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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 2021

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 2021 (the “Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Unaudited six months ended 30 September	
	Notes	2021 HK\$'000	2020 HK\$'000
Gross proceeds from disposal of securities		15,168	17,735
Revenue	3	2,382	2,098
Net realised gain/(loss) on disposal of equity instruments at fair value through profit or loss		66	(7,096)
Net unrealised gain/(loss) on equity instruments at fair value through profit or loss		20,998	(2,336)
Other income	3	–	81
Administrative expenses		(7,429)	(5,445)
Profit/(Loss) from operations	5	16,017	(12,698)
Finance costs		(225)	(198)
Profit/(Loss) before tax		15,792	(12,896)
Income tax expense	6	–	–
Profit/(Loss) for the period attributable to shareholders of the Company		15,792	(12,896)
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income/(expense) for the period attributable to shareholders of the Company		15,792	(12,896)
Earnings/(Loss) per share	8		
– Basic (HK cents)		5.52	(5.67)
– Diluted (HK cents)		5.28	(5.67)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		Unaudited	Audited
		30 September	31 March
		2021	2021
	<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>	24,140	24,140
Debt investments measured at amortised cost	<i>10</i>	23,819	25,364
		<u>47,959</u>	<u>49,504</u>
Current assets			
Equity investments at fair value through profit or loss	<i>9</i>	154,389	121,192
Prepayments, deposits and other receivables	<i>11</i>	16,798	29,771
Cash and cash equivalents		22,229	2,789
		<u>193,416</u>	<u>153,752</u>
Current liabilities			
Margin payables	<i>12</i>	5,934	4,422
Accruals		2,916	3,328
		<u>8,850</u>	<u>7,750</u>
Net current assets		<u>184,566</u>	<u>146,002</u>
Net assets		<u>232,525</u>	<u>195,506</u>
Capital and reserves			
Share capital	<i>13</i>	325	271
Reserves		232,200	195,235
Total equity		<u>232,525</u>	<u>195,506</u>
Net asset value per share (in HK\$)	<i>14</i>	<u>0.72</u>	<u>0.72</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 2021. 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 2021.

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 2021. 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	
	2021	2020
	HK\$'000	HK\$'000
Dividend income from equity investment at fair value through profit or loss	187	7
Interest income from debt investments at amortised cost	1,545	1,100
Interest income from other receivables	650	991
	<hr/>	<hr/>
	2,382	2,098
Other income	–	81
	<hr/>	<hr/>
	<u>2,382</u>	<u>2,179</u>

4. SEGMENT INFORMATION

For the six months ended 30 September 2021 and 2020, 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 2021 and 2020, 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/(LOSS) FROM OPERATIONS

	Unaudited	
	six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	510	300
– Other remunerations	–	–
– Equity-settled share-based payments	1,398	530
	<hr/>	<hr/>
Total directors' remunerations	1,908	830
	<hr/>	<hr/>
Staff costs		
– Salaries	378	580
– Retirement Scheme contributions	17	27
– Equity-settled share-based payments	3,835	2,090
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	4,230	2,697
	<hr/>	<hr/>
Investment manager's fee	360	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 as the Group has no estimated assessable profits.

As at 31 March 2021, the Group has unused tax losses of approximately HK\$470,690,000 available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely. As the aforesaid tax losses of HK\$470,690,000 can fully offset the taxable profit of the Group for the six months ended 30 September 2021, no provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2021.

7. DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2021 (2020: Nil).

8. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted loss per share are based on the profit attributable to shareholders of the Company of approximately HK\$15,792,000 (2020: loss of approximately HK\$12,896,000).

The above basic earnings/(loss) per share are based on the weighted average number of 286,312,010 (2020: 227,246,928) ordinary shares in issue for the six months ended 30 September 2021.

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 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 2021
Profit attributable to the equity holders of the Company (<i>HK\$'000</i>)	<u>15,792</u>
Weighted average number of ordinary shares shares in issue	286,312,010
Adjustments for share options	<u>12,982,259</u>
Weighted average number of ordinary shares for the calculation of diluted EPS	<u>299,294,269</u>
Diluted EPS (<i>HK cents</i>)	<u>5.28</u>

The Company had no potentially dilutive ordinary shares in the six months ended 30 September 2020. The share options during the six months ended 30 September 2020 were anti-dilutive. The diluted loss per share for the six months ended 30 September 2020 are based on weighted average number of 227,246,928 ordinary shares in issue for that period.

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Non-current		
Unlisted equity investments outside Hong Kong	24,140	24,140
Current		
Listed equity investments in Hong Kong	<u>154,389</u>	<u>121,192</u>
	<u>178,529</u>	<u>145,332</u>

Details of the significant equity investments as at 30 September 2021 were as follows:

		As at 30 September 2021				For the six months ended 30 September 2021			
		Stock code	Percentage of effective interest held	Fair/ Market value HK\$000	Percentage of fair/ market value to of significant investments to the Group's investment portfolio	Percentage of fair/ market value to of significant investments to the Group's total assets	Unrealised Gain/(loss) HK\$000	Realised Gain/(loss) HK\$000	Dividend received HK\$000
Peak Zone Group Limited	<i>a</i>	N/A	25%	12,725	6.29%	5.27%	–	–	–
China e-Wallet Payment Group Limited	<i>b</i>	802	4.21%	13,204	6.53%	5.47%	127	–	–
WLS Holdings Limited	<i>c</i>	8021	3.54%	23,934	11.83%	9.92%	5,092	–	–
Power Financial Group Limited	<i>d</i>	397	4.31%	24,002	11.86%	9.94%	13,681	–	–

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 2021, the unaudited consolidated net profit attributable to equity holders of Peak Zone was approximately HK\$3.0 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.

(b) 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 2020 was approximately HK\$41.8 million and the unaudited loss attributable to shareholders of China e-Wallet for the six months ended 30 June 2021 were approximately HK\$18.3 million.

“Internet and Mobile’s Application and Related Accessories” is the China e-Wallet’s main business. China e-Wallet specialized in providing programming and advertising solutions in mobile platform with main branch office in Hong Kong and the PRC. The programming teams of China e-Wallet have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. China e-Wallet is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

China e-Wallet believed that the business of “Internet and Mobile’s Application and Related Accessories” as a key growth area, is in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience and utilities applications for mobile platform and mass advertising.

China e-Wallet has already procured thousands of merchants to participate in its settlement application services (“Settlement Services”). In order to capture its market share and procure sizable merchants in a short period of time, China e-Wallet would paid inducement deposits to these merchants. China e-Wallet would derive marketing plan with these merchants in order to give incentives by way of E-coupons or discounts to their customers who use the Settlement Services and the inducement deposits would be utilized accordingly. In return, China e-Wallet would share the transaction fee from the Settlement Services, receive rebate income and application development income from these merchants. Since 2018, China e-Wallet has expanded its settlement application services through referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC.

The management of the Company considers the business model of China e-Wallet having an attractive business potential, but will keep close monitoring on its development.

(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 2021 was approximately HK\$16.9 million.

As stated in WLS annual report 2021, 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 for the year ended 30 April 2021. The COVID-19 pandemic has created uncertainties to the global economy, which may affect the business operations and financial conditions of the Group in the foreseeable future. Nonetheless, WLS expected Year 2021 to be a busy time for the construction industry. Unfortunately, it was 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 would 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.

In view of the COVID-19 pandemic, WLS would review its business strategies and plans from time to time and flexibly adjust to the conditions in times of economic uncertainties.

The management of the Company shares the same viewpoints of WLS and believes its businesses in construction and infrastructure sectors are in line with the development plan of Hong Kong Government and will bring positive return to the Company in long run.

(d) 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 2020, the audited consolidated profit attributable to shareholders of Power Financial was approximately HK\$44.2 million. For the six months ended 30 June 2021, the unaudited consolidated profit attributable to shareholders of Power Financial was approximately HK\$171.6 million.

In relation to the financial services, Power Financial continued to get more margin financing clients through the referral of authorised executives with performance-related commission for incentives, and social network of responsible officers and senior management of the Group since 2020. Revenue, transaction volume and number of margin and cash clients were improved during the six months ended 30 June 2021. During that period, financial services business segment generated revenue of approximately HK\$12,159,000 (six months ended 30 June 2020: HK\$5,881,000).

Power Financial's money lending business is conducted through its wholly-owned subsidiaries, E Finance Limited ("E Finance") and E Cash Fintech Limited ("E Cash"). Power Financial provides loans under four broad categories, namely, (a) property mortgage (including first mortgage, second mortgage and submortgage) loans, (b) share mortgage loans, (c) guaranteed loans to individuals and corporations with good credit records in Hong Kong and (d) unsecured loans. E Finance is concentrated on property mortgage loans as well as corporate and individual loans involving larger loan amounts while E Cash puts a focus on retail lending business for corporations and individuals with relatively smaller loan size needs. Power Financial strived to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan top-up, loan recovery, loan compliance, monitoring and anti-money laundering. Meanwhile, Power Financial managed to maintain a sizable loan portfolio with healthy effective interest rates and built up a wide and solid customer base.

The prevailing adverse financial and economic conditions caused by the COVID-19 pandemic has posed negative impacts on the financial position and repayment ability of the Power Financial's borrowers, resulting in impairment loss on loans and interest receivables by approximately HK\$10,585,000 for the six months ended 30 June 2021 as compared to that of approximately HK\$538,000 for the corresponding period of 2020.

During the six months ended 30 June 2021, money lending business contributed revenue of approximately HK\$32,682,000, accounting for approximately 65.7% of overall revenue, and kept on being a major source of revenue of Power Financial, and generated a segment profit of approximately HK\$11,081,000 for that period.

Power Financial's assets investment business comprises a portfolio of bonds, funds, securities investments. During the six months ended 30 June 2021, Power Financial adjusted the size of portfolio of its assets investment business segment so that it can reserve or reallocate more resources and funding to its better performing activities, including margin financing and money lending businesses. The Group achieved a turnaround from segment loss to segment profit for this segment, which was mainly attributable to the gain on fair value changes of financial assets at fair value through profit or loss, especially arising from listed equity securities investments and the stable interest income from bond investments.

The management of the Company believes Power Financial will be able to spur its revenue growth and create more value, and considerable profit will be generated in long run.

10. DEBT INVESTMENTS MEASURED AT AMORTISED COST

Details of the major debt investment as at 30 September 2021 were as follows:

Bonds issuer	Note	Face value HK\$000	Cost HK\$000	Interest receivables HK\$000	Allowance for credit losses HK\$000	Net book value HK\$000	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	a	15,000	15,000	364	2,119	13,245	6.55%	5.49%	From 12 July 2019 to 11 July 2022	11%

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 2021, its net asset value was approximately RMB305.1 million, its current assets were approximately RMB260.2 million and total liabilities were approximately RMB59.5 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 six months ended 30 September 2021, interest of HK\$1,650,000 was received by the Group, and no unrealised gain or loss and no realised gain or loss on the Group’s investment in the bonds issued by Hao Wen Holdings Limited was recorded.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 September 2021 HK\$’000	Audited 31 March 2021 HK\$’000
Other receivables*	16,379	29,730
Deposits paid	24	22
	<hr/>	<hr/>
Financial assets	16,403	29,752
Prepayments	395	19
	<hr/>	<hr/>
	16,798	29,771
	<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\$0.05 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>				
As 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	–
	<u>–</u>	<u>–</u>	<u>1,200,000,000</u>	<u>1,200,000</u>
As at 31 March 2021, 1 April 2021 and 30 September 2021	<u>–</u>	<u>–</u>	<u>1,200,000,000</u>	<u>1,200,000</u>
<i>Issued and fully paid:</i>				
As 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
	<u>–</u>	<u>–</u>	<u>270,917</u>	<u>271</u>
As at 31 March 2021 and 1 April 2021	–	–	270,917	271
Issue of shares under placement (<i>note c</i>)	–	–	54,180	54
	<u>–</u>	<u>–</u>	<u>325,097</u>	<u>325</u>
As at 30 September 2021	<u>–</u>	<u>–</u>	<u>325,097</u>	<u>325</u>

- (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 has been used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company as intended. These new placing shares rank pari passu in all respect with existing shares. This transaction has been completed on 25 September 2020.
- (c) 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.

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\$232,525,000 (31 March 2021: approximately HK\$195,506,000) by the number of shares in issue at 30 September 2021, being 325,096,600 shares (31 March 2021: 270,916,600 shares).

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2021 and 2020, 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	
	2021	2020
	HK\$’000	HK\$’000
Investment manager’s fee paid to:		
China Everbright Securities (HK) Limited	–	480
Evergrande Securities (Hong Kong) Limited	360	–
	<hr/>	<hr/>
	360	480
	<hr/>	<hr/>

Note:

The Company has entered into an investment management agreement (“EBSHK 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.

The maximum aggregate investment management fee to be payable by the Company to EBSHK shall not exceed HK\$960,000 per annum.

The Company had terminated EBSHK Agreement effective on 30 November 2020 and entered into a new investment management agreement with Evergrande Securities (Hong Kong) Limited (the “New Investment Manager”) effective on 8 December 2020.

The New Investment Manager is entitled to a monthly management fee of HK\$60,000 and payable monthly in advance. Prior to the termination of the EBSHK Agreement, the maximum aggregate fee to be payable by the Group shall not exceed HK\$960,000 per annum.

Both investment managers 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.

16. EVENT AFTER THE REPORTING PERIOD

Referring to Statement from the Management of the annual report 2019/20 of the Company, Jetland Global Investments Limited (“Jetland”), a wholly owned subsidiary of the Company, has made an impairment on the outstanding receivable for disposal of investment in Help U Credit of HK\$15,080,000. In April 2020, Jetland issued a statutory demand against the debtor to recover the same amount. In June 2020, the debtor took out the application to set aside the statutory demand in High Court. His application was dismissed in December 2020. The debtor appealed the High Court decision and placed the disputed sum together with legal costs, totalling HK\$15,365,000 (the “Sum”) into the Court, and the Sum would be paid out to Jetland in the event that the appeal is dismissed based on a Court order. The appeal was dismissed in October 2021. As of the date of this announcement, the Sum has yet to be received. The reversal of impairment of HK\$15,080,000 is expected to be recorded in Jetland’s book of accounts in the second half of the year ending 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 September 2021, the Group recorded gross proceeds from disposal of securities of approximately HK\$15.2 million for the Period (2020: approximately HK\$17.7 million). The Group also recorded an increase in revenue from approximately HK\$2.1 million for the six months ended 30 September 2020 to approximately HK\$2.4 million for the Period, representing an increase of approximately 14%. The financial profit attributable to the owners of the Company for the Period changed from loss of approximately HK\$12.9 million for the six months ended 30 September 2020 to profit of approximately HK\$15.8 million for the Period. The unaudited consolidated net assets of the Group as at 30 September 2021 amounted to approximately HK\$232.5 million (31 March 2021: approximately HK\$195.5 million). The increase in the Group's net asset value over the Period is resulted from the net profit of approximately HK\$21.0 million for the Period (excluding non-cash share based payment of approximately HK\$5.2 million), and the net placing proceeds of approximately HK\$16.0 million.

The net asset value per share of the Group was amounted to approximately HK\$0.72 (31 March 2021: approximately HK\$0.72).

INVESTMENT REVIEW

As at 30 September 2021, the Group's investments were as follows:

Investments	Description
Listed equities	HK\$154.4 million of a portfolio of listed shares in thirty-nine companies
Debt investment	HK\$23.8 million in bonds issued by two listed companies
Direct investment in unlisted equities	HK\$24.1 million in three direct investments in unlisted equity securities
Total	HK\$202.3 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\$202.3 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 2021, are stated in notes 9 and 10 to the condensed consolidated financial statements.

Performance of the Group's Listed Equity Investments

Net realised gain on disposal of listed equity investments

The net realised gain on disposal of listed equity investments of approximately HK\$66,000 represented the realised gain of approximately HK\$2,242,000 net of realised loss of approximately HK\$2,176,000.

The realised gain principally represented:

Company name	Stock code	Investment costs <i>HK\$'million</i>	Disposal consideration <i>HK\$'million</i>	Realised Gain <i>HK\$'million</i>
CBK Holdings Limited	8428	6.7	7.8	1.1
Wan Cheng Metal Packaging Company Limited	8291	0.4	1.1	0.7

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>
KPM Holding Limited	8027	0.9	0.1	0.8
SEM Holdings Limited	9929	1.5	1.1	0.4

Net unrealised gain on listed equity investments

The net unrealised gain of approximately HK\$21.0 million represents the unrealised gain of approximately HK\$38.0 million net of unrealised loss of approximately HK\$17.0 million.

The unrealised gain principally represented:

Company name	Stock code	Unrealised gain <i>HK\$'million</i>
Power Financial Group Limited	397	13.7
WLS Holdings Limited	8021	5.1
SEEC Media Group Limited	205	3.7

The unrealised loss principally represented:

Company name	Stock code	Unrealised loss <i>HK\$'million</i>
Wan Cheng Metal Packaging Company Limited	8291	8.2
Wealth Glory Holdings Limited	8269	2.1

* The shares of all the companies mentioned under net realised gain on disposal of listed equity investments and net unrealised gain on listed equity investments above were listed on either main board or GEM of the Stock Exchange during the Period.

In relation to the Group's other investments, unlisted debt investments contributed to stable interest income of approximately HK\$1.5 million to the Group for the Period (2020: approximately HK\$1.1 million). The Group did not acquire or dispose of any unlisted equity investments during 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 has begun 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 2021 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 2021 (2020: Nil).

CAPITAL STRUCTURE

The unaudited consolidated net asset value per share of the Company as at 30 September 2021 was HK\$0.72 (As at 31 March 2021: audited HK\$0.72). The consolidated net asset value per share is calculated based on the net assets of the Group as at 30 September 2021 of approximately HK\$232.5 million (As at 31 March 2021: approximately HK\$195.5 million) and the total number of 325,096,600 shares ordinary shares of the Company at par value of HK\$0.001 each (As at 31 March 2021: 270,916,000 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 54,180,000 shares completed on 10 August 2021 (see note 13(c) 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 10 August 2021, the Company completed a placing and has successfully raised approximately HK\$16.3 million (before expenses), which are detailed below.

On 19 July 2021 (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 placees for up to 54,180,000 new shares at a price (the "Placing Price") of HK\$0.3 per placing share (the "Placing"). These new shares rank pari passu in all respect with the then existing Shares. The Placing was completed on 10 August 2021.

The Placing Price of HK\$0.30 per placing share represents: (i) a discount of approximately 14.3% to the closing price of HK\$0.350 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 July 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 14.5% to the average of the closing prices of HK\$0.351 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\$16.3 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$16.0 million, representing a net issue price of approximately HK\$0.295 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 2021, the amount of approximately HK\$7.1 million were used for working capital and listed investments as intended, and the remaining net proceeds of approximately HK\$8.9 million remains unused.

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 2021, the Group had margin payables of approximately HK\$5.9 million (31 March 2021: approximately HK\$4.4 million). The Group had cash and cash equivalents of approximately HK\$22.2 million (31 March 2021: approximately HK\$2.8 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 2021.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2021, the Company does not have any significant acquisition and disposal of subsidiaries.

GEARING RATIO

As at 30 September 2021, the Group's gearing ratio (defined as total interest-bearing liabilities/ total equity) is 2.6% (31 March 2021: 2.3%), 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 2021, the Group had no outstanding foreign currency hedge contracts (31 March 2021: Nil).

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Throughout the six months ended 30 September 2021, assets of the Group were free from any form of legal charge, except for listed securities of approximately HK\$23.7 million (31 March 2021: approximately HK\$24.4 million) pledged for margin payables. In addition, the Group did not have any significant contingent liabilities as at 30 September 2021 and 31 March 2021.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2021, 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 2021, 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 2021, 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, 5 November 2021

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.