

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors (the “Board”) of China Investment and Finance Group Limited (the “Company”) hereby present the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Unaudited six months ended 30 September	
	Notes	2017 HK\$'000	2016 HK\$'000
Gross proceeds from disposal of securities		<u>110,455</u>	<u>253,151</u>
Revenue	3(a)	903	631
Net realised loss on disposal of financial assets held for trading		(219,860)	(18,410)
Net unrealised loss on financial assets held for trading		(780,768)	(34,441)
Other income	3(b)	–	55
Administrative expenses		<u>(3,428)</u>	<u>(6,365)</u>
Loss from operations	5	(1,003,153)	(58,530)
Finance costs		<u>(1,582)</u>	<u>(952)</u>
Loss before tax		(1,004,735)	(59,482)
Income tax	6	<u>88,800</u>	–
Loss for the period attributable to shareholders of the Company		<u>(915,935)</u>	<u>(59,482)</u>
Other comprehensive income for the period, net of tax		<u>–</u>	<u>–</u>
Total comprehensive expense for the period attributable to shareholders of the Company		<u>(915,935)</u>	<u>(59,482)</u>
Loss per share			
– Basic and diluted, HK cents	8	<u>40.57</u>	<u>3.14</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 September 2017 <i>HK\$'000</i>	Audited 31 March 2017 <i>HK\$'000</i>
Non-current assets			
Deposit paid for acquisition of investments		–	4,000
Available-for-sale financial assets	9	101,715	131,715
		101,715	135,715
Current assets			
Financial assets held for trading	10	270,993	1,305,365
Prepayments, deposits and other receivables	11	103,900	135,952
Current tax assets		38	47
Cash and cash equivalents		72,173	23,789
		447,104	1,465,153
Current liabilities			
Margin payables	12	23,540	55,190
Accruals		1,717	17,358
Current tax liabilities		–	23
		25,257	72,571
Net current assets		421,847	1,392,582
Total assets less current liabilities		523,562	1,528,297
Non-current liabilities			
Deferred tax liabilities		–	88,800
Net assets		523,562	1,439,497
Capital and reserves			
Share capital		112,883	112,883
Reserves		410,679	1,326,614
Total equity		523,562	1,439,497
Net asset value per share (in HK\$)	13	0.23	0.64

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is located at Room 1104, Crawford House, 70 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of subsidiaries are securities trading and investment holding.

The condensed consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017. The accounting policies and methods of computation used in the preparation of the unaudited condensed financial statements included in this results announcement are consistent with those used in the annual financial statements for the year ended 31 March 2017.

Significant accounting policies

The Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2017. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND OTHER INCOME

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

	Unaudited	
	six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
(a) Revenue:		
Dividend income from financial assets held for trading	900	630
Interest income from debt securities	3	–
Interest income from bank and brokers' accounts	–	1
	<u>903</u>	<u>631</u>
(b) Other income:		
Gain on disposal of a motor vehicle	–	55
	<u>–</u>	<u>55</u>

4. SEGMENT INFORMATION

For the six months ended 30 September 2017 and 2016, the Group's turnover 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 business for the purpose of making decision about resource allocation and performance assessment. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses.

Geographical information

During the six months ended 30 September 2017 and 2016, all activities of the Group are based in Hong Kong and all of the Group's revenue was derived from Hong Kong. Accordingly, no analysis by geographical segment 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

	Unaudited six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	600	667
– Other remunerations	124	128
	<hr/>	<hr/>
Total directors' remunerations	724	795
	<hr/>	<hr/>
Staff costs		
– Salaries	614	1,416
– Retirement Scheme contributions	27	42
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	641	1,458
	<hr/>	<hr/>
Investment manager's fee	480	480
Operating lease payments in respect of office premise	67	38
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX

	Unaudited six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Deferred tax credit	88,800	–
	<hr/> <hr/>	<hr/> <hr/>

No Hong Kong profits tax had been provided for each of the six months ended 30 September 2017 and 2016 as the Group has no estimated assessable profits.

7. DIVIDEND

The directors do not recommend the payment of a dividend for the six months ended 30 September 2017 (2016: nil).

8. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the loss attributable to shareholders of the Company of approximately HK\$915,935,000 (2016: HK\$59,482,000) and the weighted average number of 2,257,666,000 (2016: 1,891,939,224) ordinary shares in issue during the period.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of the principal available-for-sale financial assets as at 30 September 2017 were as follows:

	<i>Note</i>	As at 30 September 2017			For the six months ended 30 September 2017 Fair value gain/(loss) <i>HK\$000</i>	
		Percentage of effective interest held	Fair/Market value <i>HK\$000</i>	Approximate percentage of the Group's investment portfolio		Approximate percentage of the Group's net assets
Peak Zone Group Limited	<i>a</i>	25%	51,000	13.68%	9.74%	–

Notes:

- (a) Peak Zone Group Limited (“Peak Zone”), a private company with limited liability, and its subsidiaries are principally engaged in the provision of integrated application. For the financial year ended 31 March 2017, the unaudited consolidated net profit attributable to equity holders of Peak Zone was HK\$1,272,000. As at 31 March 2017, its unaudited consolidated net assets attributable to equity holders was HK\$5,816,000. The Group has not been in a position to exercise any significant influence over the financial and operating policies of Peak Zone. Accordingly, investment in Peak Zone has been classified upon initial recognition as an available-for-sale financial asset.

10. FINANCIAL ASSETS HELD FOR TRADING

	2017 30 September <i>HK\$'000</i> (Unaudited)	2017 31 March <i>HK\$'000</i> (Audited)
Listed equity securities in Hong Kong, at fair value	<u>270,993</u>	<u>1,305,365</u>

The fair values of these listed securities are determined based on the quoted market bid prices at the end of reporting period.

Details of the principal listed equity securities held for trading as at 30 September 2017 were as follows:

	Notes	Stock code	As at 30 September 2017			For the six months ended
			Fair/Market value HK\$000	Approximate percentage of investment portfolio	Approximate percentage of the Group's net assets	30 September 2017 Fair value loss HK\$000
Sing On Holdings Limited	a	8352	114,579	30.74%	21.88%	119,032
China e-Wallet Payment Group Limited	b	802	26,640	7.15%	5.09%	22,687

Notes:

- (a) Sing On Holdings Limited (“Sing On”) is principally engaged in the provision of concrete demolition services in Hong Kong and Macau, mainly as a subcontractor. The audited consolidated profit attributable to shareholders of Sing On for the year ended 31 December 2016 was HK\$3,560,000. As at 30 June 2017, the unaudited consolidated net assets attributable to the owners was HK\$98,255,000.
- (b) China e-Wallet Payment Group Limited (“China e-Wallet”) is principally engaged in the 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 2016 was HK\$176,783,000. As at 30 June 2017, the unaudited consolidated net assets of China e-Wallet was HK\$654,906,000.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 30 September HK\$'000 (Unaudited)	2017 31 March HK\$'000 (Audited)
Other receivables*	103,880	135,937
Deposits paid	20	4
Financial assets	103,900	135,941
Prepayments	–	11
	103,900	135,952

* Other receivables represent the consideration receivable arising from the disposal of available-for-sale financial assets.

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.

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\$523,562,000 (31 March 2017: approximately HK\$1,439,497,000) by the number of shares in issue at 30 September 2017, being 2,257,666,000 (31 March 2017: 2,257,666,000).

In the course of preparation of this interim results announcement, the Company has reassessed the tax provision and considered that the deferred tax liabilities of approximately HK\$88,800,000 brought forward from 31 March 2017 had to be credited against the condensed consolidated statement of profit or loss for the six months ended 30 September 2017. Accordingly, the net asset value per share of the Company as at 30 September 2017 increased from HK\$0.19 as stated in the Company's announcement titled Net Asset Value and published on 10 October 2017 to HK\$0.23 as stated in this interim results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2017, the Group recorded gross proceeds from disposal of securities of approximately HK\$110.5 million for the Period (2016: HK\$253.2 million). The Group also recorded an increase in revenue from approximately HK\$0.6 million for the six months ended 30 September 2016 to approximately HK\$0.9 million for the Period, representing a increase of approximately 43%. The loss attributable to the owners of the Company for the Period increased from approximately HK\$59.5 million for the six months ended 30 September 2016 to HK\$915.9 million for the Period, representing an increase by approximately 14.4 times. The increase in loss for the interim period ended 30 September 2017, as compared to that for the corresponding period in 2016, was primarily attributable to the increase in the loss on listed investments from approximately HK\$52.8 million for the six months ended 30 September 2016 to approximately HK\$1.0 billion for the Period. The unaudited consolidated net assets of the Group as at 30 September 2017 amounted to approximately HK\$523.6 million (31 March 2017: approximately HK\$1,439.5 million). The decrease in the Group's net asset value over the Period is also due to the loss on listed investments of approximately HK\$1.0 billion for the Period as mentioned above.

The net asset value per share of the Group was amounted to approximately HK\$0.23 (31 March 2017: approximately HK\$0.64).

INVESTMENT REVIEW

As at 30 September 2017, the Group's major investments were as follows:

Investments	Description
Listed equities	HK\$271.0 million of a portfolio of listed shares in 29 companies
Unlisted equity securities	HK\$101.7 million in four direct investments in equity securities*
Total	HK\$372.7 million

* During the Period, the Group disposed of an unlisted investment in a credit company at a consideration of HK\$50 million, which was same as the corresponding cost for acquisition. In addition, the Group has acquired 28% equity stake of an unlisted securities company at a consideration of HK\$20 million.

The investment portfolio of the Group mainly comprises of unlisted securities and listed securities in Hong Kong and China during the Period. The value of investment portfolio of the Company is approximately HK\$372.7 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.

PRICE RISK

The Group is exposed to price risks of financial assets as investments held by the Group are classified on the consolidated statement of financial position as financial assets held for trading. To manage its price risk arising from investments in 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 30 September 2017, the Group's loss for the Period would increase or decrease by approximately HK\$11.3 million (31 March 2017: HK\$54.5 million). If the price of the respective investments held by the Group as available-for-sale financial assets were higher or lower by 5% as at 30 September 2017 (31 March 2017: 5%), the Group's equity would increase or decrease by approximately HK\$5.1 million (31 March 2017: HK\$6.6 million).

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 uncertainty 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 an interim dividend for the six months ended 30 September 2017 (2016: NIL).

CAPITAL STRUCTURE

The Company did not run any capital exercise during the Period. During the six months ended 30 September 2017, the share capital of the Company remained unchanged and comprised of 2,257,666,000 issued shares with par value of HK\$0.05.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had margin payables of approximately HK\$23.5 million (31 March 2017: HK\$55.2 million). The Group had cash and cash equivalents of approximately HK\$72.2 million (31 March 2017: HK\$23.8 million), which was mainly placed in bank and other financial institution as deposits. The net cash position of the Group has improved significantly over the Period.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2017, the Company does not have any significant acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENTS

Significant investments of the Group are the principal available-for-sale investments and listed investments included in available-for-sale financial assets and financial assets held for trading as detailed in notes 9 and 10 to the condensed consolidated financial statements.

Save for those principal investments, the Group has not held any investment, the value of which was over 5% of the Group's net asset value as at 30 September 2017.

GEARING RATIO

As at 30 September 2017, the Group's gearing ratio (defined as total interest-bearing liabilities/total equity) is 4.5% (31 March 2017: 3.8%), which is considered by the Board maintained at a healthy level.

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 30 September 2017, the Group had no outstanding foreign currency hedge contracts (31 March 2017: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Throughout the six months ended 30 September 2017, assets of the Group were free from any form of legal charge, except for listed securities of approximately HK\$37.6 million pledged for margin payables (31 March 2017: approximately HK\$271.9 million). In addition, the Group did not have any significant contingent liabilities as at 30 September 2017 and 31 March 2017.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2017, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“Code”) throughout the six months ended 30 September 2017, with deviations from Provisions A.2.1, A.4.1 and A.6.7 of the Code.

(A) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

(B) APPOINTMENT AND RE-ELECTION OF DIRECTORS

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 of the Company were appointed for a specific term. Since all the directors of the Company 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.

(C) ATTENDANCE IN GENERAL MEETINGS

Pursuant to Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings. Certain independent non-executive Directors and non-executive Directors could not attend the annual general meeting held on 6 September 2017 due to other business commitments.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code for securities transactions by directors of the Group. Having made specific enquiry of all directors, the Group confirmed that all directors have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2017, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, internal controls, risk management, financial reporting, the adequacy of resources, qualification and experience of staff.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM 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>). The 2017/18 interim report will be dispatched to the shareholders and will be 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, 2 November 2017

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.