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**DISCLOSEABLE AND CONNECTED TRANSACTION —
ENTERING INTO A PLACING AGREEMENT WITH A CONNECTED PERSON**

Placing Agent



PLACING OF NOTES

On 20 December 2012 (after trading hours), the Company entered into a Placing Agreement with the Placing Agent, pursuant to which the Company had agreed to place, through the Placing Agent, on a best effort basis, the Placing Notes to individuals, institutional or other professional investors. The Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to the effect that such Placees shall be third parties independent of and not connected to the Company and the directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or their respective associates.

The Placing is unconditional and the Placing Notes will be placed in the denomination of HK\$10,000,000 each and placement of each Placing Note will be completed on the third Business Day after receipt by the Company of notice given by the Placing Agent that a Placee for a Placing Note has been procured.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Wong Danny F., the Chairman and an executive director of the Company, holds 75.28% of the shareholdings of the holding company of the Placing Agent. Mr. Wong is also a director of the Placing Agent and the holding company of the Placing Agent. The Placing Agent is an associated company of Mr. Wong Danny F. and is therefore a connected person of the Company within the meaning of the Listing Rules. Currently, the Company has subscribed for a convertible note in the principal amount of HK\$17,000,000 at an interest rate of 2% per annum issued by the holding company of the Placing Agent. As the relevant percentage ratio in respect of the placing commission in relation to the Placing aggregated with placing commission paid to the Placing Agent under the placing of notes detailed in the announcement of the Company on 12 July 2012 under Rule 14.07 of the Listing Rules exceeds 5% but are less than 25%, the transaction is only subject to the report and announcement requirements and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transaction also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that a Placing Agreement was entered into after the trading hours on 20 December 2012. The principal terms of the Placing Agreement and the Placing Notes are set out below.

THE PLACING AGREEMENT

Date:	20 December 2012 (after trading hours)
Issuer:	the Company
Placing Agent:	the Placing Agent
Placees:	individuals, institutional or other professional investors and the Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to the effect that such Placees shall be third parties independent of and not connected to the Company and the directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or their respective associates
Aggregate Principal Amount:	up to HK\$30,000,000
Placing Price:	face value of the Placing Notes
Placing Period:	a period of 18 months commencing upon the execution of the Placing Agreement or such other period as agreed by the Placing Agent and the Company, unless the Placing is terminated earlier pursuant to the terms of the Placing Agreement

Ranking of Placing Notes:	the Placing Notes will rank pari passu in all respects with the claims of the existing unsecured creditors of the Company
The Placing Conditions:	the Placing is unconditional
Termination:	<p>(a) the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing by notice in writing to the Company at any time up to 9:30 am on a Relevant Completion Date if:—</p> <p>(i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or</p> <p>(ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or</p> <p>(iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or</p> <p>(iv) any statement contained in the announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing</p> <p>(b) the Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing by notice in writing to the Placing Agent at any time up to 12:00 noon on a Relevant Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in this Agreement and such breach is considered by the Company on reasonable grounds to be material</p>
Completion:	the Placing of each Placing Note will be completed on the third Business Day following receipt by the Company of written notice given by the Placing Agent that it has procured a subscriber for the Placing Note
Placing Commission:	2% of the face value of each Placed Note

PRINCIPAL TERMS OF THE PLACING NOTES

Aggregate Principal Amount:	up to HK\$30,000,000
Denomination:	in the denomination of HK\$10,000,000 each
Interest:	HK\$3,500,000 for the whole term of each Placing Note (seven years) to be spread during the term in such manner as shall be agreed between the Company and its related Placee
Redemption:	to be redeemed on the Redemption Date
Transferability:	the Placing Notes are not transferrable
Listing:	no application will be made for the listing of the Placed Notes on the Stock Exchange or any other stock exchange

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment company under Chapter 21 of the Listing Rules which principally engages in investment in listed and unlisted company. The Board (including all independent non-executive directors) considers that the Placing provides a good opportunity for the Company to raise funds to strengthen its capital base and improve its financial position for the Company's future development and expansion, therefore it is in the best interests of the Company as a whole.

The maximum gross proceeds from the Placing will be HK\$30,000,000. The net proceeds from the Placing, after the deduction of the placing commission and other related costs and expenses, are estimated to be approximately HK\$29,300,000. The net proceeds will be used for investment in securities and/or as general working capital of the Company.

FUND RAISING EXERCISE OF THE COMPANY

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
12 July 2012	Placing of notes which was completed on 21 November 2012	HK\$68.5 million	Intended to be used for investment in securities and/or as general working capital of the Company	Used as intended

IMPLICATIONS UNDER THE LISTING RULES

Mr. Wong Danny F., the Chairman and an executive director of the Company, holds 75.28% of the shareholdings of the holding company of the Placing Agent. Mr. Wong is also a director of the Placing Agent and the holding company of the Placing Agent. The Placing Agent is an associated company of Mr. Wong Danny F. and is therefore a connected person of the Company within the meaning of the Listing Rules. Currently, the Company has subscribed for a convertible note in the principal amount of HK\$17,000,000 at an interest rate of 2% per annum issued by the holding company of the Placing Agent. The acting as the Placing Agent is a connected transaction under Chapter 14A of the Listing Rules. In view of the fact that Mr. Wong Danny F. has material interest in the transaction, he and his spouse, Ms. Yang XiaoFeng, a non-executive director of the Company, have abstained from voting on the board resolution.

The Board considers that the Placing commission of 2% on the gross proceeds of the Placing was determined after arm's length negotiation between the parties with regard to the prevailing market practice and the Placing commission is on normal commercial terms, fair and reasonable. Assuming that the Placing Notes are fully placed, the Placing Agent will receive a placing commission of approximately HK\$600,000 in cash to be deducted from the placing proceeds. As the relevant percentage ratio in respect of the said placing commission aggregated with the placing commission paid to the Placing Agent regarding the placing of notes detailed in the announcement of the Company dated 12 July 2012 under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction is only subject to the report and announcement requirements and is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transaction also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day on which banks are open for business in Hong Kong (other than Saturday and any day on which a tropical cyclone warning No.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“Company”	National Investments Fund Limited, a limited company incorporated in the Cayman Islands with limited liability, the issued Shares (Stock Code: 1227) of which are listed on the Main Board of the Stock Exchange
“Relevant Completion”	completion of the subscription of a Placing Note
“Relevant Completion Date”	the third Business Day following receipt of written notice given by the Placing Agent whenever they have procured a subscriber for a Placing Note
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“HK\$”	Hong Kong currency
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Placed Notes”	means such part of the Placing Notes placed pursuant to the Placing Agreement and “Placed Note” shall be construed accordingly
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Placing Notes pursuant to the Placing Agreement and “Placees” shall be construed accordingly

“Placing”	the offer by way of a private placing of the Placing Notes procured by the Placing Agent, on a best effort basis, to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Beijing Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Placing Notes”	the notes in the aggregate amount of HK\$30,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each under the Placing and “Placing Note” means each of the said notes in the said denomination of HK\$10,000,000
“Redemption Date”	7th anniversary from the issue date of each Placed Note
“Share(s)”	ordinary shares of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“%”	Per cent.

By Order of the Board
National Investments Fund Limited
Wong Danny F.
Chairman & Executive Director

HONG KONG, 20 December 2012

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 (Chief Executive Officer) and Mr. Fong Chi Wah; one non-executive director, Ms. Yang XiaoFeng; and three independent non-executive directors, namely Mr. Char Shik Ngor, Stephen, Mr. Liu Jin and Mr. Wong Sin Lai.