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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 2020**

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 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Gross proceeds from disposal of listed securities		<u>144,262</u>	<u>56,096</u>
Revenue	<i>3</i>	2,930	95
Net realised loss on disposal of listed equity investments at fair value through profit or loss		(18,909)	(26,172)
Net unrealised loss on listed equity investments at fair value through profit or loss		(61,172)	(31,315)
Net unrealised loss on unlisted equity investments at fair value through profit or loss		(24,743)	(17,327)
Other income	<i>3</i>	–	6
Impairment losses under expected credit loss model, net of reversal	<i>5</i>	(17,034)	2,799
Administrative expenses		(7,815)	(14,853)
Finance costs	<i>6</i>	(365)	(484)
Loss before tax	<i>7</i>	(127,108)	(87,251)
Income tax credit	<i>8</i>	732	1,094
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(126,376)</u>	<u>(86,157)</u>
Loss per share			
– Basic, <i>HK cents</i>	<i>10</i>	<u>(5.60)</u>	<u>(3.82)</u>
– Diluted, <i>HK cents</i>	<i>10</i>	<u>(5.60)</u>	<u>(3.82)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Equity investments at fair value through profit or loss	<i>11</i>	37,292	62,035
Debt investments measured at amortised cost		13,119	–
		<u>50,411</u>	<u>62,035</u>
Current assets			
Equity investments at fair value through profit or loss	<i>11</i>	98,135	171,176
Other receivables, prepayments and deposits		41,883	70,070
Cash and cash equivalents		1,562	12,722
		<u>141,580</u>	<u>253,968</u>
Current liabilities			
Margin payables	<i>12</i>	5,131	3,884
Other payables and accruals		4,214	2,684
Current tax liabilities		–	413
		<u>9,345</u>	<u>6,981</u>
Net current assets		<u>132,235</u>	<u>246,987</u>
Total assets less current liabilities		<u>182,646</u>	<u>309,022</u>
Net assets		<u>182,646</u>	<u>309,022</u>
Capital and reserves			
Share capital		112,883	112,883
Reserves		69,763	196,139
Total equity		<u>182,646</u>	<u>309,022</u>
Net asset value per share (in HK\$)	<i>13</i>	<u>0.08</u>	<u>0.14</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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) New and amendments to HKFRSs that are mandatorily effective for the current year

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

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 HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior year and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- (ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- (iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, no lease liabilities and right-of-use assets were recognised by the Group as the Group's lease is with terms ending within 12 months of the date of initial application.

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	30
Less: Recognition exemption – leases with terms ending within 12 months of the date of initial application	(30)
	<hr/>
Lease liabilities as at 1 April 2019	–
	<hr/> <hr/>

(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 ³
Amendments to HKFRS 3	Definition of Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 16	COVID-19 Related Rent Concessions ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹

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

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

- ³ Effective for annual periods beginning on or after 1 January 2021
- ⁴ Effective for annual periods beginning on or after 1 June 2020
- ⁵ Effective for annual periods beginning on or after a date to be determined

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors consider that the application of all new and amendments to HKFRSs and HKASs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. REVENUE AND OTHER INCOME

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue:		
Dividend income from equity investment at FVPL	327	93
Interest income from debt investments at amortised cost	1,189	–
Interest income from other receivables	1,413	–
Interest income from brokers	1	1
Interest income from bank accounts	–*	1
	<hr/>	<hr/>
	2,930	95
Other income	–	6
	<hr/>	<hr/>
	<u>2,930</u>	<u>101</u>

* Amount less than HK\$1,000

4. SEGMENT INFORMATION

For the year ended 31 March 2020 and 2019, 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 2020 and 2019, 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment losses recognised/(reversed) on:		
– Other receivables	13,964	(2,799)
– Debt investments measured at amortised costs	3,070	–
	<u>17,034</u>	<u>(2,799)</u>

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on margin financing wholly repayable on demand	<u>365</u>	<u>484</u>

7. LOSS BEFORE TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Directors' remunerations		
– Fees	1,110	1,140
– Other remunerations	210	273
– Equity-settled share-based payments	–	442
Total directors' remunerations	<u>1,320</u>	<u>1,855</u>
Staff costs		
– Basic salaries and other benefits	1,010	1,503
– Equity-settled share-based payments	–	1,295
– Retirement benefits scheme	38	49
Total staff costs (excluding directors' remunerations)	<u>1,048</u>	<u>2,847</u>
Auditors' remuneration for audit services	490	460
Equity-settled share-based payments	–	1,737
Investment manager fee	960	960
Net unrealised loss on listed equity investments at fair value through profit or loss	61,172	31,315
Net unrealised loss on unlisted equity investment at fair value through profit or loss	24,743	17,327
Operating lease payments in respect of office premise	–	90
Expenses related to short-term lease	<u>90</u>	<u>–</u>

8. INCOME TAX CREDIT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax:		
Over-provision in respect of prior years	732	1,094
	<u>732</u>	<u>1,094</u>
Income tax credit	<u>732</u>	<u>1,094</u>

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2020 and 2019.

10. 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\$126,376,000 (2019: HK\$86,157,000) and the weighted average number of 2,257,666,000 (2019: 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 2020 and 2019.

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current		
Unlisted equity investments outside Hong Kong	37,292	62,035
Current		
Listed equity investments in Hong Kong	98,135	171,176
	<u>135,427</u>	<u>233,211</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\$24,353,000 as at 31 March 2020 (2019: HK\$14,470,000) 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 15.375% (2019: 8% to 11%) per annum for the year.

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\$182,646,000 (2019: HK\$309,022,000) by the number of shares in issue at 31 March 2020, being 2,257,666,000 (2019: 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\$24,743,000, which was made with reference to independent valuation reports, and the Group has re-assessed the recoverability of the outstanding receivable of approximately HK\$15,080,000 from sale of its equity interest in Help U Credit Limited and decided to make a further impairment of HK\$12,726,000 which is included impairment losses on other receivables of approximately HK\$13,964,000 recognised in Note 5 to consolidated financial statements. The valuation reports were obtained by the Company after 15 April 2020, the date of the Company's announcement titled "Net Asset Value" (the "NAV Announcement"). Owing to the aforesaid valuation loss and impairment loss, the net asset value per share of the Company as at 31 March 2020 decreased from approximately HK\$0.10 as stated in the NAV Announcement to approximately HK\$0.08 as stated in this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the Year, the Group recorded gross proceeds from disposal of securities of approximately HK\$144.3 million, representing an increase of approximately 157.2%, as compared to the amount of approximately HK\$56.1 million for the last year. The Group recorded in revenue of approximately HK\$2.9 million, representing an increase of approximately 30 times as compared to the amount of approximately HK\$95,000 for the last year. The Company recorded a loss attributable to the owners of the Company for the year amounted to approximately HK\$126.4 million (2019: approximately HK\$86.2 million). The audited consolidated net assets of the Group as at 31 March 2020 amounted to approximately HK\$182.6 million (2019: approximately HK\$309.0 million). The net asset per share of the Group was amounted to approximately HK\$0.08 (2019: approximately HK\$0.14). 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\$126.4 million.

The Group's net loss increased from net loss approximately HK\$86.2 million for the year ended 31 March 2019 to net loss approximately HK\$126.4 million for the Year mainly attributable to increase of loss on listed securities of approximately HK\$57.4 million for the year ended 31 March 2019 to approximately HK\$79.8 million for the Year, and the change of net loss of impairment under expected credit loss model of approximately HK\$17.0 million for the Year from reversal of impairment loss of approximately HK\$2.8 million for the year ended 31 March 2019. Further details of the impairment loss are stated in Note 5 to the consolidated financial statements.

Investment Review

As at 31 March 2020, the Group's major investments were as follows:

Investments	Description
Listed equities	HK\$98.1 million of a portfolio of listed shares in 32 companies
Direct investment in unlisted equities	HK\$37.3 million in 3 direct investments in unlisted equities securities
Debt Investment	HK\$13.1 million in bonds issued by a listed company
Total	HK\$148.5 million

The investment portfolio as at 31 March 2020 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\$148.5 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 2020, 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 2020, the unaudited consolidated net profit attributable to equity holders of Peak Zone was approximately HK\$4.1 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.

Wingate Holdings Limited ("Wingate")

Wingate is principally engaged in provision of money lending business. For the financial year ended 31 December 2019, the unaudited consolidated net profit attributable to equity holders of Wingate was approximately HK\$3.3 million. Wingate believes that fund raising market and the financial activities in Hong Kong will remain stable in long-term and will continue its effort to develop and strengthen its own financial business. Moreover, Wingate will closely monitor the performance, development and potential business risks of the financial business. 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 2020, the unaudited consolidated net loss attributable to equity holders of Prominent Alliance was approximately HK\$9.4 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 prudence on investment and maintain a positive return.

(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 2019 was approximately HK\$74.6 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, named “Dragon Ball Super-Immersive Lab” 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 China e-Wallet having an attractive business potential.

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 2019 was approximately HK\$52 million.

Looking ahead, WLS was prudently optimistic about its prospects for their year ending 30 April 2020. They expect that year would be a busy time for the construction industry. WLS will continue to promote the use of the “Pik Lik” brand scaffolding system to help improved overall efficiency while boosting the revenue and market share of WLS’s scaffolding segment and to solve the shortage skilled workers in the construction industry. WLS will continue expanding those business segments with higher profit margins and growth potential, such as the money lending business as well as securities brokerage and margin financing operations, in order to generate significant returns and will actively explore all suitable investment opportunities to diversify the business horizons and strengthen the overall business development. The management of the Company believes the WLS’s business strategy is in line with the overall direction of the government’s strategic development plans for property construction, infrastructure investment and financial market development, and profit will be generated in medium terms.

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 2019, the audited consolidated loss attributable to shareholders of Power Financial was approximately HK\$71.6 million. Power Financial maintain its rigorous measures to minimize operation exposure and to ensure capital liquidity and to enforcement of its strict internal control and regulatory compliance, the Group adheres to its rigid investment discipline of maintaining diversified business portfolios with balanced distribution of capital and resources. In addition, Power Financial is building up a seasoned professional team to seize business opportunities from capital market advisory and secondary stock market distribution.

A deteriorating commercial environment and tightening financing from large institutions are expected to create additional demand for the money lending business. Power Financial will continue its judicious and vigilant approaches in expanding its loan portfolio and in anticipation of a low interest rate environment amid slowdown in global economic growth and continued economic woe, the bond market is expected to become a haven for capital seeking stable return. Power Financial will consider to rationally adjust the direction of its bond investments, in order to cope with the market changes. The management of the Company will closely monitor Power Financial to assess its business development potential.

(C) *Unlisted Debt Investment*

Hao Wen Holdings Limited (“Hao Wen”)

During the Year, the Group subscribed unlisted bonds (the “Bonds”) issued by Hao Wen Holdings Limited (“Hao Wen”) with principal of HK\$15,000,000 with an coupon rate of 11.0%. The 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 RMB348.7 million and RMB289.1 million respectively and its total liabilities were approximately RMB57.8 million as at 31 December 2019. 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 loss on listed securities of approximately HK\$79.8 million for the Year represented net realised loss in disposal of listed securities of approximately HK\$18.9 million and net unrealised loss of listed securities of approximately HK\$61.2 million, net of dividend received of approximately HK\$0.3 million. Set out below are further information of these net realised and unrealised losses:

Net Realised Loss on Disposal of Listed Securities

The net realised loss on disposal of listed securities of approximately HK\$18.9 million represented the realised gain of approximately HK\$4.5 million net of realised loss of approximately HK\$23.4 million.

The realised loss principally represented:

Company name	Stock code	Investment costs <i>HK\$ million</i>	Disposal consideration <i>HK\$ million</i>	Realised loss <i>HK\$ million</i>
Asia Grocery Distribution Limited	8413	11.5	3.8	7.7

In addition to Asia Grocery Distribution Limited, there was no other stocks which brought realised loss over HK\$3 million to the Group during the Year.

Net Unrealised Loss of Listed Securities

The net unrealised loss of approximately HK\$61.2 million represented the unrealised gain of approximately HK\$18.4 million net of unrealised loss of approximately HK\$79.6 million.

The unrealised gain principally represented:

Company name	Stock code	Unrealised gain <i>HK\$ million</i>
Asia Grocery Distribution Limited	8413	12.5

The unrealised loss principally represented:

Company name	Stock code	Unrealised loss <i>HK\$ million</i>
China e-Wallet Payment Group Limited	802	16.7
Amuse Group Holding Limited	8545	7.3
WLS Holdings Limited	8021	7.0
China National Culture Group Limited	745	5.9

In addition to China e-Wallet Payment Group Limited, Amuse Group Holding Limited, WLS Holdings Limited and China National Culture Group Limited, there was no other stocks which brought unrealised loss over HK\$5 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\$24.7 million during the Year, which principally represented the valuation loss on the Group's investment in Peak Zone of approximately HK\$15.8 million.

Performance of the Group's Unlisted Debt Investment

The valuation loss on the Group's investment in the Bonds of approximately HK\$3.1 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.

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 the date of this announcement. During the Year, the Group has taken legal actions against the vendor in connection with the outstanding balance of HK\$15,080,000 already. In last year, the Group has made an expected credit loss of approximately HK\$2.4 million, and made a further impairment on the remaining balance of approximately HK\$12.7 million during the Year, which is included in impairment losses on other receivables of approximately HK\$13,964,000 as stated in Note 5 to the consolidated financial statements.

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 and debt investment measured at amortised cost as at 31 March 2020. 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 2020, the Group's loss for the year would decrease or increase by approximately HK\$4.1 million (2019: HK\$7.1 million). If the price of the investments held by the Group as equity investments with non-trading in nature and debt investment were higher or lower by 5% as at 31 March 2020 (2019: 5%), the Group's equity as at 31 March 2020 would decrease or increase by approximately HK\$2.5 million (2019: HK\$3.1 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 is also facing a slowdown in economic growth, but its situation seems not as poor as that of the West. 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 2020, the Group had margin payables to financial institutions of approximately HK\$5.1 million (2019: approximately HK\$3.9 million). The Group had bank balances and cash on hand of approximately HK\$1.6 million (2019: approximately HK\$12.7 million), which was mainly placed in bank and other financial institutions as deposits. As the Group held listed securities of approximately HK\$98.1 million as at 31 March 2020 (2019: approximately HK\$171.2 million), which is around 19.1 times (2019: approximately 44.1 times) of the margin payable value, the Board consider the Company's liquidity position is still healthy as at 31 March 2020.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 2.8% (2019: 1.3%).

Capital Structure

The Company did not run any capital exercise during the Year. During the Year, the share capital of the Company remained unchanged and comprised of 2,257,666,000 issued share capital with par value of HK\$0.05 each. The Group had margin payables of approximately HK\$5.1 million as at 31 March 2020 which bear interest rates ranged from 8.0% to 15.375% (2019: 8.0% to 11.0%) per annum. The margin payables are in Hong Kong Dollars, and secured by listed investments of the Group, repayable on demand and are guaranteed by the Company on behalf of subsidiaries. In view of such immaterial amount of the margin payables in Hong Kong Dollars as compared to the Group's listed stocks of approximately HK\$98.1 million, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

During the Year, the Group proposed to reorganize the share capital of the Company in the following manner: 1. the par value of each issued share of HK\$0.05 will be reduced to HK\$0.0001 by canceling the paid-up share capital to the extent of HK\$0.0499 on each issued Share (“Capital Reduction”); 2. immediately after Capital Reduction, each authorized but unissued share will be sub-divided into 500 New Shares of HK\$0.0001 each (“Sub-division”); and 3. immediately after Capital Reduction and Sub-division, the New Shares will be consolidated on the basis that every 10 issued and unissued New Shares of HK\$0.0001 each will be consolidated into one consolidated share of HK\$0.001 each.

The above capital reorganization has been approved in an extraordinary general meeting held on 22 April 2020, but yet to be completed as of the date of this announcement, pending for the court approval of Cayman Islands.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the year ended 31 March 2020, the Company does not have any significant acquisition and disposal of subsidiaries, associates or joint ventures.

Employees

During the year ended 31 March 2020, the Group had retained nine employees (2019: ten employees). Total staff costs of the Group, excluding directors’ remuneration, for the year under review amounted to approximately HK\$1.0 million (2019: approximately HK\$2.8 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 2020, the Group has pledged listed securities of approximately HK\$24.4 million (2019: approximately HK\$14.5 million) to secure the margin payables of approximately HK\$5.1 million (2019: approximately HK\$3.9 million). The Group did not have significant contingent liabilities as at 31 March 2020 and 2019.

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 2020, the Group had no outstanding foreign currency hedge contracts (2019: Nil).

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2020, 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 2020, with deviations from Provisions A.2.1 and A.4.1 of the Code.

The Company has no Chairman since the resignation of Mr. LIAO Jintian on 31 December 2019 and has no Chief Executive Officer during the Year. The Board's current significant decisions are made in Board meetings. Every Board member has the rights and responsibility to propose Board meetings to discuss significant issues he/she concerns, and has the power to make the decisions among other Board members.

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 2020, 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 2020 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 2019/20 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, 22 June 2020

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.

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