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## CHINA INVESTMENT DEVELOPMENT LIMITED

中國投資開發有限公司

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 204)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020 AND RESUMPTION

The Board of Directors (the “**Board**”) of China Investment Development Limited (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2020 are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	5	–	600
Other income	5	<b>90</b>	542
Net loss on financial assets at fair value through profit or loss		<b>(35,402)</b>	(14,568)
Administrative and other expenses		<b>(11,851)</b>	(74,468)
Finance costs		<b>(21)</b>	–
Loss on disposal of a subsidiary		–	(17)
Share of result of the associate	10	<b>(5,357)</b>	–
Loss before income tax expense	6	<b>(52,541)</b>	(87,911)
Income tax expense	7	–	–
Loss for the year attributable to owners of the Company		<b><u>(52,541)</u></b>	<b><u>(87,911)</u></b>

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Other comprehensive income</b>			
Item that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		<b>(23,194)</b>	(67,027)
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising from the associate during the year		<u>–</u>	<u>(395)</u>
Other comprehensive income for the year, net of tax		<u><b>(23,194)</b></u>	<u>(67,422)</u>
Total comprehensive income for the year		<u><b>(75,735)</b></u>	<u>(155,333)</u>
<b>Loss per share</b>			
	<i>9</i>		
– Basic (HK cent per share)		<u><b>4.97</b></u>	<u>9.50</u>
– Diluted (HK cent per share)		<u><b>4.97</b></u>	<u>9.50</u>
Proceeds from disposals of financial assets at fair value through profit or loss		<u><b>15,115</b></u>	<u>42,557</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non current assets</b>			
Property, plant and equipment		133	277
Interest in the associate	10	–	5,714
Financial assets at fair value through other comprehensive income	11	8,593	31,787
		<u>8,726</u>	<u>37,778</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	34,096	67,879
Other receivables, deposit and prepayments		794	2,678
Bank and cash balances		2,303	1,137
		<u>37,193</u>	<u>71,694</u>
<b>Current liabilities</b>			
Other payables and accrued charges		4,849	3,601
<b>Net current assets</b>			
		<u>32,344</u>	<u>68,093</u>
<b>Net assets</b>			
		<u>41,070</u>	<u>105,871</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	10,582	10,582
Reserves		30,488	95,289
Total equity		<u>41,070</u>	<u>105,871</u>
Net asset value per share	14	<u>HK\$0.04</u>	<u>HK\$0.10</u>

## 1. GENERAL INFORMATION

China Investment Development Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 25 March 1998 and was de-registered on 11 March 2011 and was registered by way of continuation as an exempted company in Bermuda on 2 March 2011. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 12 December 2000. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is located at Room 3702, 37/F, 118 Connaught Road West, Sheung Wan, Hong Kong.

The Company is principally engaged in investment holding for medium to long term capital appreciation purposes, and investment in listed and unlisted securities.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### (a) Adoption of new/revised HKFRSs – first effective on 1 April 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The application of the amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

#### ***HKFRS 16 – Leases***

##### *(i) Impact of the adoption of HKFRS 16*

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases (“**HKAS 17**”), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee’s perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 April 2019:

*HK\$'000*

***Reconciliation of operating lease commitment to lease liabilities***

Operating lease commitment as of 31 March 2019	2,069
Less: short term leases for which lease terms end within 31 March 2020	(2,069)
	—
Total lease liabilities as of 1 April 2019	—

(ii) *The new definition of a lease*

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) *Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) *Transition*

As mentioned above, the Group has applied HKFRS 16 on 1 April 2019, the Group has recognised short-term lease on a straight-line basis as expenses in consolidated statement of profit or loss and other comprehensive income. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has also applied the practical expedients on the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of liabilities as Current or Non-Current <sup>4</sup>
Amendments to HKFRS 3	Definition of a business <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of material <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 16	COVID-19 Related Rent Concession <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>5</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

The directors of the Group anticipate that the application of all other new and revised HKFRSs and Interpretations will have no material impact on the consolidated financial statements of the Group in the future.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

#### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are measured at fair values.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”). Each entity in the Group maintains its books and record in its own functional currency. The functional currency of the Company is HK\$.

### 4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group’s chief operating decision maker in order to allocate resources and assess performance of the segment. For the years ended 31 March 2020 and 2019, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each business line or geographical area and the executive directors reviewed the financial result of the Group as a whole reported under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in investment holding. The executive directors allocate resources and assess performance on an aggregated basis. Accordingly, no operating segment is presented.

The following table provides an analysis of the Group’s revenue and non current assets including property, plant and equipment and interest in an associate (i.e. “specified non-current assets”) by geographical locations, determined based on physical location of the assets or location of operations in case of interest in an associate, is as follows:

	Revenue from external customers		Specified non current assets	
	2020 HK\$’000	2019 HK\$’000	2020 HK\$’000	2019 HK\$’000
Hong Kong (place of domicile)	–	600	133	277
Other regions of the People’s Republic of China (the “PRC”)	–	–	–	5,714
	<u>–</u>	<u>600</u>	<u>133</u>	<u>5,991</u>



## 5. REVENUE AND OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income from financial assets at fair value through profit or loss	–	600
Revenue	<u>–</u>	<u>600</u>
Other income:		
Bank interest income	–	2
Dividend income	–	538
Exchange gain	–	2
Gain on disposal of property, plant and equipment	<u>90</u>	<u>–</u>
	<u>90</u>	<u>542</u>
Total revenue and other income	<u>90</u>	<u>1,142</u>

The Group's revenue represents interest income from convertible bonds in FY2019. No other source of income contributed to the Group's revenue for both 2020 and 2019.

## 6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is stated after charging the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs		
Salaries	1,684	2,362
Provident fund contributions	<u>66</u>	<u>79</u>
Total staff costs excluding directors' remunerations	<u>1,750</u>	<u>2,441</u>
Auditor's remuneration	537	525
Depreciation		
Property, plant and equipment	144	228
Right-of-use assets	1,917	–
Directors' remuneration	1,607	2,410
Impairment loss on other receivables and deposit paid	1,318	60,261
Impairment loss on interest in the associate	357	–
Interest expense on lease liabilities	21	–
Investment manager's fee	550	720
Rent and rates	<u>365</u>	<u>2,263</u>

## 7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year. According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. Overseas tax is calculated at the rates applicable in the respective jurisdictions. No provision for income tax expense is required since the Group has no assessable profits either arising from Hong Kong or other jurisdictions during the year (2019: Nil).

The income tax expense for the year can be reconciled to the loss before income tax expense per consolidated statement of profit or loss and other comprehensive income as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before income tax expense	<u>(52,541)</u>	<u>(87,911)</u>
Tax calculated at the applicable statutory tax rate	(8,504)	(14,340)
Tax effect of expenses not deductible for tax purpose	4,635	2,194
Tax effect of revenue not taxable for tax purpose	–	(89)
Tax effect on temporary differences not recognised	592	32
Tax effect of tax losses not recognised	<u>3,277</u>	<u>12,203</u>
Income tax expense	<u>–</u>	<u>–</u>

## 8. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

## 9. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(52,541)</u>	<u>(87,911)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,058,185,729</u>	<u>925,100,798</u>

- (a) No diluted loss per share has been presented as the potential ordinary share in respect of outstanding share options is anti dilutive for both years.

- (b) The weighted average number of ordinary shares for the year ended 31 March 2019 for the purpose of basic and diluted loss per share have been adjusted for the issue of shares during the year then ended and share consolidation being completed on 21 March 2019 as if the share consolidation was effective from the beginning of the year ended 31 March 2018, as detailed in note 13.

## 10. INTEREST IN THE ASSOCIATE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Share of net assets of the associate	—	5,714

### (a) Details of the Group's associate at 31 March 2020 are as follows:

Name of associate	Place of incorporation/ operation	Issued and fully paid registered capital	Percentage of equity held by the Group	Proportion of voting power	Principal activities
Bonicast Construction Material (Beijing) Co., Ltd (“Bonicast”)	People's Republic of China (“PRC”)	Registered RMB10,000,000	49%	20% <i>(Note)</i>	Trading of construction materials

#### Notes:

- (i) The Group is able to exercise significant influence over Bonicast because it has the power to appoint one out of five directors of that company under the articles of association of that company.
- (ii) As at 31 March 2020, the management reviewed the carrying amount of the associate. The management considers that the value-in-use based on discounted future cash flows of the associate is lower than the carrying amount as the associate is inactive over 2 years, hence, impairment loss on interest in an associate amounting to HK\$357,000 was made during the year ended 31 March 2020.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unlisted equity securities in PRC, at cost	92,185	92,185
Fair value adjustment	<u>(83,592)</u>	<u>(60,398)</u>
	<u>8,593</u>	<u>31,787</u>

Particulars of investments in unlisted equity securities held by the Group as at 31 March 2020 and 2019 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee company	Notes	Place of incorporation	Percentage of effective interest held	Carrying value	
				HK\$'000	31.3.2019
Tianjin Bao Xin Ying Precious Metal Management Limited (" <b>Bao Xin</b> ")	(a)	PRC	12.00%	<b>3,896</b>	4,205
Guang Zhou Shi Da Jian Credit Guarantee Limited (" <b>Da Jian</b> ")	(b)	PRC	11.59%	<b>4,578</b>	5,893
China Petroleum Bio energy Company Limited (" <b>Bio-Energy</b> ")	(c)	Hong Kong	5.69%	-	2,516
Yenbo Gain Limited (" <b>Yenbo Gain</b> ")	(d)	BVI	18.18%	-	2,470
Perfect Worth Investment Limited (" <b>Perfect Worth</b> ")	(e)	BVI	5.00%	<b>119</b>	478
Golden Resources Asia Limited (" <b>Golden Resources</b> ")	(f)	BVI	14.00%	-	8,160
Huge Leader Investment Development Limited (" <b>Huge Leader</b> ")	(g)	BVI	18.00%	-	8,065
				<b>8,593</b>	<b>31,787</b>

*Notes:*

- (a) Bao Xin is principally engaged in the trading of precious metals and gold products and investment advisory in Tianjin, the PRC. The initial cost of investment is HK\$6,590,000.

The Group's interest of Bao Xin is held through a nominated shareholder. The Company understands that there would be regulatory obstacles for the registration of transfer of equity interests of Bao Xin under the name of the Group directly. As such, the relevant arrangements in holding the 12% equity interest in Bao Xin were made.

The Company has obtained PRC legal opinion to confirm the validity and effectiveness of such arrangement. As stated in the PRC legal opinion, there are contractual and legal obligations binding on the nominated shareholder and such arrangements are valid and effective under the relevant PRC laws. In addition, the Company has obtained confirmations from Bao Xin and the nominated shareholder to confirm its beneficial interests in Bao Xin. Confirmation has been obtained from all the registered shareholders of Bao Xin to confirm the shareholding of the Group in Bao Xin.

The aforesaid arrangement has been in operation for years and the nominated shareholder(s) have complied with the relevant contractual and legal obligations and are the major shareholder of Bao Xin. As such, the Company considers that the associated risks that the nominated shareholder would be in breach of such arrangement would be relatively low. Having considered the time and costs to obtain the relevant approvals for the Group to become direct registered shareholder of Bao Xin and the associated risks of not being direct registered shareholder of Bao Xin, the Company considers that the relevant arrangements are appropriate under the current circumstances.

- (b) Da Jian is principally engaged in providing credit guarantee service in the PRC. The initial cost of investment is HK\$9,800,000.

- (c) Bio-Energy is principally engaged in research, development and promotion of biomass energy and other agricultural related products. One of its subsidiary companies has obtained the development and operation right of a piece of land in Xinjiang Province, which is under construction and plantation of bio oil crops and shelter belt plants. The initial cost of investment is HK\$24,400,000.
- (d) Yenbo Gain is principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes. The initial cost of investment is HK\$13,092,000.
- (e) Perfect Worth is an investment holding company and its subsidiaries are principally engaged in the business of online distribution of footwear. The initial cost of investment is HK\$18,303,000.
- (f) Golden Resources is an investment holding company and its subsidiaries are principally engaged in the business of trading steel and its related products. The initial cost of investment is HK\$10,000,000.
- (g) Huge Leader is an investment holding company and its subsidiaries are principally engaged in the trading of engineering materials. The initial cost of investment is HK\$10,000,000.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong listed equity securities, at market value ( <i>note a</i> )	7,290	42,948
Investments in convertible bonds, at fair value ( <i>note b</i> )	15,872	24,931
Financial guarantee ( <i>note c</i> )	10,934	–
	<u>34,096</u>	<u>67,879</u>

(a) As at 31 March 2020, the Group held the following Hong Kong listed securities:

Name	Number of shares held	Percentage of interest held	Cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>
Asia Television Holdings Limited (stock code: 000707.HK)	63,320,000 ordinary share	0.853%	15,450	2,406
Golden Ponder Holdings Limited (stock code: 001783.HK)	37,560,000 ordinary share	4.695%	10,518	4,884

The fair values of the Group's investment in listed equity securities are based on quoted market price.

- (b) On 23 December 2017, the Company renewed the 3% unsecured convertible bonds issued by Guanwan Investments Limited (“Guanwan”) at a face value of HK\$20,000,000, bearing coupon interest rate of 3% per annum. Guanwan is an investment holding company which indirectly holds 100% shares of its subsidiary, 深圳金特嬌服裝有限公司 (“金特嬌”). 金特嬌 is principally engaging in designing, manufacturing and retail of women's dress in PRC. Each convertible bond due on 22 December 2020 are convertible into 24 fully paid ordinary shares of Guanwan with a par value of US\$1.00 each at a conversion price of HK\$833,333 per conversion share. The Company can exercise the conversion at any time until the maturity date.

- (c) On 2 December 2019, the Board of Directors made an announcement to inform the shareholders that the Company was unable to publish the 2019 Interim Results by 30 November 2019 as the Company has not been able to collect the information on some investee companies, namely Golden Resources and Huge Leader, for compiling the 2019 Interim Results. On 20 January 2020, the Chairlady of the Group executed the Deed of Indemnity in favour of the Company to guarantee that the value of the Company's respective investments in Golden Resources and Huge Leader will not fall below 70% of the fair value of such investments as reflected in the audited financial statements of the Company as at 31 March 2019. 70% of the fair value of such investments as at 31 March 2019 amounted to HK\$11,358,000. The Deed of Indemnity constitutes a derivative under HKFRS 9 (Financial Instruments) and the amount of HK\$10,934,000 is the fair value of the Deed of Indemnity as at 31 March 2020 based on the valuation report of an independent valuer.

### 13. SHARE CAPITAL

	Number of ordinary shares		
	<i>at</i> <i>HK\$0.01 each</i>	<i>at</i> <i>HK\$0.001 each</i>	<i>HK\$'000</i>
<b>Authorised:</b>			
At 1 April 2018	–	100,000,000,000	100,000
Share Consolidation	10,000,000,000	(100,000,000,000)	–
	<u>10,000,000,000</u>	<u>–</u>	<u>100,000</u>
At 31 March 2019 and 31 March 2020	<u>10,000,000,000</u>	<u>–</u>	<u>100,000</u>
<b>Issued and fully paid:</b>			
At 1 April 2018	N/A	8,821,857,294	8,822
Placement of new shares ( <i>note (a)</i> )	N/A	1,760,000,000	1,760
Share Consolidation ( <i>note (b)</i> )	1,058,185,729	(10,581,857,294)	–
	<u>1,058,185,729</u>	<u>–</u>	<u>10,582</u>
At 31 March 2019 and 31 March 2020	<u>1,058,185,729</u>	<u>–</u>	<u>10,582</u>

All shares issued during the year rank pari passu with the then existing shares in all respects.

*Notes:*

- (a) On 2 January 2019, an aggregate number of 1,760,000,000 new ordinary shares of par value of HK\$0.001 each were issued at subscription price of HK\$0.018 each to the independent third parties of the Company at aggregate proceeds of approximately HK\$30,888,000, net of issuing expenses directly related to respective placements, of which HK\$1,760,000 was credited to share capital and the remaining balance of HK\$29,128,000 was credited to the share premium account.
- (b) On 21 March 2019, the Company completed the consolidation of shares in the issued shares of the Company whereby every ten issued and unissued ordinary shares of HK\$0.001 each are consolidated into one consolidated ordinary share of HK\$0.01 each (the “**Share Consolidation**”).

#### 14. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$41,070,000 (2019: net assets of HK\$105,871,000) and the number of ordinary shares in issue as at 31 March 2020, being 1,058,185,729 (2019: 1,058,185,729).

#### 15. EVENTS AFTER REPORTING PERIOD

- (i) Since January 2020, the outbreak of Novel Coronavirus (“COVID-19”) has dealt a big blow on the global business environment. In preparing the consolidated financial statements, the Group applies fair value to measure its financial assets at fair value through other income and fair value through profit or loss. In 2020, fair value of the Group’s financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income suffer from fluctuations due to the COVID-19 outbreak. In view of the development and spread of COVID-19 subsequent to the reporting period, further changes in economic conditions arising thereof may have negative impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will keep monitoring to the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.
- (ii) On 23 April 2020, the Company entered into a sale and purchase agreement with an independent third party by which the Group conditionally agreed to sell, and the buyer conditionally agreed to buy the 5% equity interest of Perfect Worth for a consideration of HK\$500,000 in cash and the disposal was completed on 24 April 2020.
- (iii) On 24 June 2020 and 26 June 2020 respectively, the Company entered into a sale and purchase agreement with another independent third party by which the Group conditionally agreed to sell, and the buyer conditionally agreed to buy 14% (representing all 140 owned shares) and 17% (representing 17 out of 18 owned shares) equity interests of Golden Resource and Huge Leader for a cash consideration of HK\$816,000 and HK\$762,000 respectively. On 2 July 2020, the Company received the consideration for the sale of 17% equity interests in Huge Leader and on the same date the Company transferred the beneficial interests in Huge Leader to the purchaser. On 28 July 2020, the Company received the consideration for the sale of 14% equity interests in Golden Resources and on the same date the Company transferred the beneficial interests in Golden Resources to the purchaser. As each of the considerations for disposals of interests in Golden Resources and Huge Leader falls below 70% of their respective fair value as at 31 March 2019, the Chairlady of the Group is required to pay a total amount of shortfall of HK\$9,466,000 (after taking account of the considerations received) to the Company under the terms of the Deed of Indemnity which is mentioned in note 12 (c) above. After the disposal of 14% equity interest in Golden Resources and 17% equity interest in Huge Leader, the Chairlady of the Group still has obligation under the Deed of Indemnity in respect of the remaining 1% equity interest in Huge Leader.

## EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2020 which included a disclaimer of opinion: "We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

### **Basis for Disclaimer of Opinion**

The Group held 18% and 14% equity interest in Huge Leader Investment Development Limited ("**Huge Leader**") and Golden Resources Asia Limited ("**Golden Resources**") respectively which were determined as unquoted equity instruments and accounted for as financial assets at fair value through other comprehensive income as at 31 March 2020. Subsequent to 31 March 2020, the Company entered into sale and purchase agreements to dispose 17% and 14% equity interests in Huge Leader and Golden Resources respectively as set out in note 33 (iii).

During the year and up to the date of this report, the directors of the Company lost contact with the management of Huge Leader and Golden Resources and were unable to obtain any financial information of these two investee companies. Previously, each of Huge Leader and Golden Resources had an indirectly held operating subsidiary. During the financial year ended 31 March 2020, the directors of the Company found out that these two operating subsidiaries were no longer held by the subsidiaries of Huge Leader and Golden Resources.

The directors of the Company measured the fair value of the Group's interests in Huge Leader and Golden Resources as at 31 March 2020 based on the latest available financial information of these two investee companies which was the net asset values as at 31 March 2019 adjusted for the factors they considered might affect their fair values, including the two indirectly held operating subsidiaries were no longer held by the subsidiaries of Huge Leader and Golden Resources as at 31 March 2020. Based on this estimation approach, the directors of the Company estimated the fair value of the Group's interests in Huge Leader and Golden Resources approximated to HK\$Nil as at 31 March 2020 and recorded the decrease in fair value of HK\$8,065,000 and HK\$8,160,000 of investments in Huge Leader and Golden Resources respectively for the year ended 31 March 2020 in the consolidated statement of profit or loss and other comprehensive income.

During the course of our audit, the directors of the Company did not provide us with the details of their estimation of the fair value of these two investments as at 31 March 2020, including reliable and supportable information about the adjustments made to the net asset values of Huge Leader and Golden Resources to arrive at the net assets value as at 31 March 2020. In addition, there were no information about whether or not the directors of the Company have considered the amount of consideration from subsequent disposal of the Group's interests in Huge Leader and Golden Resources in their estimation of fair values and if such information have been considered in the estimation, how it is incorporated in estimating the fair values of the two investments. We were therefore unable to obtain sufficient appropriate audit evidence we considered necessary to assess the reasonableness of the directors' estimation of the fair values of the Group's interests in Huge Leader and Golden Resources as at 31 March 2020. Any adjustments to the fair value as at 31 March 2020 found necessary would increase the fair value of financial assets at fair through other comprehensive income and the Group's net assets as at 31 March 2020, reduce the change in fair value of financial assets at fair value through other comprehensive income for the year, and would affect the related disclosures thereof in the consolidated financial statements.



## **ADDITIONAL INFORMATION ON THE AUDITOR’S OPINION**

### **View of the Audit Committee and the Board on the auditor’s opinion**

The Audit Committee and the Board consider that the Company has provided all the available information about Huge Leader and Golden Resources to the auditors for audit purpose. As the Company lost contact with the management of Huge Leader and Golden Resources and was unable to provide updated financial information of these two investee companies to the auditors, the Audit Committee and the Board understand that without such information, the auditors are of the view that they could not obtain sufficient and appropriate audit evidence they considered necessary to assess the reasonableness of the directors’ estimation of the fair values of the Group’s interests in Huge Leader and Golden Resources as at 31 March 2020. This leads to the disclaimer of the auditor’s opinion on the financial statements of the Group as at 31 March 2020.

### **Actions to address the disclaimer of opinion**

In the Note 15 “Events after the reporting period” above, the disposals of the substantial part of the Group’s investment in Hugh Leader and Golden Resources were completed in July 2020 and only 1% equity interest in Hugh Leader remains in the books of the Group, which is considered by the Company not of material amount. In view of the above, the Audit Committee and the Board are of the view that the same audit qualifications will not recur in the next financial year and the subsequent periods thereafter.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Results**

The Group’s revenue for the year ended 31 March 2020 was Nil (2019: HK\$600,000), which decreased when compared with that of last year. The Group incurred a loss for the year attributable to owners of the Company amounting to approximately HK\$52,541,000, which decreased by approximately HK\$35,370,000 or 40% when compared with the loss of approximately HK\$87,911,000 incurred in last year. The decrease in the loss for the year was mainly attributable to the decrease in administrative expenses and the increase in change in fair value of financial assets at fair value through profit or loss during the year under review. The net asset value per share of the Group as at 31 March 2020 amounted to HK\$0.04 (2019: HK\$0.10). The Board has decided not to declare a final dividend for the year.

## Refundable deposits for potential investment projects

As disclosed in the consolidated financial statements of the Company in the annual result for the year ended 31 March 2020, refundable deposits (the “**Deposits**”) of approximately HK\$59 million were placed. Those Deposits were relating to seven potential investees covering banking and financial industry in the PRC, a company engaged in research, development and promotion of biomass energy and other agricultural related products and four high technology companies. The brief details of the Deposits in those potential investments as at 31 March 2020 are as follows:

	<b>Refundable deposits amount</b> <i>(HK\$'000)</i>
Two companies involved in banking and financial industry	20,000
A company in Hainan Province, the PRC engaged in research, development and promotion of biomass energy and other agricultural related products	9,000
Four high technology companies referred by an investment agent (the “ <b>Investment Agent</b> ”)	30,000

In relation to the two potential investees involved in the banking and financial industry in the PRC, the Group has completed its due diligence work. The Group understands that there is a requirement under the applicable PRC laws and regulations that the registered shareholder of such investees should have a profit making track record period for not less than 3 financial years. The Company is in the course of identifying suitable special purpose vehicles for making investments.

The Group has completed its due diligence in respect of the potential investee engaged in research, development and promotion of biomass energy and other agricultural related products and believes that there are prospects in the business segment. However, the potential investee has received notice from local authorities that the land used by the potential investee would be seized with compensation. In light of such uncertainty, the Company considers that it is in the interests of the Company and its shareholders as a whole that investment in the potential investee should be made after receipt by the potential investees of relevant land compensation. It was expected that the process would be completed on or before 31 December 2018. However, no further update has been obtained as at the date of this announcement.

In relation to those four high technology companies, those potential investment projects were only referred by the Investment Agent in 2017 to the Company and the Company is still in the course of negotiating with such potential investees regarding the investment plans, in particular if any industry leaders would co invest in such potential investees. To the best of the Directors' knowledge, information and belief, the Investment Agent and its ultimate beneficial owner(s) are independent third parties and the Investment Agent has referred potential investees to the Company from time to time since 2014. It is common practice in the industry that the Company would have to produce fund proof and to make earnest monies such that the investment agent(s) could refer potential investees to the Company.

During the due diligence process, the Company has reviewed the financial positions of those relevant potential investees and considers that they have the capacity to return the Deposits. Furthermore, the Company did obtain annual confirmations from the relevant potential investees and/or Investment Agent which confirm repayment of the Deposits in the previous years. However, the Group is unable to obtain annual confirmation for the year.

As at the date of this annual results announcement, the Company has not entered into any formal investment agreements with the potential investees. However, it was expected that such investments, if materialised, would have been made by December 2018 and the investment sums for each of the projects would be not less than the Deposits paid and the Deposits paid will be utilised towards the investment sums. In the event that the investments shall not be made, the Company shall have the right to demand the refund of the Deposits. Since there was uncertainty on the recoverability of the Deposits as the date of this announcement, full provision for impairment loss on the Deposits was made for prudence sake. Legal proceedings have been carried out to recover the same.

### **Investment Portfolio**

As at 31 March 2020, the details of all investments of the Group were summarised as below:

#### ***Interests in an associate – unlisted equity securities***

<b>Name of investee company</b>	<b>Place of incorporation/ operation</b>	<b>Percentage of effective interest held</b>	<b>Proportion of voting power</b>	<b>Cost HK\$'000</b>	<b>Carrying value HK\$'000</b>
Bonicast Construction Material (Beijing) Co., Ltd	People's Republic of China ("PRC")	49%	20%	5,958	–

***Financial assets at fair value through profit or loss***

*(i) Investment in convertible bonds*

<b>Name of investee companies</b>	<b>Place of incorporation</b>	<b>Cost</b> <i>HK\$'000</i>	<b>Carrying Value</b> <i>HK\$'000</i>
Guanwan Investments Limited	British Virgin Islands	20,000	15,872

*(ii) Investment in Hong Kong listed equity securities*

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of interest held</b>	<b>Cost</b> <i>HK\$'000</i>	<b>Market value</b> <i>HK\$'000</i>
Asia Television Holdings Limited	63,320,000	0.853%	15,450	2,406
Golden Ponder Holdings Limited	37,560,000	4.695%	10,518	4,884

*(iii) Financial guarantee*

<b>Guarantor</b>	<b>Cost</b> <i>HK\$'000</i>	<b>Carrying Value</b> <i>HK\$'000</i>
Yang Xiaoqiu	10,934	10,934

(iv) *Financial assets at fair value through other comprehensive income*

<b>Name of investee company</b>	<b>Place of incorporation</b>	<b>Percentage of effective interest held</b>	<b>Cost HK\$'000</b>	<b>Carrying Value HK\$'000</b>
Tianjin Bao Xin Ying Precious Metals Management Limited	PRC	12.00%	6,590	3,896
GuangZhou Shi Da Jian Credit Guarantee Limited	PRC	11.59%	9,800	4,578
China Petroleum Bio Energy Company Limited	Hong Kong	5.69%	24,400	–
Yenbo Gain Limited	BVI	18.18%	13,092	–
Perfect Worth Investment Limited	BVI	5.00%	18,303	119
Golden Resources Asia Limited	BVI	14.00%	10,000	–
Huge Leader Investment Development Limited	BVI	18.00%	10,000	–

Further details of all investments of the Group are included in note 10 to note 12 to the consolidated financial statements.

### **Financial Resources and Liquidity**

As at 31 March 2020, the Group had cash and cash equivalents of approximately HK\$2,303,000 (2019: approximately HK\$1,137,000). The Group had the net current assets and the net assets of approximately HK\$32,344,000 (2019: HK\$68,093,000) and approximately HK\$41,070,000 (2019: HK\$105,871,000) respectively as at 31 March 2020. Save as disclosed above, the Group had no bank and other borrowing as at 31 March 2020.

The current ratio, calculated on the basis of total current assets over total current liabilities, was approximately 7.67 (2019: 19.91) as at 31 March 2020.

### **Capital Structure**

Details in the changes of the capital structure of the Company during the year ended 31 March 2020 are set out in note 13 to the consolidated financial statements. The capital of the Company comprises only ordinary shares as at 31 March 2020.

## **Foreign Exchange Exposure**

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi. The management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 31 March 2020, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. The Group had not entered into any financial derivatives in currencies other than Hong Kong dollars during the year.

## **Pledge of Assets and Contingent Liabilities**

As at 31 March 2020, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

## **Staff Cost**

As at 31 March 2020, the Group had 7 (2019: 7) full time employees (exclusive of directors). The Group's total staff costs (including directors' remuneration) amounted to approximately HK\$3,357,000 for the year ended 31 March 2020 (2019: HK\$4,851,000). The employees were remunerated based on their responsibilities and performance.

## **Prospect**

Looking ahead into the rest of 2020, the operation environment for financial markets is expected to remain challenging. Therefore, the Group plans to increase cashflow through streamlining of its structure such as disposal of low quality assets and cost savings. On the other hand, the Group will keep on seeking business investment opportunities in enterprises with potentials. The Group is looking for efficient methods to strengthen the Group financial position.

In 2020, global economy is facing an increased risk of stagnation, and it still has many uncertainties especially with US China trade war and the repercussions by COVID-19 pandemic. Thus, we will remain conservative on our investment strategy to ensure that the Group has a better financial position.

The Group's investment strategy will be more diversified aiming at identifying suitable investment opportunities with potential of asset appreciation to bring better return to the shareholders. The Group will adopt a pragmatic and enterprising approach to deploy its investment strategy, with an objective to contribute favorable return for our shareholders.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is responsible for ensuring that high standards of corporate governance are maintained and for accounting to shareholders. During the year ended 31 March 2020, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Listing Rules except for the following deviations:

The code provision A.6.7 of the CG Code states that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Three of the independent non-executive directors were unable to attend the annual general meeting of the Company held on 30 August 2019 due to other important engagement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

During the year ended 31 March 2020, the Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors, all of them confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the year ended 31 March 2020.

## **AUDIT COMMITTEE**

The Company has an Audit Committee with written terms of reference in compliance with the Listing Rules. Amongst other duties, the principal duties of the Audit Committee are to review and supervise the financial reporting process and internal control of the Group.

The Audit Committee comprises three independent non-executive directors, namely, Mr. Li Li, Mr. Lai Yuen Piu and Ms. Leung Mei Hing Carrie, and is chaired by Mr. Li Li. The audited financial statements of the Group for the year ended 31 March 2020 have been reviewed by the Audit Committee.

## **REMUNERATION COMMITTEE**

The Company has a Remuneration Committee with written terms of reference. The Remuneration Committee consists of all three independent non-executive directors Mr. Li Li, Mr. Lai Yuen Piu and Ms. Leung Mei Hing Carrie, and is chaired by Mr. Lai Yuen Piu.

## **NOMINATION COMMITTEE**

The Company has a Nomination Committee with written terms of reference. The Nomination Committee consists of three independent non-executive directors and Ms. Yang Xiaoqiu, Chairman of the Board and a non-executive director, and is chaired by Ms. Yang Xiaoqiu.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2020 have been agreed by the Group's auditor, BDO Limited (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company will be published on the websites of the Stock Exchange and the Company as soon as practicable.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 2 July 2020 pending publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 14 August 2020.

By Order of the Board  
**China Investment Development Limited**  
**Yang Xiaoqiu**  
*Chairman*

Hong Kong, 13 August 2020

*As at the date of this announcement, the executive director is Mr. Chan Cheong Yee; the non-executive directors are Ms. Yang Xiaoqiu (Chairman) and Mr. Tom Xie; and the independent non-executive directors are Mr. Li Li, Mr. Lai Yuen Piu and Ms. Leung Mei Hing Carrie.*