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 2019

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 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Gross proceeds from disposal of listed securities		**56,096**	295,087
Revenue	*3*	**95**	907
Net realised loss on disposal of equity investments at fair value through profit or loss		**(26,172)**	–
Net unrealised loss on equity investments at fair value through profit or loss		**(48,642)**	–
Net realised loss on disposal of financial assets held for trading		**–**	(182,729)
Net unrealised loss on financial assets held for trading		**–**	(923,480)
Impairment of available-for-sale investments		**–**	(10,050)
Other income	*3*	**6**	–
Impairment on financial assets at amortised costs, net		**2,799**	–
Administrative expenses		**(14,853)**	(10,708)
Loss from operations	*5*	**(86,767)**	(1,126,060)
Finance costs	*6*	**(484)**	(2,154)
Loss before tax		**(87,251)**	(1,128,214)
Income tax credit	*7*	**1,094**	86,506
Loss for the year attributable to owners of the Company		**(86,157)**	(1,041,708)
Loss per share			
– Basic, *HK cents*	*9*	**(3.82)**	(46.14)
– Diluted, *HK cents*	*9*	**(3.82)**	(46.14)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(86,157)**	(1,041,708)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale investments		
Net loss arising on revaluation of available-for-sale investments during the year	**–**	(703)
Reclassification adjustment relating to impairments of available-for-sale investment during the year	**–**	10,050
Other comprehensive income for the year, net of tax	**–**	9,347
Total comprehensive expense for the year and attributable to the owners of the Company	**(86,157)**	(1,032,361)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
Non-current assets			
Equity investments at fair value through profit or loss	*10*	**62,035**	–
Available-for-sale investments	*11*	**–**	101,012
		62,035	101,012
Current assets			
Equity investments at fair value through profit or loss	*10*	**171,176**	–
Financial assets held for trading	*12*	**–**	180,487
Other receivables, prepayments and deposits		**70,070**	103,926
Current tax assets		**–**	38
Cash and cash equivalents		**12,722**	35,408
		253,968	319,859
Current liabilities			
Margin payables	*13*	**3,884**	6,988
Other payables and accruals		**2,684**	2,450
Current tax liabilities		**413**	2,294
		6,981	11,732
Net current assets		**246,987**	308,127
Total assets less current liabilities		**309,022**	409,139
Net assets		**309,022**	409,139
Capital and reserves			
Share capital		**112,883**	112,883
Reserves		**196,139**	296,256
Total equity		**309,022**	409,139
Net asset value per share (in *HK$*)	*14*	**0.14**	0.18

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 dollars (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

The Group has applied for the first time in the current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

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

HKFRS 9 Financial Instruments

In the current year, the Group has adopted HKFRS 9 "Financial Instruments", which becomes effective for accounting periods beginning on or after 1 April 2018. The Group applied the transition provisions set out in HKFRS 9 to adjust the retained profits or other reserves as at 1 April 2018, without restating comparative information retrospectively, for any adjustments to the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9. The principal effects resulting from the application of HKFRS 9 on the Group's assets or liabilities are summarised below.

Classification and measurement of financial assets and financial liabilities

HKFRS 9 "Financial Instruments" introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics, and the new requirements on accounting for financial liabilities that are designated at fair value through profit or loss ("FVPL").

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" model. The Group applies simplified approach to recognise lifetime expected losses for all debtors and other receivables, and expected losses for investments in securities. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

The change in the classification of financial assets under HKFRS 9 at the date of initial application on 1 April 2018 is that available-for-sale investments of approximately HK$101,012,000 as at 31 March 2018 were classified as investment in equity instruments of HK$101,012,000 as comparative figures in the consolidated statement of financial position. Based on the Group's financial instruments policies, the equity securities classified as available-for-sale investments qualified for designation as measured at financial assets at fair value through other comprehensive income under HKFRS 9, however, the Group elects the option for designating these securities to be measured at financial assets at fair value through other comprehensive income and measures these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, investments revaluation reserve related to these available-for-sale investments currently accumulated in equity of HK$16,039,000 were transferred to accumulated loss at 1 April 2018.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

		Measurement category and carrying amount under HKFRS 9		
			Non-current assets	Current assets
Measurement category under HKAS 39	**Carrying amount under HKAS 39**	**Amortised cost**	**Equity investment at fair value through profit or loss**	**Equity investment at fair value through profit or loss**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial assets				
Unlisted equity securities *(note i)*	101,012	–	79,362	21,650
Loans and receivables *(note ii)*				
Other receivables, prepayments and deposits	103,926	103,926	–	–
Bank balances and cash	35,408	35,408	–	–
Financial assets at FVPL				
Listed equity securities held for trading *(note ii)*	180,487	–	–	180,487
	420,833	139,334	79,362	202,137

(i) The unlisted equity securities that were previously classified as available-for-sale financial assets amounted to approximately HK$101,012,000 are now classified as equity investment at fair value through profit or loss since, at the date of initial application, these investments are designated to be measured at fair value through profit or loss.

Related fair value gain of approximately HK$16,039,000 as at 1 April 2018 were transferred from fair value reserves to accumulated loss on 1 April 2018.

(ii) The listed equity securities that were previously classified as financial assets held for trading amounted to approximately HK$180,487,000 continue to be classified as fair value through profit or loss because they are held for trading.

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking "expected credit loss" model. The Group applies simplified approach to recognise lifetime expected losses for all debtors and other receivables, and expected losses for investment in securities.

The following table shows the effects of transition to HKFRS 9 on the carrying amounts of financial assets under HKAS 39 based on the measurement category under HKFRS 9 on 1 April 2018.

	Carrying amount under HKAS 39 as at 31 March 2018	**Remeasurement on transition to HKFRS 9**	**Carrying amount under HKFRS 9 as at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Amortised cost			
Other receivables, prepayments and deposits	103,926	(15,697)	88,229

The Company adopted HKFRS 15 on its effective date of 1 April 2018. HKFRS 15 replaces HKAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from HKAS 18 to HKFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting HKFRS 15 for the Company.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions 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 revised HKFRSs that have been issued but are not yet effective.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments toHKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale.

HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$30,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$15,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. REVENUE AND OTHER INCOME

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

	2019	2018
	HK$'000	*HK$'000*
Revenue:		
Dividend income from equity investment at FVPL	**93**	–
Dividend income from available-for-sale investment	**–**	900
Interest income from brokers	**1**	7
Interest income from bank accounts	**1**	–
	95	907
Other income:		
Gain on disposal of subsidiaries	**3**	–
Exchange gain	**3**	–
	6	–
	101	907

4. SEGMENT INFORMATION

For the year ended 31 March 2019 and 2018, 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 2019 and 2018, 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. LOSS FROM OPERATIONS

	2019	2018
	HK$'000	*HK$'000*
Loss from operation has been arrived at after charging/(crediting):		
Directors' remunerations		
– Fees	**1,140**	1,170
– Other remunerations	**273**	277
– Equity-settled share-based payments	**442**	–
Total directors' remunerations	**1,855**	1,447
Staff costs		
– Salaries	**1,503**	1,327
– Equity-settled share-based payments	**1,295**	–
– Provident fund contributions	**49**	40
Total staff costs (excluding directors' remunerations)	**2,847**	1,367
Auditors' remuneration	**460**	420
Equity-settled share-based payments	**1,737**	2,003
Investment manager fee	**960**	960
Unrealised loss on listed investments	**31,315**	923,480
Unrealised loss/(gain) on unlisted investments	**17,327**	(9,347)
Operating lease payments in respect of office premise	**90**	60

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on margin financing wholly repayable on demand	**484**	2,154

7. INCOME TAX CREDIT/(EXPENSE)

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax:		
(Under)/Over-provision in respect of prior years	**1,094**	(2,294)
Deferred tax:		
Credit for the year	**–**	88,800
Income tax credit	**1,094**	86,506

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2019 and 2018.

9. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the loss attributable to owners of the Company of HK$86,157,000 (2018: HK$1,041,708,000) and the weighted average number of 2,257,666,000 (2018: 2,257,666,000) ordinary shares in issue during the year.

The computation of diluted loss per share 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 the year ended 31 March 2019 and 2018.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Non-current		
Unlisted equity investment outside Hong Kong	**62,035**	–
Current		
Listed equity investment in Hong Kong	**171,176**	–

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$14,470,000 as at 31 March 2019 to secure margin payables as disclosed in note 13.

11. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2019	2018
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	–	119,023
Less: fair value adjustment	–	(18,011)
	–	101,012

12. FINANCIAL ASSETS HELD FOR TRADING

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities in Hong Kong, at fair value	–	180,487

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 held for trading with carrying amount of approximately HK$37,513,000 as at 31 March 2018 to secure margin payables as disclosed in note 13.

13. 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.

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$309,022,000 (2018: HK$409,139,000) by the number of shares in issue at 31 March 2019, being 2,257,666,000 (2018: 2,257,666,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2019 (the "Year"), the Group recorded gross proceeds from disposal of securities of approximately HK$56.1 million, representing a decrease of approximately 81.0%, as compared to the amount of approximately HK$295.1 million for the last year. The Group recorded in revenue of approximately HK$95,000, representing a decrease of approximately 89.5% as compared to the amount of approximately HK$0.9 million for the last year. The Company recorded a loss attributable to the owners of the Company for the year amounted to approximately HK$86.2 million (2018: approximately HK$1,041.7 million). The audited consolidated net assets of the Group as at 31 March 2019 amounted to approximately HK$309.0 million (2018: approximately HK$409.1 million). The net asset per share of the Group was amounted to approximately HK$0.14 (2018: approximately HK$0.18). The decrease in net asset value per share of the Company over the Year was principally resulted from the total comprehensive expense attributable to owners of the Company for the Year of approximately HK$86.2 million, and net effect of expected credit losses for all debtors and other receivables, and investment in securities of approximately HK$15.7 million, recognized as at 1 April 2018 by offsetting against the accumulated losses as at 1 April 2018 directly, and partial reversal of the expected credit losses of approximately HK$2.8 million during the Year.

The Group's net loss decreased from net loss approximately HK$1,041.7 million for the year ended 31 March 2018 to net loss approximately HK$86.2 million for the Year mainly attributable to decrease of loss on listed securities of approximately HK$1.1 billion for the year ended 31 March 2018 to approximately HK$57.4 million for the Year.

Investment Review

As at 31 March 2019, the Group's major investments were as follows:

Investments	Description
Listed equities	HK$171.2 million of a portfolio of listed shares in 33 companies
Direct investment in unlisted equities	HK$62.0 million in 3 direct investments in unlisted equities securities
Total	HK$233.2 million

The investment portfolio as at 31 March 2019 of the Group mainly comprises of unlisted securities and listed securities in Hong Kong and China. The investment portfolio of the Company is of approximately HK$233.2 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.

Top Ten Investments

In respect of the Company's top ten investments as at 31 March 2019, set out below are certain information on those 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 2019, the unaudited consolidated net profit attributable to equity holders of Peak Zone was approximately HK$2.4 million. Peak Zone is beginning to develop 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.

Wingate Holdings Limited ("Wingate")

Wingate is principally engaged in provision of money lending business. For the financial year ended 31 December 2018, the unaudited consolidated net profit attributable to equity holders of Wingate was approximately HK$4 million. Wingate believes that fund raising market and the financial activities in Hong Kong will remain stable in long-term and the money lending business will be able to leverage its financial resources. The Company expects that Wingate will bring us a constant positive return.

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 2019, the unaudited consolidated net loss attributable to equity holders of Prominent Alliance was approximately HK$4.7 million. Prominent Alliance believes that China's overall development trend remains strong and Hong Kong as a foreign investment gateway of China will continue to be benefited, especially in the investment market. Accordingly, the Company expects Prominent Alliance will bring us positive economic return.

In addition to three unlisted investments above, the Group held seven significant equity investments listed on either the main board or GEM of the Stock Exchange as follows:

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

China e-Wallet is principally engaged in provision of biometric and RFID products and solution services. The audited consolidated loss attributable to shareholders of China e-Wallet for the year ended 31 December 2018 was approximately HK$46.8 million. The management of China e-Wallet believe that the business of "Internet and Mobile's Application and Related Accessories" as a key growth area, is in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience and utilities applications for mobile platform and mass advertising. Taking global growth of the mobile and gaming industry in these few years, the management of the Company believes China e-Wallet's business having an attractive outlook, but will closely monitor the implementation its business strategies, so as to assess it value to the Group.

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 2018 was approximately HK$110 million. WLS's patented scaffolding system, which is known as "Pik-Lik", has played a crucial role in saving manpower and enhancing efficiency during the Year and as one of the leading scaffolding service providers in Hong Kong, the Group receives positive feedback and prominent business support. In addition, based on the HKSAR's land supply forecast and a number of large-scale infrastructure projects have been carried out to boost the construction industry, WLS is confident about acquiring more contracts. In view of the bright prospect of construction industry in Hong Kong, the management of the Company believes WLS will generate profit to the Group in medium terms.

Amuse Group Holding Limited ("Amuse", stock code: 8545)

Amuse is principally engaged in design, marketing, distribution and retail sales of toys and related products. For the financial year ended 31 March 2019, the audited consolidated profit attributable to owners of Amuse was approximately HK$15.1 million. Amuse will focus on expanding its own licensed toy products and original design manufacturer toys and strengthening its overseas distribution network which will bring long-term, stable and high returns to their supporters and shareholders based on the existing stable foundation. The management of the Company considers Amuse having an attractive business potential.

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 2018, the audited consolidated loss attributable to shareholders of Power Financial was approximately HK$437 million. Power Financial managed to execute its plan of divestment while tapping into the bond investment sector, which has become a new source of stable and fixed interest income. They also expanded its loan portfolio from money lending operations, which has generated considerable interest income. All these efforts offset the negative impacts brought about by the declining performance of margin financing operations during the year ended 31 December 2018. The management of the Company will closely monitor Power Financial to assess its business development potential.

China 33 Media Group Limited ("China 33", stock code: 8087)

China 33 is a dominant channel media provider in railway sector. For the financial year ended 31 December 2018, the audited consolidated loss attributable to shareholders of China 33 was approximately HK$35 million. China 33 believes that with the growing popularity of online entertainment platforms, film viewership number will be even more optimistic. They are committed to deliver quality entertainment content and will continue seeking cooperation opportunities with other studios to co-invest in various film projects. According to the rapid growth on the payment system, China 33 decides to launching e-wallet and collaborating with quality business partners to extend usage occasions of the products creatively and diversifying their distribution channels continues to be the key strategies. With the supporting infrastructure developed by the authority in place and the effective products and marketing strategies, China 33 believes to achieve satisfactory results in 2019 and contribute to the Group's sustainable growth. The management of the Company believes that China 33's growth will continue in short to medium term, but will closely monitor its financial performance.

China National Culture Group Limited ("CNC", stock code: 745)

CNC is principally engaged in the properties investment, money lending and financial services. For the year ended 31 March 2018, the audited consolidated loss attributable to owners of CNC was approximately HK$358.7 million. The management of CNC intended to expand its existing services such as continued development of advertising and e-commerce related businesses and expansion of advertising and e-commerce related business through acquisition and/or co-operation and to look for business opportunities that would generate long-term returns to its shareholders. The management of the Company has been closely monitoring the business development of CNC and will make appropriate investment/divestment decisions when appropriate.

China Jicheng Holdings Limited ("Jicheng", stock code: 1027)

Jicheng is principally engaged in the manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft. For the financial year ended 31 December 2018, the audited consolidated profit attributable to shareholders of Jicheng was approximately HK$19 million. The management of Jicheng intends to maintain and strengthen its position as a leading umbrella manufacturer focused in Japan market and its own branded umbrella products in the PRC market, and increase its market share in the existing markets such as Hong Kong, Cambodia and South Korea. Also, Jicheng will shift business focus from development upstream manufacturing to downstream distribution network and brand building so as to facilitate promotion of the Group's branded umbrellas which command higher margins and create higher values as well as bringing better return to the shareholders. The management of the Company recognises Jicheng's business strategies and believes that Jicheng's growth will continue.

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 2019 and financial assets held for trading and available-for-sale financial assets as at 31 March 2018. To manage its price risk arising from investments in the above financial assets, the Group diversifies its portfolio. If the financial assets price of the respective investments held by the Group as financial assets held for trading were higher or lower by 5% as at 31 March 2019, the Group's loss for the year would decrease or increase by approximately HK$7.1 million (2018: HK$7.5 million) respectively. If the price of the investments held by the Group as financial assets with non-trading in nature were higher or lower by 5% as at 31 March 2019 (2018: 5%), the Group's equity as at 31 March 2019 would decrease or increase by approximately HK$3.1 million (2018: HK$5.1 million) respectively.

Prospects

We expect the global market will continue to face greater challenges and full of uncertainty, developed economies are beginning to have signs of recovery, but the developing economies also have trends of adjustment. Meanwhile, China is also facing a slowdown in economic growth, economic structure has undergone significant changes during the transition from medium to long term, crisis and opportunities coexist.

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 and listed securities 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 2019, the Group had margin payables to financial institutions of approximately HK$3.9 million (2018: HK$7.0 million). The Group had bank balances and cash on hand of approximately HK$12.7 million (2018: HK$35.4 million), which was mainly placed in bank and other financial institutions as deposits. As the Group held listed securities of approximately HK$171.2 million as at 31 March 2019 (2018: HK$180.5 million), which is around 44.1 times (2018: 25.8 times) of the margin payable value, the Board consider the Company's liquidity position is still healthy as at 31 March 2019.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 1.3% (2018: 1.8%).

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the year ended 31 March 2019, the Company does not have any significant acquisition and disposal of subsidiaries, associates or joint ventures.

Employees

During the year ended 31 March 2019, the Group had retained ten employees (2018: ten employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to approximately HK$2.8 million (2018: approximately HK$1.4 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 2019, the Group has pledged listed securities of approximately HK$14.5 million (2018: HK$37.5 million) to secure the margin payables of approximately HK$3.9 million (2018: HK$7.0 million). The Group did not have significant contingent liabilities as at 31 March 2019 and 2018.

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 2019, the Group had no outstanding foreign currency hedge contracts (2018: Nil).

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2019, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the year ended 31 March 2019, with deviations from Provisions A.2.1 and A.4.1 of the Code.

Pursuant to Provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the Chief Executive Officer should be clearly established and set out in writing. The Board is in the process of locating an appropriate person to fill the vacancy of the Chief Executive Officer of the Company as soon as practicable.

Pursuant to Provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors was appointed for a specific term. Since all the Directors are subject to retirement by rotation according to the provisions under article 88 of the Articles of Association of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2019, 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 2019 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 2018/19 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, 27 June 2019

As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director; Mr. LIAO Jintian, 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.

The English text of this announcement shall prevail over its Chinese text in case of inconsistency.