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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 2022

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 2022 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Unaudited six months ended 30 September	
	Notes	2022 HK\$'000	2021 HK\$'000
Gross proceeds from disposal of securities		24,647	15,168
Revenue	3	1,953	2,382
Net realised gain on disposal of equity instruments at fair value through profit or loss		5,085	66
Net unrealised gain on equity instruments at fair value through profit or loss		12,803	20,998
Net unrealised loss on convertible bonds investment at fair value through profit or loss		(206)	–
Administrative expenses		(6,925)	(7,429)
Profit from operations	5	12,710	16,017
Finance costs		(279)	(225)
Profit before tax		12,431	15,792
Income tax expense	6	–	–
Profit for the period attributable to shareholders of the Company		12,431	15,792
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to shareholders of the Company		12,431	15,792
Earnings per share	8		
– Basic (HK cents)		3.65	5.52
– Diluted (HK cents)		3.44	5.28

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	Unaudited 30 September 2022 HK\$'000	Audited 31 March 2022 HK\$'000
Non-current assets			
Equity investments at fair value through profit or loss	<i>9</i>	8,986	15,486
Debt investments measured at amortised cost	<i>10</i>	16,683	9,775
		<u>25,669</u>	<u>25,261</u>
Current assets			
Equity investments at fair value through profit or loss	<i>9</i>	166,796	148,345
Convertible bonds investment at fair value through profit or loss		1,915	–
Debt investments measured at amortised cost	<i>10</i>	10,121	12,177
Other receivables, prepayments and deposits	<i>11</i>	11,956	29,086
Cash and cash equivalents		41,527	10,849
		<u>232,315</u>	<u>200,457</u>
Current liabilities			
Margin payables	<i>12</i>	4,870	12,570
Accruals		2,901	3,433
		<u>7,771</u>	<u>16,003</u>
Net current assets		<u>224,544</u>	<u>184,454</u>
Net assets		<u>250,213</u>	<u>209,715</u>
Capital and reserves			
Share capital	<i>13</i>	413	325
Reserves		249,800	209,390
Total equity		<u>250,213</u>	<u>209,715</u>
Net asset value per share (in HK\$)	<i>14</i>	<u>0.61</u>	<u>0.65</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 2022. The accounting policies and methods of computation used in the preparation of the unaudited condensed financial statements included in this announcement are consistent with those used in the annual financial statements for the year ended 31 March 2022.

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 2022. 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

An analysis of Group's revenue is as follows:

	Unaudited	
	six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Dividend income from equity investment at fair value through profit or loss	124	187
Interest income from debt investments at amortised cost	1,352	1,545
Interest income from other receivables	477	650
	<u>1,953</u>	<u>2,382</u>

4. SEGMENT INFORMATION

For the six months ended 30 September 2022 and 2021, 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 2022 and 2021, 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. PROFIT FROM OPERATIONS

	Unaudited six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	470	510
– Other remunerations	–	–
– Equity-settled share-based payments	939	1,398
Total directors' remunerations	1,409	1,908
Staff costs		
– Salaries	328	378
– Retirement Scheme contributions	14	17
– Equity-settled share-based payments	3,542	3,835
Total staff costs (excluding directors' remunerations)	3,884	4,230
Investment manager's fee	360	360
Expenses related to short-term lease	45	45

6. INCOME TAX EXPENSE

No Hong Kong Profits Tax had been provided for each of the six months ended 30 September 2022 as the Group has no estimated assessable profits.

As at 31 March 2022, the Group has unused tax losses of approximately HK\$478,120,000 available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely. As the aforesaid tax losses of HK\$478,120,000 can fully offset the taxable profit of the Group for the six months ended 30 September 2022, no provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2022.

7. DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2022 (2021: Nil).

8. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to shareholders of the Company of approximately HK\$12,431,000 (2021: approximately HK\$15,792,000).

The above basic earnings per share are based on the weighted average number of 340,970,917 (2021: 286,312,010) ordinary shares in issue for the six months ended 30 September 2022.

The share options granted by the Company have potential dilutive effect on the earning per share (“EPS”) of the Company for the six months ended 30 September 2022 and 2021. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (forming the denominator for computing the diluted EPS).

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
Profit attributable to the equity holders of the Company (<i>HK\$'000</i>)	<u>12,431</u>	<u>15,792</u>
Weighted average number of ordinary shares in issue	340,970,917	286,312,010
Adjustments for share options	<u>20,684,014</u>	<u>12,982,295</u>
Weighted average number of ordinary shares for the calculation of diluted EPS	<u>361,654,931</u>	<u>299,294,269</u>
Diluted EPS (<i>HK cents</i>)	<u>3.44</u>	<u>5.28</u>

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited	Audited
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current		
Unlisted equity investments outside Hong Kong	8,986	15,486
Current		
Listed equity investments in Hong Kong	<u>166,796</u>	<u>148,345</u>
	<u>175,782</u>	<u>163,831</u>

Details of the significant equity investments as at 30 September 2022 were as follows:

		As at 30 September 2022				For the six months ended 30 September 2022			
		Stock code	Percentage of effective interest held	Fair/Market value <i>HK\$000</i>	Percentage of fair/market value of significant investments to the Group's investment portfolio	Percentage of fair/market value of significant investments to the Group's total assets	Unrealised Gain/(loss) <i>HK\$000</i>	Realised Gain/(loss) <i>HK\$000</i>	Dividend received <i>HK\$000</i>
WLS Holdings Limited	<i>a</i>	8021	3.7%	48,000	23.5%	18.6%	22,168	-	-
Power Financial Group Limited	<i>b</i>	397	4.3%	19,202	9.4%	7.4%	1,920	-	-

Notes:

- (a) 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 2022 was approximately HK\$10.8 million.

As stated in WLS annual report 2022, looking ahead, in view of present economic uncertainty and difficulties, WLS is reviewing its existing assets structure and business strategies and may make adjustment to its existing assets structure, with the aim to consolidate its resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance its competitiveness, WLS will look for opportunities to revitalise the scaffolding business to keep up with the recent development and trend in the industry, in particular the declining use of bamboo scaffolds. At the same time, WLS will continue focusing on those business segments that generate higher profit margins and show ample growth potential such as money lending operations. WLS will strictly adhere to its cost control policy, and swiftly adjust business strategies of its scaffolding business in response to ever-changing market dynamics in order to generate better financial returns for its shareholders.

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

The management of the Company shares the same viewpoints of WLS and believes its business in construction and infrastructure sectors are in line with the development plan of Hong Kong Government. Unrealised gain of approximately HK\$22.2 million has been recorded in the Group’s equity investment in WLS during the Period. Return on investment in WLS is expected to be generated in coming years, but the Group will still continue to monitor the performance of WLS and adjust the Group’s strategy of investment in WLS, if necessary.

(b) 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 2021, the audited consolidated profit attributable to shareholders of Power Financial was approximately HK\$153.8 million.

As stated in Power Financial’s 2022 interim report, it was stated that now over two years into the pandemic, the general business environment remains highly uncertain and the progress of economic recovery is closely tied to the effectiveness of the pandemic’s control. The recent surge in Omicron infections coupled with the further tightening of social measures has added downward pressure on Hong Kong’s economic growth in 2022.

In addition, financial tensions between China and the United States (“US”) continue to deepen as US close its door to Chinese firms’ US listings. This ultimately may be good news from a local perspective as more mainland companies consider switching their listings to Hong Kong, bringing more capital into the city. However, it is expected that market volatility will continue to persist amid the Russia-Ukraine war.

In response to a potential overflow of listings at the beginning of 2022, the Stock Exchange launched revised listing rules for overseas companies that wish to undertake dual-primary or secondary listings in Hong Kong. In addition, the bourse introduced a special purpose acquisition company (“SPAC”) listing regime. This type of enhanced listing regime aims to ensure the city’s competitiveness by providing greater flexibility to facilitate more listings by mainland and Southeast Asian companies. PricewaterhouseCoopers expects Hong Kong to welcome 120 IPOs in 2022 while raising about HK\$350 to 400 billion. This will enable Hong Kong to regain its position among the world’s top 3 IPO markets.

In an effort to optimise this market momentum, Power Financial will continue to source additional revenues and broaden the customer base for its margin financing business through the broad social networks of Power Financial’s experienced staff and new hires in order to build more in-depth as well as new business relationships, which will bring sustainable and steady growth to the segment.

As for its money lending business, Power Financial will continue to expand into corporate and individual loans through E Cash and allow E Finance to focus on property mortgage loans and other secured loans. Under today’s challenging and unpredictable economic environment, Power Financial expects to face lending risks which may affect loan demands from borrowers. Power Financial will continue to carefully evaluate its risk management strategies and ensure a proper balance between returns and risks over the long run. To help ensure a sound loan portfolio, Power Financial will continue to adopt prudent and cautious approaches throughout Power Financial credit assessment and approval processes. Power Financial will also keep a close eye on the repayment performance of its loan portfolio while evaluating the affordability of borrowers. Power Financial will continue to cautiously monitor the general business environment and market conditions while also seeking potential investment and business opportunities for further development of its various business segments, expanding the business scope and creating a new dynamic for revenue growth.

While the impact of COVID-19 and its variants still lingers worldwide, Power Financial will continue to fulfill its financial intermediary role and respond to client needs for funding support while proactively adjusting financial management strategies toward a forward-looking perspective in order to maximise value for its shareholders.

In view of the drop in profitability and intense price competition due to the relative low barriers to entry, Power Financial had swiftly downscaled its trading operation during the first half of year 2022. Yet, in view of the fact that the healthcare industry continues to grow as the population swells and the rise in health consciousness, Power Financial’s management will continuously look into investment opportunities in health care sector to bring return to Power Financial in a sustainable manner.

The management of the Company believes Power Financial will be able to spur its revenue growth and create more value. Unrealised gain of approximately HK\$1.9 million has been recorded in the Group's equity investment in Power Financial during the Period. Return on investment in Power Financial is expected to be generated in coming years, but the Group will still continue to monitor the performance of Power Financial and adjust the Group's strategy of investment in Power Financial, if necessary.

10. DEBT INVESTMENTS MEASURED AT AMORTISED COST

Details of the major debt investment as at 30 September 2022 were as follows:

Bonds issuer	Face value <i>HK\$000</i>	Cost <i>HK\$000</i>	Interest receivables <i>HK\$000</i>	Allowance for credit losses <i>HK\$000</i>	Net book value <i>HK\$000</i>	Percentage of net book value of significant investments to the Group's investment portfolio	Percentage of net book value of significant investments to the Group's total assets	Terms	Coupon rate p.a.
Hao Wen Holdings Limited	20,000	20,000	321	3,638	16,683	8.2%	6.5%	From 15 June 2022 to 14 June 2027	5.5%

Note:

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 2022, its net asset value was approximately RMB314.5 million, its current assets were approximately RMB288.7 million and total liabilities were approximately RMB88.6 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.

During the Period, the bonds issued by Hao Wen and subscribed by the Group in Year 2019 were redeemed and the principal of HK\$15 million and Interest of approximately HK\$1.5 million were received. During the same period, the Group subscribed new Hao Wen bonds with principal of HK\$20 million ("New Bonds"). No interest from the New Bonds was received by the Group during the Period.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
Other receivables*	11,882	29,027
Deposits paid	27	27
	<hr/>	<hr/>
Financial assets	11,909	29,054
Prepayments	47	32
	<hr/>	<hr/>
	11,956	29,086
	<hr/> <hr/>	<hr/> <hr/>

* 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\$0.001 each '000	HK\$'000
<i>Authorised:</i>		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	<u>1,200,000,000</u>	<u>1,200,000</u>
<i>Issued and fully paid:</i>		
As at 1 April 2021	270,917	271
Issue of shares under placement (<i>note a</i>)	<u>54,180</u>	<u>54</u>
As at 31 March 2022 and 1 April 2022	325,097	325
Issue of shares under placement (<i>note b</i>)	65,000	65
Issue of shares under exercise of share options	<u>22,500</u>	<u>23</u>
As at 30 September 2022	<u>412,597</u>	<u>413</u>

- (a) On 19 July 2021, the Company entered into the placing agreement to issued and allot a maximum of 54,180,000 placing shares of HK\$0.001 each in the Company with Astrum Capital Management Limited at a price of HK\$0.30. 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. These transaction has been completed on 10 August 2021.
- (b) On 19 August 2021, the Company entered into the placing agreement to issued and allot a maximum of 65,000,000 placing shares of HK\$0.001 each in the Company with China Prospect Securities Limited at a price of HK\$0.26. 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. These transaction has been completed on 5 September 2022.

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\$250,213,000 (31 March 2022: approximately HK\$209,715,000) by the number of shares in issue at 30 September 2022, being 412,596,600 shares (31 March 2022: 325,096,600 shares).

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2022 and 2021, 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	
	2022	2021
	HK\$'000	HK\$'000
Investment manager's fee paid to:		
Evergrande Securities (Hong Kong) Limited	<u>360</u>	<u>360</u>
	<u>360</u>	<u>360</u>

The Company entered into an investment management agreement with Evergrande Securities (Hong Kong) Limited (the "Investment Manager") effective on 8 December 2020. The Investment Manager is entitled to a monthly management fee of HK\$60,000 and payable monthly in advance.

The Investment Manager shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the agreement becoming effective. The transactions are considered a de minimis transactions under Rule 14A.76 of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2022, the Group recorded gross proceeds from disposal of securities of approximately HK\$24.6 million for the Period (six months ended 30 September 2021: approximately HK\$15.2 million). The Group also recorded a decrease in revenue from approximately HK\$2.4 million for the six months ended 30 September 2021 to approximately HK\$2.0 million for the Period, representing a decrease of approximately 18%. The decrease of financial profit attributable to the owners of the Company for the Period of approximately HK\$15.8 million for the six months ended 30 September 2021 to profit of approximately HK\$12.4 million for the Period. The unaudited consolidated net assets of the Group as at 30 September 2022 amounted to approximately HK\$250.2 million (31 March 2022: approximately HK\$209.7 million). The increase in the Group's net asset value over the Period is principally resulted from the net profit of approximately HK\$16.9 million for the Period (excluding non-cash share based payment of approximately HK\$4.5 million), and the net placing proceeds of approximately HK\$16.5 million.

The net asset value per share of the Group was amounted to approximately HK\$0.61 (31 March 2022: approximately HK\$0.65).

INVESTMENT REVIEW

As at 30 September 2022, the Group's investments were as follows:

Investments	Description
Listed equities	HK\$166.8 million of a portfolio of listed shares in forty-six companies
Debt investment (including convertible bonds)	HK\$28.7 million in bonds issued by three listed companies
Direct investment in unlisted equities	HK\$9.0 million in three direct investments in unlisted equity securities
Total	HK\$204.5 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\$204.5 million. Further details of the Group's significant investments, which are defined as any of the Group's investments with fair value over 5% of the Group's total assets as at 30 September 2022, are stated in notes 9 and 10 to the condensed consolidated financial statements.

	Fair value/ Carrying value of significant investments as at 30 September 2022 <i>HK\$' million</i>	Percentage of fair value of significant Company's total assets as at 30 September 2022 <i>HK\$' million</i>	Realised gain/ (loss) recognised during the six months ended 30 September 2022 <i>HK\$' million</i>	Unrealised gain/ (loss) recognised during the six months ended 30 September 2022 <i>HK\$' million</i>	Bond coupons received during the six months ended 30 September 2022
Significant Investments					
Equity investment in WLS Holdings Limited	48.0	18.6%	–	22.2	N/A
Equity investment in Power Financial Group Limited	19.2	7.4%	–	1.9	N/A
Bonds investment in Hao Wen Holdings Limited	16.7	6.5%	–	–	–

Performance of the Group's Listed Securities

The profit on listed investments of approximately HK\$18.0 million for the Period represented net realised gain on disposal of listed securities of approximately HK\$5.1 million and net unrealised gain of listed securities of approximately HK\$12.8 million and dividend received of approximately HK\$0.1 million. Set out below are further information of these net realised loss and unrealised gain:

Net Realised Gain on Disposal of Listed Securities

The net realised gain on disposal of listed securities of approximately HK\$5.1 million represented the realised gain of approximately HK\$5.7 million net of realised loss of approximately HK\$0.6 million.

The net realised gain of approximately HK\$5.7 million mainly consists of the gain on disposal of the Group's investment in Goldstone Capital Group Limited (stock code: 1160) of approximately HK\$3.9 million.

Net Unrealised Gain of Listed Securities

The net unrealised gain of approximately HK\$12.8 million represented the unrealised gain of approximately HK\$42.7 million net of unrealised loss of approximately HK\$29.9 million.

The unrealised gain of approximately HK\$42.7 million principally represented:

Company name	Stock code	Unrealised gain <i>HK\$ million</i>
WLS Holdings Limited	8021	22.2
Hao Wen Holdings Limited	8019	7.8
SEEC Media Group Limited	205	6.1

In addition to the above 3 stocks, there was no other stocks which brought unrealised gain over HK\$2.0 million to the Group during the Period.

The unrealised loss of approximately HK\$29.9 million principally represented:

Company name	Stock code	Unrealised loss <i>HK\$ million</i>
China e-Wallet Payment Group Limited	802	5.0
Goldstone Capital Group Limited	1160	3.7
Wealth Glory Holdings Limited	8269	3.7
Tai Kam Holdings Limited	8321	3.3
AMCO United Holding Limited	630	2.5

In addition to above 5 stocks, there was no other stocks which brought unrealised loss over HK\$2.0 million to the Group during the Period.

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

During the Period, the Group disposed of its equity stake in Peak Zone Group Limited at a consideration of HK\$6.5 million, and no realised gain/loss was recorded. In addition, no unrealised gain/loss on other unlisted investments of the Group was recorded during the Period.

Performance of the Group's Unlisted Debt Investments

During the Period, the bonds issued by Hao Wen and subscribed by the Group in Year 2019 were redeemed and the principal of HK\$15 million and interest of approximately HK\$1.5 million were received. During the same period, the Group subscribed new Hao Wen bonds with principal of HK\$20 million ("New Bonds"). No interest from the New Bonds was received by the Group during the Period.

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. Russia-Ukraine War and potential worldwide hyperinflation cause uncertainty to the investment market as well. 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 2022 and up to the date of this announcement 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 2022 (2021: Nil).

CAPITAL STRUCTURE

The unaudited consolidated net asset value per share of the Company as at 30 September 2022 was HK\$0.61 (As at 31 March 2022: audited HK\$0.65). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 September 2022 of approximately HK\$250.2 million (As at 31 March 2022: approximately HK\$209.7 million) and the total number of 412,596,600 shares ordinary shares of the Company at par value of HK\$0.001 each (As at 31 March 2022: 325,096,600 ordinary shares of the Company at par value of HK\$0.001 each) in issue as at that date. The change of the number of issued shares of the Company is resulted from the placing of 65,000,000 shares completed on 5 September 2022 and 22,500,000 share options exercised during the Period.

The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position. On 5 September 2022, the Company completed a placing and has successfully raised approximately HK\$16.9 million (before expenses), which are detailed below.

On 19 August 2022 (after trading hours), the Company and China Prospect Securities 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 65,000,000 new shares at a price (the “Placing Price”) of HK\$0.26 per placing share (the “Placing”). These new shares rank pari passu in all respect with the then existing Shares. The Placing was completed on 5 September 2022.

The Placing Price of HK\$0.26 per placing share represents: (i) a discount of approximately 13.3% to the closing price of HK\$0.300 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 19 August 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 15.6% to the average of the closing prices of HK\$0.308 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\$16.9 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$16.5 million, representing a net issue price of approximately HK\$0.252 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 2022, the amount of approximately HK\$4.8 million were used for working capital and listed investments as intended and the remaining net proceeds of approximately HK\$11.7 million remain unused, which are expected to be utilised by 31 March 2023.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2022, the Group had margin payables of approximately HK\$4.9 million (31 March 2022: approximately HK\$12.6 million). The Group had cash and cash equivalents of approximately HK\$41.5 million (31 March 2022: approximately HK\$10.8 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 2022.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2022, the Company does not have any significant acquisition and disposal of subsidiaries.

GEARING RATIO

As at 30 September 2022, the Group's gearing ratio (defined as total interest-bearing liabilities/total equity) is 1.9% (31 March 2022: 6.0%), 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 2022, the Group had no outstanding foreign currency hedge contracts (31 March 2022: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Throughout the six months ended 30 September 2022, assets of the Group were free from any form of legal charge, except for listed securities of approximately HK\$24.8 million (31 March 2022: approximately HK\$31.5 million) pledged for margin payables. In addition, the Group did not have any significant contingent liabilities as at 30 September 2022 and 31 March 2022.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2022, 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 2022, with deviations from Provision C.2.1 of the Code.

Pursuant to Provision C.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.

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 2022, 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, 29 November 2022

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.