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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the “Board”) of directors (the “Directors”) of China Investment and Finance Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2020 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Unaudited six months ended 30 September	
	Notes	2020 HK\$'000	2019 HK\$'000
Gross proceeds from disposal of securities		17,735	24,027
Revenue	3	2,098	599
Net realised loss on disposal of equity instruments at fair value through profit or loss		(7,096)	(11,533)
Net unrealised loss on equity instruments at fair value through profit or loss		(2,336)	(38,646)
Other income	3	81	–
Administrative expenses		(5,445)	(3,161)
Loss from operations	5	(12,698)	(52,741)
Finance costs		(198)	(168)
Loss before tax		(12,896)	(52,909)
Income tax expense	6	–	–
Loss for the period attributable to shareholders of the Company		(12,896)	(52,909)
Other comprehensive income for the period, net of tax		–	–
Total comprehensive expense for the period attributable to shareholders of the Company		(12,896)	(52,909)
			Restated
Loss per share			
– Basic and diluted, HK cents	8	(5.67)	(23.44)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		Unaudited	Audited
		30 September	31 March
		2020	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Equity investments at fair value through profit or loss	<i>9</i>	37,292	37,292
Debt investments measured at amortised cost	<i>10</i>	24,569	13,119
		<u>61,861</u>	<u>50,411</u>
Current assets			
Equity investments at fair value through profit or loss	<i>9</i>	84,589	98,135
Prepayments, deposits and other receivables	<i>11</i>	27,821	41,883
Cash and cash equivalents		12,229	1,562
		<u>124,639</u>	<u>141,580</u>
Current liabilities			
Margin payables	<i>12</i>	4,252	5,131
Accruals		3,207	4,214
		<u>7,459</u>	<u>9,345</u>
Net current assets		<u>117,180</u>	<u>132,235</u>
Net assets		<u>179,041</u>	<u>182,646</u>
Capital and reserves			
Share capital	<i>13</i>	271	112,883
Reserves		178,770	69,763
Total equity		<u>179,041</u>	<u>182,646</u>
Net asset value per share (in HK\$)	<i>14</i>	<u>0.66</u>	<u>0.08</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 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 2020. The accounting policies and methods of computation used in the preparation of the unaudited condensed financial statements included in this Interim Report are consistent with those used in the annual financial statements for the year ended 31 March 2020.

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 2020. 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 is as follows:

	Unaudited	
	six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
Dividend income from equity investment at fair value through profit or loss	7	235
Interest income from debt investments at amortised cost	1,100	364
Interest income from other receivables	991	–
	<hr/>	<hr/>
	2,098	599
Other income	81	–
	<hr/>	<hr/>
	2,179	599
	<hr/> <hr/>	<hr/> <hr/>

4. SEGMENT INFORMATION

For the six months ended 30 September 2020 and 2019, 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 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 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	
	2020	2019
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	300	570
– Other remunerations	–	126
– Equity-settled share-based payments	530	–
	<hr/>	<hr/>
Total directors' remunerations	830	696
	<hr/>	<hr/>
Staff costs		
– Salaries	580	581
– Retirement Scheme contributions	27	27
– Equity-settled share-based payments	2,090	–
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	2,697	608
	<hr/>	<hr/>
Investment manager's fee	480	480
Expenses related to short-term lease	45	45
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX EXPENSE

No Hong Kong profits tax had been provided for each of the six months ended 30 September 2020 and 2019 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 2020 (2019: 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\$12,896,000 (2019: approximately HK\$52,909,000) and the weighted average number of 227,246,928 (2019 (Restated): 225,766,600) ordinary shares in issue during the period.

On 30 July 2020, the Company completed a capital reorganisation which involved in the consolidation of every ten ordinary shares of the Company of HK\$0.0001 each into one consolidated share of HK\$0.001 each. For the six months ended 30 September 2020 and 2019, the weighted average number of ordinary shares has been adjusted for the effect of the share consolidation. As exercise of share options of the Company would result in a decrease in loss per share, diluted loss per share is the same as basic loss per share in the six months ended 30 September 2020 and 2019.

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Non-current		
Unlisted equity investments outside Hong Kong	37,292	37,292
Current		
Listed equity investments in Hong Kong	84,589	98,135
	121,881	135,427

Details of the principal investments in equity instruments as at 30 September 2020 were as follows:

	Notes	Stock code	As at 30 September 2020			For the six months ended 30 September 2020			
			Percentage of effective interest held	Fair/Market value HK\$000	Approximate percentage of the Group's investment portfolio	Approximate percentage of the Group's total assets	Unrealised Gain HK\$000	Realised loss HK\$000	Dividend received HK\$000
Peak Zone Group Limited	<i>a</i>	N/A	25%	19,700	13.45%	10.56%	-	-	-
Wingate Holdings Limited	<i>b</i>	N/A	30%	10,200	6.96%	5.47%	-	-	-
WLS Holdings Limited	<i>c</i>	8021	3.54%	17,314	11.82%	9.28%	3,055	-	-
China e-Wallet Payment Group Limited	<i>d</i>	802	4.63%	17,140	11.70%	9.19%	6,983	-	-

Notes:

(a) 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 in the long run.

(b) 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.

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

WLS is principally engaged in the provision of scaffolding and fitting out services, and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business and assets management business. The audited consolidated loss attributable to shareholders of WLS for the year ended 30 April 2020 was approximately HK\$103 million.

Looking ahead, WLS was prudently optimistic about its prospects for the coming year, at the same time cautious of the economic uncertainties brought by the outbreak of COVID-19 since the end of 2019. The COVID-19 pandemic has created uncertainties to the global economy, which may affect the business operations and financial conditions of the WLS Group in the foreseeable future. Nonetheless, WLS expects 2020 to be a busy time for the construction industry. Unfortunately, it is foreseeable that there will continuously be a shortage of about 10,000 to 15,000 skilled workers in the construction industry. To cope with these challenges, WLS will continue to promote the use of the “Pik Lik” brand scaffolding system to help improve overall efficiency while boosting the revenue and market share of our scaffolding segment. 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 long terms.

(d) 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 it to achieve improvements in its financial position. China e-Wallet 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 continuous growth.

By leveraging the knowledge on its interactive virtual reality programming on different business sectors, such as animation and culture, during 2018, 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 in 2019. The China e-Wallet will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future.

Furthermore, the outbreak of novel coronavirus COVID-19 has cast a confronting shadow over the growth prospects for the PRC. Although, the PRC government is doing very well with combinations of fiscal and monetary policies in their stimulus package, China e-Wallet expects that its overall financial results and the operations during 2020 would be impacted. It is expected that in the later second half of 2020, the economy of the PRC will again steam forward. Therefore, China e-Wallet expects the second half of 2020 will turn to a recovery and sustaining stage for its businesses.

The management of the Company still considers China e-Wallet having an attractive business potential.

10. DEBT INVESTMENTS MEASURED AT AMORTISED COST

Details of the debt investments as at 30 September 2020 were as follows:

Bonds issuer	Notes	Face value HK\$000	Cost HK\$000	Interest receivables HK\$000	Allowance for credit losses HK\$000	Approximate percentage of the Group's investment portfolio	Approximate percentage of the Group's total assets	Terms	Coupon rate p.a.
Hao Wen Holdings Limited	<i>a</i>	15,000	15,000	364	3,070	10.24%	8.04%	From 12 July 2019 to 11 July 2022	11%
China Media 33 Group Limited	<i>b</i>	12,000	12,000	275	–	8.19%	6.43%	From 23 July 2020 to 22 July 2023	12%

Note:

- (a) Hao Wen Holdings Limited (“Hao Wen”) is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in money lending, manufacturing of biomass fuel product and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019).

Based on Hao Wen’s interim report for the six months ended 30 June 2020, its net asset value was approximately RMB354.0 million, its current assets were approximately RMB297.7 million and total liabilities were approximately RMB56.3 million. In view of Hao Wen’s strong liquid assets and limited liabilities, the Company considers that Hao Wen has sufficient financial resources to meet its ongoing operation, there is no signal of default of bonds issued by Hao Wen to the Group.

- (b) China 33 Media Group Limited (“China 33 Media”) incorporated in the Cayman Islands with limited liability and its shares are listed on Stock Exchange of Hong Kong Limited (Stock code: 8087). China 33 Media is principally engaged in Investment holding, provision of management services, prepaid card business, film and entertainment investment and provision of advertising services.

Based on China 33 Media’s interim report for the six months ended 30 June 2020, its net asset value was approximately RMB355.6 million, its current assets were approximately RMB410.8 million and total liabilities were approximately RMB146.3 million. Accordingly, the Company considers that China 33 Media has sufficient working capital to meet the ongoing business, there is no signal of default of bonds issued by China 33 Media. During the Period, the Group acquired these bonds at consideration of HK\$12,000,000, and did not make any disposal.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Other receivables*	26,821	41,830
Deposits paid	830	22
Financial assets	27,651	41,852
Prepayments	170	31
	27,821	41,883

* Other receivables represent the consideration receivable arising from the disposal of unlisted equity investments.

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. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each '000	Number of ordinary shares of HK\$0.0001 each '000	Number of ordinary shares of HK\$0.001 each '000	HK\$'000
<i>Authorised:</i>				
At 1 April 2019, at 31 March 2020 and at 1 April 2020	24,000,000	–	–	1,200,000
Capital reduction and sub-division of shares (<i>note a</i>)	24,000,000	12,000,000,000	–	–
Share consolidation (<i>note a</i>)	–	(12,000,000,000)	1,200,000,000	–
At 30 September 2020	–	–	1,200,000,000	1,200,000
<i>Issued and fully paid:</i>				
At 1 April 2019, at 31 March 2020 and at 1 April 2020	2,257,666	–	–	112,883
Capital reduction and sub-division of shares (<i>note a</i>)	(2,257,666)	2,257,666	–	(112,657)
Share consolidation (<i>note a</i>)	–	(2,257,666)	225,767	–
Issue of shares under placement (<i>note b</i>)	–	–	45,150	45
At 30 September 2020	–	–	270,917	271

- (a) On 16 March 2020, the Company proposed to effect the capital reduction of issued shares and sub-division of unissued shares which has become effective on 30 July 2020. The capital reduction of issued shares and sub-division of unissued shares involved the following:
- (i) the par value of each issued share of HK\$0.05 (each a “Share”) in the capital of the Company be reduced to HK\$0.0001 (each a “New Share”) by cancelling paid-up capital to the extent of HK\$0.0499 on each issued Share (the “Capital Reduction”) and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued capital thereby cancelled be made available for issue of new shares of the Company;
 - (ii) immediately following the cancellation of paid-up capital in (a) above, each authorized but unissued Share in the capital of the Company be sub-divided into 500 New Shares of HK\$0.0001 each (“Sub-division”);
 - (iii) immediately following the Sub-division, every ten (10) issued and unissued New Shares of HK\$0.0001 each in the share capital of the Company be consolidated into one (1) share of HK\$0.001 each (each a “Consolidated Share”) (the “Share Consolidation”) so that the authorised share capital of the Company shall be HK\$1,200,000,000 divided into 1,200,000,000,000 Consolidated Shares of HK\$0.001 each, and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;
 - (iv) the credit arising from the Capital Reduction be transferred to a distributable reserve account of the Company which may be utilised by the Directors in accordance with the articles of association of the Company and all applicable laws, including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time.
- (b) On 15 September 2020, the Company entered into the placing agreement to issue and allot a maximum of 45,150,000 placing shares of HK\$0.001 each in the Company with Astrum Capital Management Limited at a price of HK\$0.15. The net proceeds from the subscription would be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. These new placing shares rank pari passu in all respect with existing shares. This transaction has been completed on 25 September 2020.

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\$179,041,000 (31 March 2020: approximately HK\$182,646,000) by the number of shares in issue at 30 September 2020, being 270,916,600 shares at par value of HK\$0.001 each (31 March 2020: 2,257,666,000 shares at par value of HK\$0.05 each).

15. RELATED PARTY TRANSACTION

During the six months ended 30 September 2020 and 2019, the Group had the following significant related party transaction which, in the opinion of the Directors, was carried out on normal commercial terms and in the ordinary course of the Group's business:

	Unaudited six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Investment manager's fee paid to: China Everbright Securities (HK) Limited (<i>Note</i>)	480	480
	<u>480</u>	<u>480</u>

Note:

The Company has entered into an investment management agreement with China Everbright Securities (HK) Limited ("EBSHK") on 6 November 2012, pursuant to which EBSHK agreed to provide investment management services to the Company for a period of three years from 6 November 2012, and further extended to 30 November 2020.

EBSHK shall be deemed as a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules upon the Existing Agreement becoming effective. The maximum aggregate investment management fee to be payable by the Company to EBSHK shall not exceed HK\$960,000 per annum.

16. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2020, the Group recorded gross proceeds from disposal of securities of approximately HK\$17.7 million for the Period (2019: approximately HK\$24.0 million). The Group also recorded an increase in revenue from approximately HK\$0.6 million for the six months ended 30 September 2019 to approximately HK\$2.1 million for the Period, representing an increase of approximately 2.5 times. The financial loss attributable to the owners of the Company for the Period decreased from approximately HK\$52.9 million for the six months ended 30 September 2019 to approximately HK\$12.9 million for the Period. The unaudited consolidated net assets of the Group as at 30 September 2020 amounted to approximately HK\$179.0 million (31 March 2020: approximately HK\$182.6 million). The decrease in the Group's net asset value over the Period is resulted from the net loss of approximately HK\$10.3 million for the Period (excluding non-cash share based payment of approximately HK\$2.6 million), net of the net placing proceeds of approximately HK\$6.6 million.

The net asset value per share of the Group was amounted to approximately HK\$0.66 (31 March 2020: approximately HK\$0.08).

INVESTMENT REVIEW

As at 30 September 2020, the Group's investments were as follows:

Investments	Description
Listed equity	HK\$84.6 million of a portfolio of listed shares in thirty-five companies
Debt investment	HK\$24.6 million in bonds issued by two listed companies
Direct investment to unlisted equities	HK\$37.3 million in three direct investments in unlisted equity securities
Total	HK\$146.5 million

The investment portfolio of the Group maintained during the Period mainly comprises of unlisted equity securities, unlisted debt securities and listed equity securities in Hong Kong and China. The value of investment portfolio of the Company is approximately HK\$146.5 million. Further details of the Group's principal investments are stated in notes 9 and 10 to the condensed consolidated financial statements.

The details of the Group's realised and unrealised losses for the Period are as follows:

Net realised loss on disposal of equity instruments at fair value through profit or loss

The net realised loss on disposal of equity instruments at fair value through profit or loss of approximately HK\$7.1 million represented the realised gain of approximately HK\$2.3 million net of realised loss of approximately HK\$9.4 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>
China Jicheng Holdings Limited	1027	2.6	0.2	2.4
SEM Holdings Limited	9929	6.3	4.1	2.2

Net unrealised loss on equity instruments at fair value through profit or loss

The net unrealised loss of approximately HK\$2.3 million represents the unrealised gain of approximately HK\$17.3 million net of unrealised loss of approximately HK\$19.6 million.

The unrealised gain principally represented:

Company name	Stock code	Unrealised gain <i>HK\$'million</i>
China e-wallet Payment Group Limited	802	7.0
WLS Holdings Limited	8021	3.1

The unrealised loss principally represented:

Company name	Stock code	Unrealised loss <i>HK\$'million</i>
China 33 Media Group Limited	8087	3.1
China National Culture Group Limited	745	3.0
China Kingstone Mining Holdings Limited	1380	2.0
HSBC Holdings plc	5	1.7

* The shares of all the companies mentioned under Net realised loss on disposal of equity instruments at fair value through profit or loss and Net unrealised loss on equity instruments at fair value through profit or loss above were listed on either main board or GEM of the Stock Exchange during the Period.

** In addition to China e-Wallet Payment Group Limited and WLS Holdings Limited, the other investments mentioned under Net realised loss on disposal of equity instruments at fair value through profit or loss and Net unrealised loss on equity instruments at fair value through profit or loss are not major equity investments held by the Group as detailed in note 9 to the condensed consolidated financial statements for the Period.

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.

PROSPECTS

We expect the global market will continue to face greater challenges and full of uncertainty, especially in the period of COVID-19 wide-spreading. China is beginning to have signs of recovery, but the West still cannot control the COVID-19 pandemic. When the world is facing such great uncertainty, we believe, crisis and opportunities coexist.

We 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.

As at 30 September 2020 and up to the date of this Interim Report approved, the Company does not have any concrete plan for material investments or capital assets.

DIVIDEND

The Board has resolved not to recommend a payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

CAPITAL STRUCTURE

The unaudited consolidated net asset value per share of the Company as at 30 September 2020 was HK\$0.66 (As at 31 March 2020: audited HK\$0.08). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 September 2020 of approximately HK\$179.0 million (As at 31 March 2020: approximately HK\$182.6 million) and the total number of 270,916,600 shares ordinary shares of the Company at par value of HK\$0.001 each (As at 31 March 2020: 2,257,666,000 ordinary shares of the Company at par value of HK\$0.05 each) in issue as at that date. The change of the number of issued shares of the Company and par value of the Company's share capital is resulted from the capital reorganization which was completed on 30 July 2020 and the placing of 45,150,000 shares on 25 September 2020 (see note 13 to the Condensed Consolidated Financial Statements and the paragraphs below for details).

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

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

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

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

The aggregate gross proceeds of the Placing were approximately HK\$6.8 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$6.6 million, representing a net issue price of approximately HK\$0.146 per placing share. The net proceeds from the Placing were intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. As of 30 September 2020, the amount of approximately HK\$0.5 million were used for working capital and listed investments as intended, and the remaining net proceeds of approximately HK\$6.1 million remains unused.

Save as the Capital Reorganization and the Placing above, the Group did not have run any capital exercise during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had margin payables of approximately HK\$4.3 million (31 March 2020: approximately HK\$5.1 million). The Group had cash and cash equivalents of approximately HK\$12.2 million (31 March 2020: approximately HK\$1.6 million), which was mainly placed in bank and other financial institution as deposits. Together with listed securities of highly liquid in nature, the Board considers the liquidity position of the Company is healthy as at 30 September 2020.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2020, the Company does not have any significant acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENTS

Significant investments of the Group are the principal investments included in equity investments and debt investments 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 value of the Group's total assets as at 30 September 2020.

GEARING RATIO

As at 30 September 2020, the Group's gearing ratio (defined as total interest-bearing liabilities/total equity) is 2.4% (31 March 2020: 2.8%), 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 Period. As at 30 September 2020, the Group had no outstanding foreign currency hedge contracts (31 March 2020: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Throughout the six months ended 30 September 2020, assets of the Group were free from any form of legal charge, except for listed securities of approximately HK\$22.9 million pledged for margin payables (31 March 2020: approximately HK\$24.4 million). In addition, the Group did not have any significant contingent liabilities as at 30 September 2020 and 31 March 2020.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2020, 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 2020, with deviations from Provisions A.2.1 and A.4.1 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 Chairman and 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.

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. 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 2020, 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.

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

Hong Kong, 23 November 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.