities		<u>144,679</u>	<u>173,026</u>
Total equity and liabilities		<u>377,052</u>	<u>469,018</u>
Net current assets		<u>85,672</u>	<u>154,758</u>
Total assets less current liabilities		<u>340,888</u>	<u>404,359</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 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 2014, 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 2015, 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 2014. 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net (loss)/gain on financial assets		
at fair value through profit or loss ("FVTPL") (Note)	(27,347)	47,650
Bank interest income	28	–
Dividend income from financial assets at FVTPL	–	26
Interest income from financial assets at FVTPL	–	824
Interest income from available-for-sale financial assets	1,086	455
	<u>(26,233)</u>	<u>48,955</u>

Note:

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

	Equities and debt securities		Commodities futures contracts		Total	
	2015	2014	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Proceeds on sales	97,583	82,946	–	(62)	97,583	82,884
Less: Cost of sales	(124,546)	(96,633)	–	(2)	(124,546)	(96,635)
Net realised loss on financial assets at FVTPL	(26,963)	(13,687)	–	(64)	(26,963)	(13,751)
Unrealised (loss)/gain on financial assets at FVTPL	(384)	61,401	–	–	(384)	61,401
Net (loss)/gain on financial assets at FVTPL					<u>(27,347)</u>	<u>47,650</u>

4. SEGMENT INFORMATION

The Group manages its business by both business lines and geographical areas. 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 2015 and 2014. All of the Group's revenue was derived from investment income from investments in listed securities and unlisted securities. Accordingly, the Group does not have separately reportable segment.

Geographical information

The Group's major operations take place in Hong Kong, United States, and Singapore. The following table provides an analysis of the Group's revenue by geographical area:

	Revenue by geographical area	
	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	(26,724)	48,131
Singapore	–	824
United States	491	–
	<u>(26,233)</u>	<u>48,955</u>

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 2015 and 2014 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	3,469	2,708
Directors' emoluments	2,288	1,200
Total staff costs, excluding directors' emoluments	12,960	8,943
Operating lease rental in respect of land and building	4,336	4,459
Legal and professional fee	468	2,896

7. INTERIM DIVIDEND

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(115,818)</u>	<u>(8,618)</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,642,270</u>	<u>976,698</u>

For the six months ended 30 June 2015, 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 2014, 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 '000	Amount HK\$'000
Authorised ordinary shares:		
At 1 January 2014	<u>20,000,000</u>	<u>200,000</u>
At 31 December 2014 (Audited), 1 January 2015 and 30 June 2015 (Unaudited)	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid ordinary shares:		
At 1 January 2014	331,674	3,317
Rights issue	995,022	9,950
Placing	132,660	1,326
Placing	<u>132,680</u>	<u>1,327</u>
At 31 December 2014 (Audited) and 1 January 2015	1,592,036	15,920
Exercise of share options during the period (<i>Note</i>)	<u>124,025</u>	<u>1,241</u>
At 30 June 2015 (Unaudited)	<u>1,716,061</u>	<u>17,161</u>

Note:

During the period, 124,025,000 ordinary shares of HK\$0.01 each were issued as a result of exercise of share options under the new share option scheme.

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 2015 and 2014, 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Consultancy expenses paid to a related party (<i>Note (a)</i>)	200	167
Interest income from a related party (<i>Note (b)</i>)	184	184
License fee paid to a related party for use of office (<i>Note (c)</i>)	293	805
	<u>1,771</u>	<u>371</u>
	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Interest receivable from a related party (<i>Note (b)</i>)	<u>1,771</u>	<u>371</u>

Notes:

- (a) Mr. Wu Tse Wai, Frederick is the director of the Company and Beijing Capital Partners Limited ("Beijing Capital").
- (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 the holding company of Beijing Securities Limited.

Key management compensation

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	2,263	1,178
Employer's contribution to pension scheme	25	22
	<u>2,288</u>	<u>1,200</u>

The remuneration of directors and other members of key management are determined by the remuneration committee having regard to the performance of respective individual 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	At
	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	9,688	6,217
In the second to fifth years, inclusive	<u>14,673</u>	<u>13,474</u>
	<u>24,361</u>	<u>19,691</u>

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

12. PLEDGED OF ASSETS

During the period, the Group as borrower entered into a loan agreement with an independent third party as lender for a short-term loan of HK\$30,000,000. The Group as charger pledged its interest in subsidiaries in favour of Shine Full Capital Limited, Top Flame Investments Limited and Up Wonderful Limited as chargees.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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

For the Review Period, the Group's revenue recorded a loss of approximately HK\$26,233,000 (for the six months ended 30 June 2014 ("Last Corresponding Period"): gain of approximately HK\$48,955,000). Excluding the net loss of HK\$27,347,000 (Last Corresponding Period: net gain of approximately HK\$47,650,000) recorded on financial assets at fair value through profit or loss ("FVTPL"), the Group's revenue decreased by approximately 14.64% to approximately HK\$1,114,000 (Last Corresponding Period: revenue of approximately HK\$1,305,000). The proceeds on sales of equity and debt securities and commodities futures contract were approximately HK\$97,583,000 (Last Corresponding Period: approximately HK\$82,884,000), and the cost of sales was approximately HK\$124,546,000 (Last Corresponding Period: approximately HK\$96,635,000), therefore, the net realised loss on financial assets at FVTPL was approximately HK\$26,963,000 (Last Corresponding Period: the net realised loss on financial assets at FVTPL was approximately HK\$13,751,000). Apart from the net realised loss on financial assets at FVTPL, the unrealised loss on financial assets at FVTPL was approximately HK\$384,000 (Last Corresponding Period: the unrealised gain on financial assets at FVTPL was approximately HK\$61,401,000).

For the Review Period, the loss attributable to owners of the Company was approximately HK\$115,818,000 (Last Corresponding Period: loss attributable to owners of the Company was approximately HK\$8,618,000). The loss was primarily attributable to (i) a net loss of approximately HK\$27,347,000 recorded on the financial assets at FVTPL (Last Corresponding Period: a net gain of approximately HK\$47,650,000); (ii) change in fair value of conversion options embedded in convertible notes of approximately HK\$10,327,000 (Last Corresponding Period: approximately HK\$121,000); (iii) other operating expenses of approximately HK\$60,428,000 (Last Corresponding Period: approximately HK\$54,111,000); and (iv) loss on derecognition of available-for-sale financial assets of approximately HK\$10,584,000 (Last Corresponding Period: Nil).

Prospect

As the stock market in Hong Kong has been volatile due to concerns over the Greek debt crisis and the fall in mainland markets, it is expected that the stock market will remain challenging in the second half of 2015. The Group will continue to implement diversified investment strategies and to identify suitable investment opportunities with potential assets appreciation to generate better returns 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 will be rewarded with strong positive returns under our investment portfolios in the future.

INTERIM DIVIDEND

The Board does 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\$3,577,000 (31 December 2014: approximately HK\$16,489,000) as at 30 June 2015.

As at 30 June 2015, the Company had issued promissory notes in the aggregate amount of HK\$110,000,000. Eleven promissory notes in the denomination of HK\$10,000,000 each were issued to eleven independent third parties. Each promissory note bears interest at a rate of 5% per annum with a maturity period of seven years from the date of issue. The net proceeds were used for investment in securities and/or as general working capital of the Group.

In addition, the Group also obtained short term loan from a financial institution in the aggregate amount of HK\$30,000,000.

The Group had net current assets of approximately HK\$85,672,000 (31 December 2014: approximately HK\$154,758,000) as at 30 June 2015. Save and except the above, the Group had not obtained any credit facility from other financial institutions during the Review Period. As all cash and cash equivalents were maintained in Hong Kong Dollars accounts with banks in Hong Kong, exposure to exchange fluctuation is considered minimal. The gearing ratio, calculated on the basis of total liabilities over total equity as at 30 June 2015, was approximately 0.623 (31 December 2014: approximately 0.585).

EMPLOYEES

As at 30 June 2015, the Group had 42 employees (31 December 2014: 34 employees), including executive directors, non-executive directors and independent non-executive directors. The total employee costs incurred during the Review Period were approximately HK\$15,248,000 (31 December 2014: approximately HK\$17,638,000). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

CAPITAL COMMITMENTS

As at 30 June 2015, the Group and the Company did not have any material capital commitments (31 December 2014: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Save as disclosed in note 12, there were no charges on the Group's assets or any significant contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

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 a subscription agreement, pursuant to which Premium Castle agreed to issue and the Company agreed to subscribe the 2% convertible note 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 of the 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 after 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 (after trading hours), 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 accrued under the 2010 Convertible Note and the 2011 Convertible Note (collectively "Debt"), with maturity period of five 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. Accordingly, the New Subscription Agreement is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. Mr. Wong Danny F., who is 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 were required to abstain from voting on the resolution approving the New Subscription Agreement passed at the extraordinary general meeting of the Company held on 25 February 2014. Details of the Subscription were disclosed in the circular of the Company dated 7 February 2014. The New Subscription Agreement has been approved at the extraordinary general meeting and was completed on the same day.

Upon completion of the Subscriptions on 25 February 2014, the obligation of Premium Castle to pay the Debt has been released and the Debt, which was previously recorded as current assets of the Company, was 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") mutually agreed to terminate the Investment Management Agreement ("IM Agreement") dated 16 November 2010 and no penalty and/or compensation was paid to any party in relation to the early termination of the IM Agreement. In the meantime, the Company and Beijing Capital entered into an Investment Advising Service Agreement (the "IAS Agreement") in which Beijing Capital was appointed as the investment adviser of the Company on 16 May 2011 and agreed to provide investment advising services and refer suitable investment opportunities to the Company. Pursuant to Rule 14A.08 of the Listing Rules, an investment adviser shall be regarded as a connected person of the Company. By entering into of the IAS Agreement with Beijing Capital, it constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Pursuant to the terms and conditions of the IAS Agreement, the Company shall pay Beijing Capital a monthly investment adviser fee of HK\$33,333.

Investment Management Agreement

The investment management agreement dated 9 May 2014 entered into between the Company and Enerchine Investment Management Limited (“Enerchine Investment”) was expired on 15 May 2015. Accordingly, the Company entered into a new investment management agreement (the “New Investment Management Agreement”) with Enerchine Investment on 11 May 2015 to renew the appointment of Enerchine Investment as the investment manager of the Company on the same terms with a fixed 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 2015. Pursuant to Rule 14A.08 of the Listing Rules, an investment manager is deemed to be a connected person of the Company. By entering into of the New Investment Management Agreement with Enerchine Investment, it constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules and is exempted from the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

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 between the parties (the “Custodian Agreement”) will continue be in force until being terminated by either the Company or the custodian by the giving to the other party of not less than 90 days’ notice in writing at any time.

Pursuant to Rule 14A.08 of the Listing Rules, a custodian shall be regarded as a connected person of the Company. Therefore, the provision of services by the Bank of Communications Trustee Limited under the Custodian Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Board, including the independent non-executive directors, is of the view that the above continuing connected transactions have 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 continuing connected transactions were fair and reasonable to the shareholders and the Company as a whole.

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 announcement, 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 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 emphasize an effective internal control and accountability to all shareholders.

The Company has 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 below paragraphs. The Company periodically reviews its corporate governance practices to ensure that the Company meets the requirements of the CG Code.

According to code provision E.1.2, the Chairman of the Board should attend the annual general meeting. In respect of the annual general meeting held on 4 June 2015, the Chairman of the Board, Mr. Wong Danny F., was engaged in an important business meeting on that date, therefore, he was not able to attend the annual general meeting.

Under the code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings of the Company. Due to other business commitments, Ms. Yang XiaoFeng, Mr. Gao Chengming and Mr. Lau Chi Lung Johnny, the non-executive directors and Mr. Liu Jin, an independent non-executive director could not attend the annual general meeting of the Company held on 4 June 2015.

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 had complied with the required standards as set out in the Model 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 of the Company (www.nif-hk.com). The Company's interim report for 2015 will be despatched to the shareholders of the Company and posted on the aforementioned websites in due course.

APPRECIATION

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

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

Hong Kong, 31 August 2015

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; two non-executive Directors, namely Mr. Gao Chengming and Mr. Lau Chi Lung, Johnny; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Law Tze Lun.