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CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

The board (the “Board”) of directors (the “Directors”) of China Investment and Finance Group Limited (the “Company”) hereby present the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross proceeds from disposal of listed securities		<u>30,371</u>	<u>144,262</u>
Revenue	<i>3</i>	4,521	2,930
Net realised loss on disposal of listed equity investments at fair value through profit or loss		(5,944)	(18,909)
Net unrealised gain/(loss) on listed equity investments at fair value through profit or loss		25,980	(61,172)
Net unrealised loss on unlisted equity investments at fair value through profit or loss		(13,152)	(24,743)
Other income	<i>3</i>	162	–
Impairment losses under expected credit loss model, net of reversal	<i>5</i>	1,282	(17,034)
Administrative expenses		(8,872)	(7,815)
Finance costs	<i>7</i>	(408)	(365)
Profit/(loss) before tax	<i>6</i>	3,569	(127,108)
Income tax credit	<i>8</i>	–	732
Profit/(loss) and total comprehensive income/ (expense) for the year attributable to owners of the Company		<u>3,569</u>	<u>(126,376)</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Earnings/(loss) per share			
– Basic	<i>10</i>	<u>1.43</u>	<u>(55.98)</u>
– Diluted	<i>10</i>	<u>1.43</u>	<u>(55.98)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Equity investments at fair value through profit or loss	11	24,140	37,292
Debt investments measured at amortised cost		25,364	13,119
		<u>49,504</u>	<u>50,411</u>
Current assets			
Equity investments at fair value through profit or loss	11	121,192	98,135
Other receivables, prepayments and deposits		29,771	41,883
Cash and cash equivalents		2,789	1,562
		<u>153,752</u>	<u>141,580</u>
Current liabilities			
Margin payables	12	4,422	5,131
Other payables and accruals		3,328	4,214
		<u>7,750</u>	<u>9,345</u>
Net current assets		<u>146,002</u>	<u>132,235</u>
Net assets		<u>195,506</u>	<u>182,646</u>
Capital and reserves			
Share capital		271	112,883
Reserves		195,235	69,763
Total equity		<u>195,506</u>	<u>182,646</u>
Net asset value per share (in HK\$)	13	<u>0.72</u>	<u>0.08</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 19 September 2002. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is at Room 1104, Crawford House, 70 Queen's Road Central, Hong Kong.

The principal activities of the Group are investment holding and trading of securities.

The consolidated financial statements are prepared in Hong Kong dollar (HK\$), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs, including Hong Kong Accounting Standards ("HKASs"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financing statements in the foreseeable future.

3. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue:		
Dividend income from equity investment at FVPL	7	327
Interest income from debt investments at amortised cost	2,645	1,189
Interest income from other receivables	1,869	1,413
Interest income from brokers	—*	1
Interest income from bank accounts	—*	—*
	<hr/>	<hr/>
	4,521	2,930
Other income	<hr/> 162 [#]	<hr/> —
	<hr/> 4,683	<hr/> 2,930

* *Amount less than HK\$1,000*

[#] *During the year ended 31 March 2021, the Group received HK\$162,000 (2020: nil) from the government to support the Group's operations under Employment Support Scheme. There were no unfulfilled conditions or contingencies relating to the government grants.*

4. SEGMENT INFORMATION

For the year ended 31 March 2021 and 2020, the Group's revenue and results were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one and the only business segment since these transactions are subject to common risks and returns. The management monitors the operating results of its investment business as a whole for the purpose of making decision about resource allocation and performance assessment. Given the nature of the Group's business was operated as a single segment, it is not considered meaningful to provide an operating segment analysis of financial performance.

Geographical information

During the year ended 31 March 2021 and 2020, all activities of the Group are based in Hong Kong and all of the Group's revenue was derived from Hong Kong. Accordingly, no geographical analysis of revenue and assets is presented.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2021	2020
	HK\$'000	HK\$'000
Impairment losses (reversed)/recognised on:		
– Other receivables	(2,031)	13,964
– Debt investments measured at amortised costs	<u>749</u>	<u>3,070</u>
	<u>(1,282)</u>	<u>17,034</u>

6. PROFIT/(LOSS) BEFORE TAX

	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) before tax has been arrived at after charging/(crediting):		
Directors' remunerations		
– Fees	705	1,110
– Other remunerations	331	210
– Equity-settled share-based payments	<u>530</u>	<u>–</u>
Total directors' remunerations	<u>1,566</u>	<u>1,320</u>
Staff costs		
– Basis salaries and other benefits	756	1,010
– Equity-settled share-based payments	2,090	–
– Retirement benefits scheme	<u>33</u>	<u>38</u>
Total staff costs (excluding directors' remunerations)	<u>2,879</u>	<u>1,048</u>
Auditors' remuneration	460	490
Equity-settled share-based payments (included in directors' remunerations and staff costs above)	2,620	–
Investment manager fee	866	960
Net unrealised (gain)/loss on listed equity investments at fair value through profit or loss	(25,980)	61,172
Net unrealised loss on unlisted equity investments at fair value through profit or loss	13,152	24,743
Expenses related to short-term lease	<u>90</u>	<u>90</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on margin financing wholly repayable on demand	<u>408</u>	<u>365</u>

8. INCOME TAX CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax:		
Over-provision in respect of prior years	<u>–</u>	<u>732</u>
Income tax credit	<u>–</u>	<u>732</u>

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2021 and 2020.

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share was based on the profit attributable to owners of the Company of HK\$3,569,000 (2020: loss of HK\$126,376,000) and the weighted average number of 249,022,000 (2020: 225,767,000 (restated)) ordinary shares in issue during the year.

On 30 July 2020, the Company completed a capital reorganisation which involved in the consolidation of every ten ordinary shares of the Company of HK\$0.0001 each into one consolidated share of HK\$0.001 each.

For the year ended 31 March 2021 and 2020, the weighted average number of ordinary shares has been adjusted for the effect of the share consolidation.

The computation of diluted earnings per share for the year ended 31 March 2021 does not assume the exercise of the Company's share options since the exercise price of those share options was higher than the average market price of shares for the period from the date of the grant of share options to 31 March 2021.

The computation of diluted loss per share for the year ended 31 March 2020 does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share for that year.

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current		
Unlisted equity investments outside Hong Kong	24,140	37,292
Current		
Listed equity investments in Hong Kong	<u>121,192</u>	<u>98,135</u>
	<u>145,332</u>	<u>135,427</u>

The fair values of these listed securities are determined based on the quoted market bid prices at the end of each reporting period. The Group has pledged certain financial assets at fair value through profit or loss with carrying amount of approximately HK\$14,449,000 as at 31 March 2021 (2020: HK\$24,353,000) to secure margin payables as disclosed in note 12.

12. MARGIN PAYABLES

Margin payables represents margin loans arising from the trading of listed investments which are repayable on demand. No ageing analysis is disclosed in respect of margin payables. In opinion of the Directors, an ageing analysis does not give additional value in view of the Group's business nature.

Margin payables bear interest rates ranged from 8% to 15.25% (2020: 8% to 15%) per annum for the year ended 31 March 2021.

13. 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\$195,506,000 (2020: HK\$182,646,000) by the number of shares in issue as at 31 March 2021, being 270,916,600 (2020: 2,257,666,000).

In the course of preparation of this announcement, the value of the Group's unlisted investments decreased by net amount of approximately HK\$13,152,000, which was made with reference to independent valuation reports. The valuation reports were obtained by the Company after 15 April 2021, the date of the Company's announcement titled "Net Asset Value" (the "NAV Announcement"). Owing to the aforesaid valuation loss, the net asset value per share of the Company as at 31 March 2021 decreased from approximately HK\$0.77 as stated in the NAV Announcement to approximately HK\$0.72 as stated in this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2021 (the “Year”), the Group recorded gross proceeds from disposal of securities of approximately HK\$30.4 million, representing a decrease of approximately 78.9%, as compared to the amount of approximately HK\$144.3 million for the last year. The Group recorded in revenue of approximately HK\$4.5 million, representing an increase of approximately 54.3% as compared to the amount of approximately HK\$2.9 million for the last year. The Company recorded profit attributable to the owners of the Company for the year amounted to approximately HK\$3.6 million (2020: loss of approximately HK\$126.4 million). The audited consolidated net assets of the Group as at 31 March 2021 amounted to approximately HK\$195.5 million (2020: approximately HK\$182.6 million). The net asset per share of the Group was amounted to approximately HK\$0.72 (2020: approximately HK\$0.08). The increase in net asset value per share of the Company over the year was principally resulted from the net effect of (i) the share consolidation for every then 10 shares of the Company into 1 share of the Company (see the Company’s circular dated 30 March 2020 for further details); (ii) the placing of 45,150,000 new shares of the Company at a price of HK\$0.150 each (see the Company’s announcements dated 15 September 2020 and 25 September 2020 for further details); and (iii) the net profit attributable to the shareholders of the Company for the year of approximately HK\$3.6 million.

The Group’s financial performance changed from net loss approximately HK\$126.4 million for the year ended 31 March 2020 to net profit approximately HK\$3.6 million for the Year. Such change is mainly attributable to the change in performance of the Group’s listed investments and the expected credit loss assessment. The Group recorded net loss on listed investments of approximately HK\$80.1 million in the last year, while net gain on listed investments of approximately HK\$20.0 million was recorded in the current year. In relation to the expected credit loss assessment, the Group recorded impairment losses of approximately HK\$17.0 million in the last year, while reversal of impairment losses of approximately HK\$1.3 million is recorded in the current year. Taking into account of decrease in fair value on unlisted investments of approximately HK\$13.2 million (2020: approximately HK\$24.7 million), administrative expenses of approximately HK\$8.9 million (2020: approximately HK\$7.8 million) and other expenses, the Group recorded net profit of approximately HK\$3.6 million in the current year (2020: loss of approximately HK\$126.4 million).

Investment Review

As at 31 March 2021, the Group's major investments were as follows:

Investments	Description
Listed equities	HK\$121.2 million of a portfolio of listed shares in 35 companies
Direct investment in unlisted equities	HK\$24.1 million in 3 direct investments in unlisted equities securities
Debt Investments	HK\$25.4 million in bonds issued by 2 listed companies
Total	HK\$170.7 million

The investment portfolio as at 31 March 2021 of the Group mainly comprises of unlisted securities, listed securities and bonds investment in Hong Kong and China. The value of investment portfolio of the Group is of approximately HK\$170.7 million. As a whole, the portfolio was carefully managed and being fully diversified to minimise commercial risk resulting from over concentration of the investment of the Group in any single industry.

Significant Investments

The Group's investments with fair value over 5% of value of its total assets are considered as significant investments. In respect of the Group's significant investments as at 31 March 2021, set out below are certain information on those investments:

(A) *Unlisted Equity Investments*

Peak Zone Group Limited ("Peak Zone")

Peak Zone principally engages in the electronic commerce industry specializing on the provision of integrated application, which can be deployed by its customers on a modular or selective basis, offering flexibility in budget and choice. For the twelve months ended 31 March 2021, the unaudited consolidated net profit attributable to equity holders of Peak Zone was approximately HK\$3.0 million. Peak Zone is developing its business in Eastern China area and continuing the development of related and advanced systems to provide more comprehensive services to increase its revenue. The Company expects Peak Zone having a high growth potential.

Prominent Alliance Limited (“Prominent Alliance”)

Prominent Alliance is principally engaged in dealing in securities, advising on securities and asset management. For the year ended 31 March 2021, the unaudited consolidated net loss attributable to equity holders of Prominent Alliance was approximately HK\$16.0 million, which was due to the outbreak of COVID-19 affecting various industries including financial sector. Prominent Alliance will closely monitor China and Hong Kong economy trend especially in the investment market. Accordingly, the Company expects Prominent Alliance will be prudent on its business development and operation and obtain a positive return when the epidemic has passed.

(B) *Listed Equity Investments*

China e-Wallet Payment Group Limited (“China e-Wallet”, stock code: 802)

China e-Wallet is principally engaged in provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories. The audited consolidated loss attributable to shareholders of China e-Wallet for the year ended 31 December 2020 was approximately HK\$41.8 million.

China e-Wallet had continued the efforts to consolidate and realign its businesses to enable the Group to achieve improvements in its financial position. Moreover, it will utilise its existing technical knowledge and programmers to diversify its income stream and will continue to work towards, attaining a stable platform for sustainability and basis for any potential growth. By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, China e-Wallet obtained the license from the largest Japanese animation studio to conduct an interactive animation exhibition in Hong Kong during 2019. They will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future. The management of the Company considers the business model of China e-Wallet having an attractive business potential, but will keep close monitoring on its development.

WLS Holdings Limited (“WLS”, stock code: 8021)

WLS is principally engaged in the provision of scaffolding and fitting out services, and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business and assets management business. The audited consolidated loss attributable to shareholders of WLS for the year ended 30 April 2020 was approximately HK\$108.9 million.

As stated in WLS interim report 2020/2021, looking ahead, in view of present economic uncertainty and difficulties, WLS is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate its resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance its competitiveness, WLS will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, WLS will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. WLS will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for its shareholders.

Finally, WLS will actively explore all suitable investment opportunities to diversify its business horizons and will work hard to strengthen overall business development. WLS business strategy is in line with the general direction of the government's overall strategic development plans for property construction, infrastructure investment and financial market development.

The management of the Company shares the same viewpoints of WLS and believes its businesses in construction and infrastructure sectors are in line with the development plan of Hong Kong Government and will bring positive return to the Company in long run.

Power Financial Group Limited (“Power Financial”, stock code: 397)

Power Financial is principally engaged in business of financial services, asset management and investment and money lending. For the financial year ended 31 December 2020, the audited consolidated profit attributable to shareholders of Power Financial was approximately HK\$44.2 million. Power Financial aims to migrate into the IPO margin financing business. In October 2020, it made arrangements with a licensed bank to provide IPO financing facilities, which will be used for IPO margin financing to clients. With the adoption of a more aggressive development strategy and continue recruiting talents to expand the client base, Power Financial is poised to expand its horizons and scale new heights in the years to come. Power Financial will also revamp its Equity Capital Market (“ECM”) business by building a research and analysis team with solid academic backgrounds in finance as well as experience in applying corporate finance analytical techniques to review and select the best quality and most profitable ECM deals in order to maximise opportunities and secure greater business deals where possible. During the year 2020, Power Financial plans to expand the scope of money lending business into retail lending and project financing by setup a new wholly-owned subsidiary and employ experienced staff to support its expansion.

To help optimize the efficiency of money lending procedures, Power Financial will upgrade its loan management system to better monitor and manage loan portfolios as well as improve overall efficiency in loan operations. E Cash Fintech Limited, a new wholly-owned subsidiary of Power Financial for retail lending, is currently creating its own website and mobile application for money lending platform, which is expected to be released and in use during the second half of 2021. The promotion of digitalized and smart trading services will enable Power Financial to offer better users experience and strengthen its core competences in the fintech era. Power Financial will closely monitor the changing business environment and seek out opportunities for long-term sustainable and steady growth. Furthermore, it will carefully pursue all potential viable investment and business opportunities to further develop existing business segments while also expanding the customer base as well as deepening relationships with current customers. The management of the Company believes Power Financial will be able to spur its revenue growth and create more value, and profit will be generated in long terms.

(C) Unlisted Debt Investments

China 33 Media Group Limited (“China 33 Media”)

During the Year, the Group subscribed unlisted bonds (the “China 33 Media Bonds”) issued by China 33 Media with principal of HK\$12,000,000 with a coupon rate of 12.0%. The China 33 Media Bonds will be matured in 36 months from the issuing date (i.e. 23 July 2020).

China 33 Media is a company incorporated in the Cayman Islands with limited liability. China 33 Media and its subsidiaries are principally engaged in Investment holdings, provision of management services, prepaid card business, film and entertainment investment and provision of advertising services. It is listed on GEM of the Stock Exchange (stock code: 8087). The audited net assets and current assets of China 33 Media were approximately RMB236.8 million and RMB363.4 million respectively and its total liabilities were approximately RMB173.3 million as at 31 December 2020. The Company considers that China 33 Media has sufficient working capital to meet the ongoing business, there is no signal of default of bonds issued by China 33 Media.

Hao Wen Holdings Limited (“Hao Wen”)

During the year ended 31 March 2020, the Group subscribed unlisted bonds (the “HW Bonds”) issued by Hao Wen with principal of HK\$15,000,000 with a coupon rate of 11.0%. The HW Bonds will be matured in 36 months from the issuing date (i.e. 12 July 2019).

Hao Wen is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in the money lending business and processing and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019). The audited net assets and current assets of Hao Wen were approximately RMB310.3 million and RMB228.3 million respectively and its total liabilities were approximately RMB56.5 million as at 31 December 2020. The Company considers that Hao Wen has sufficient financial resources to meets its ongoing operation, and there is no signal of default of the Bonds.

Performance of the Group's Listed Securities

The profit on listed investments of approximately HK\$20.0 million for the Year represented net realised loss on disposal of listed securities of approximately HK\$6.0 million and net unrealised gain of listed securities of approximately HK\$26.0 million and dividend received of approximately HK\$7,000. Set out below are further information of these net realised loss and unrealised gain:

Net Realised Loss on Disposal of Listed Securities

The net realised loss on disposal of listed securities of approximately HK\$6.0 million represented the realised gain of approximately HK\$6.2 million net of realised loss of approximately HK\$12.2 million.

The realised gain of approximately HK\$6.2 million principally represented:

Company name	Stock code	Investment costs <i>HK\$ million</i>	Disposal consideration <i>HK\$ million</i>	Realised gain <i>HK\$ million</i>
Aeso Holding Limited	8341	2.6	5.5	2.9
BOSA Technology Holdings Limited	8140	0.5	1.9	1.4

In addition to the above 2 stocks, there was no other stocks which brought realised gain over HK\$1.0 million to the Group during the Year.

The realised loss of approximately HK\$12.2 million principally represented:

Company name	Stock code	Investment costs <i>HK\$ million</i>	Disposal consideration <i>HK\$ million</i>	Realised loss <i>HK\$ million</i>
China Jicheng Holdings Limited	1027	4.0	0.4	3.6
SEM Holdings Limited	9929	6.3	4.1	2.2

In addition to the above 2 stocks, there was no other stocks which brought realised loss over HK\$2.0 million to the Group during the Year.

Net Unrealised Gain of Listed Securities

The net unrealised gain of approximately HK\$26.0 million represented the unrealised gain of approximately HK\$39.0 million net of unrealised loss of approximately HK\$13.0 million.

The unrealised gain of approximately HK\$39.0 million principally represented:

Company name	Stock code	Unrealised gain <i>HK\$ million</i>
Milan Station Holdings Limited	1150	6.5
Wan Cheng Metal Packaging Company Limited	8291	6.1
AMCO United Holding Limited	630	4.3
China Jicheng Holdings Limited	1027	4.2

In addition to the above 4 stocks, there was no other stocks which brought unrealised gain over HK\$4.0 million to the Group during the Year.

The unrealised loss of approximately HK\$13.0 million principally represented:

Company name	Stock code	Unrealised loss <i>HK\$ million</i>
China Kingstone Mining Holdings Limited	1380	2.1
China 33 Media Group Limited	8087	1.9
Asia Grocery Distribution Limited	8413	1.6
China National Culture Group Limited	745	1.0

In addition to above 4 stocks, there was no other stocks which brought unrealised loss over HK\$1.0 million to the Group during the Year.

Note:

The shares of all the companies mentioned under Performance of the Group's Listed Securities were listed on either main board or GEM of the Stock Exchange.

Performance of the Group's Unlisted Securities

The Group's did not dispose of any unlisted securities and recorded net unrealised loss of unlisted securities of approximately HK\$13.2 million during the Year, which principally represented the valuation loss on the Group's investment in Wingate Holdings Limited of approximately HK\$8.8 million.

Performance of the Group's Unlisted Debt Investments

The valuation loss on the Group's investments in the bonds of approximately HK\$0.7 million was recorded during the Year. As mentioned in the section "Significant Investments" above, the Board considers that there is no signal of default of the bonds held by the Group.

Impairment Losses under Expected Credit Loss Model

In the year ended 31 March 2018, the Group disposed of an investment in Help U Credit Limited at a consideration of HK\$50,000,000. The Group has only received HK\$34,920,000 as of 22 June 2020, the date of approval of the Company's annual report for the year ended 31 March 2020 ("Year 2020"). During Year 2020, the Group has taken legal actions against the vendor in connection with the outstanding balance of HK\$15,080,000 already. As of 31 March 2020, the Group has made a full impairment on the remaining balance of HK\$15,080,000. The Company has engaged an independent valuer to assess the expected credit loss of the Company's bonds and receivables, and reversal of expected credit loss of approximately HK\$1.3 million was made during the Year, which was principally attributable to improvement of overall business environment in China and Hong Kong.

Segmental Information

There is no material change in the Group's investment segment, principally investment in listed and unlisted securities, during the Year.

Price Risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as equity investments at fair value through profit or loss as at 31 March 2021. To manage its price risk arising from investments in the above financial assets, the Group diversifies its portfolio. If the prices of the equity investments held for trading were higher or lower by 5% as at 31 March 2021, the Group's profit for the year would increase or decrease by approximately HK\$5.1 million respectively, and if the prices of equity investments held for trading were higher or lower by 5% as at 31 March 2020, the Group's loss for the year ended 31 March 2020 would decrease or increase by approximately HK\$4.1 million respectively. If the value of the investments held by the Group as equity investments with non-trading in nature were higher or lower by 5% as at 31 March 2021 (2020: 5%), the Group's equity as at 31 March 2021 would increase or decrease by approximately HK\$1.2 million (2020: HK\$1.9 million) respectively.

Prospects

We expect the global market will continue to face greater challenges and full of uncertainty especially after the outbreak of COVID-19. Both developed and developing economies are facing challenge of economic turmoil. China was also facing a slowdown in economic growth, but its situation seems not as poor as that of the West, and its economy has commenced strong recovery since late Year 2020. In spite of the damage caused by COVID-19, the launch of vaccines has given hopes to the world of the recovery of economies. Accordingly, the Directors consider, crisis and opportunities coexist in the coming year.

The Directors will continue to take a prudent approach in managing the Group's investment portfolio and develop the investment strategies. Given the increasing influence of China against the global economy, the Group will still be based mainly on Chinese economy, the Group will continue to look for investment opportunities which offer outstanding returns under the acceptable risk in the portfolio of the Group.

The Company would consider investing in certain unlisted securities, listed securities and fixed income products with high potential in order to diversify further market risk.

Dividend

The Board has resolved not to recommend a payment of final dividend.

Liquidity and Financial Resources

As at 31 March 2021, the Group had margin payables to financial institutions of approximately HK\$4.4 million (2020: approximately HK\$5.1 million). The Group had bank balances and cash on hand of approximately HK\$2.8 million (2020: approximately HK\$1.6 million), which was mainly placed in bank and other financial institutions as deposits. As the Group held listed securities of approximately HK\$121.2 million as at 31 March 2021 (2020: approximately HK\$98.1 million), which is around 27.4 times (2020: approximately 19.1 times) of the margin payable value, the Board consider the Company's liquidity position is still healthy as at 31 March 2021.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 2.2% (2020: 2.8%), which was considered a very low leverage level by the Board.

Capital Structure

The unaudited consolidated net asset value per share of the Company as at 31 March 2021 was HK\$0.72 (2020: audited HK\$0.08). The consolidated net asset value per share is calculated based on the net assets of the Group as at 31 March 2021 of approximately HK\$195.5 million (2020: approximately HK\$182.6 million) and the total number of 270,916,600 shares ordinary shares of the Company at par value of HK\$0.001 each (2020: 2,257,666,000 ordinary shares of the Company at par value of HK\$0.05 each) in issue as at that date. The change of the number of issued shares of the Company and par value of the Company's share capital is resulted from the capital reorganization which was completed on 30 July 2020 (see the Company's circular dated 30 March 2020 for details) and the placing of 45,150,000 shares on 25 September 2020 (see the paragraphs below for details).

The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position. On 25 September 2020, the Company completed a placing and has successfully raised approximately HK\$6.8 million (before expenses), which are detailed below.

On 15 September 2020 (after trading hours), the Company and Astrum Capital Management Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement") pursuant to which the Placing Agent agreed to place, on a best endeavour basis, to not less than six independent placees for up to 45,150,000 new shares at a price (the "Placing Price") of HK\$0.150 per placing share (the "Placing"). These new shares rank pari passu in all respect with the then existing Shares. The Placing was completed on 25 September 2020.

The Placing Price of HK\$0.150 per placing share represents: (i) a discount of approximately 2.6% to the closing price of HK\$0.154 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 September 2020, being the date of the Placing Agreement; and (ii) a discount of approximately 9.9% to the average of the closing prices of HK\$0.1664 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investment holding. The Board considered that the Placing represented a good opportunity for the Company to raise additional funds and to widen the Company’s shareholder base, and the terms of the Placing Agreement are on normal commercial terms. Accordingly, the Directors considered that the terms of the Placing were fair and reasonable and in the interests of the Company and its shareholders as a whole.

The aggregate gross proceeds of the Placing were approximately HK\$6.8 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$6.6 million, representing a net issue price of approximately HK\$0.146 per placing share. The net proceeds from the Placing were intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. As of 31 March 2021, the net proceeds from the Placing of approximately HK\$6.6 million has been fully used as intended.

Save as the aforesaid capital reorganization and the Placing, the Group did not run any capital exercise during the Year.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the year ended 31 March 2021, the Company does not have any significant acquisition and disposal of subsidiaries, associates or joint ventures.

Employees

During the year ended 31 March 2021, the Group had retained eleven employees (2020: nine employees). Total staff costs of the Group, excluding directors’ remuneration, for the year under review amounted to approximately HK\$2.9 million (2020: approximately HK\$1.0 million). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets and Contingent Liabilities

As at 31 March 2021, the Group has pledged listed securities of approximately HK\$14.4 million (2020: approximately HK\$24.4 million) to secure the margin payables of approximately HK\$4.4 million (2020: approximately HK\$5.1 million). The Group did not have significant contingent liabilities as at 31 March 2021 and 2020.

Future Plans for Material Investments or Capital Assets and Their Expected of Funding in Coming Year

As at 31 March 2021 and up to the date of this announcement, the Company does not have any concrete plan for material investments or capital assets.

Foreign Currency Fluctuation

The Group's exposures to foreign currencies mainly arises from its investments in companies located in the PRC, which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Year. As at 31 March 2021, the Group had no outstanding foreign currency hedge contracts (2020: Nil).

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2021, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2021, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, risk management, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff.

The audit committee of the Group consists of three independent non-executive directors, namely Mr. HON Leung, Mr. LUK Simon and Ms. LIU Xiaoyin.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Group's auditors, Elite Partners CPA Limited ("the Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Auditors 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 Auditors on the preliminary announcement.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.chnif.com.hk>). The 2020/21 annual report will be dispatched to the shareholders and available on websites of the Stock Exchange and the Company in due course.

By order of the Board
China Investment and Finance Group Limited
CHAN Cheong Yee
Executive Director

Hong Kong, 25 June 2021

As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director; Mr. WU Qi and Mr. FONG On Shek as non-executive Directors; and Mr. LUK Simon, Ms. LIU Xiaoyin and Mr. HON Leung as independent non-executive Directors.