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CHINA INVESTMENT AND FINANCE GROUP LIMITED

中國投融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1226)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2023**

The board (the “Board”) of directors (the “Directors”) of China Investment and Finance Group Limited (the “Company”) hereby present the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Gross proceeds from disposal of listed securities		<u>177,729</u>	<u>22,701</u>
Revenue	<i>3</i>	3,592	4,478
Net realised gain/(loss) on disposal of listed equity investments at fair value through profit or loss		1,817	(455)
Net unrealised (loss)/gain on listed equity investments at fair value through profit or loss		(32,610)	112
Net unrealised loss on unlisted equity investments at fair value through profit or loss		(2,375)	(8,654)
Impairment losses under expected credit loss model, net of reversal	<i>5</i>	(1,170)	8,700
Administrative expenses		(9,921)	(10,706)
Finance costs	<i>6</i>	<u>(485)</u>	<u>(493)</u>
Loss before tax	<i>7</i>	(41,152)	(7,018)
Income tax credit	<i>8</i>	<u>–</u>	<u>–</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(41,152)</u>	<u>(7,018)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic	<i>10</i>	<u>(10.92)</u>	<u>(2.27)</u>
– Diluted	<i>10</i>	<u>(10.92)</u>	<u>(2.27)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Equity investments at fair value through profit or loss	11	6,611	15,486
Debt investments measured at amortised cost		17,223	9,775
		<u>23,834</u>	<u>25,261</u>
Current assets			
Equity investments at fair value through profit or loss	11	132,546	148,345
Debt investments measured at amortised cost		10,724	12,177
Other receivables, prepayments and deposits		9,806	29,086
Cash and cash equivalents		27,585	10,849
		<u>180,661</u>	<u>200,457</u>
Current liabilities			
Margin payables	12	5,017	12,570
Other payables and accruals		2,847	3,433
		<u>7,864</u>	<u>16,003</u>
Net current assets		<u>172,797</u>	<u>184,454</u>
Net assets		<u>196,631</u>	<u>209,715</u>
Capital and reserves			
Share capital		413	325
Reserves		196,218	209,390
Total equity		<u>196,631</u>	<u>209,715</u>
Net asset value per share (in HK\$)	13	<u>0.48</u>	<u>0.65</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

China Investment and Finance Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 19 September 2002. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is at Room 1104, Crawford House, 70 Queen’s Road Central, Hong Kong.

The principal activities of the Group are investment holding and trading of securities.

The consolidated financial statements are prepared in Hong Kong dollar (HK\$), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Definition of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

An analysis of the Group's revenue is as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue:		
Dividend income from equity investments at FVTPL	124	203
Interest income from debt investments at amortised cost	2,622	3,090
Interest income from other receivables	846	1,185
Interest income from brokers	—*	—*
Interest income from bank accounts	—*	—*
	<hr/> 3,592 <hr/>	<hr/> 4,478 <hr/>

* Amount less than HK\$1,000

4. SEGMENT INFORMATION

For the years ended 31 March 2023 and 2022, the Group's revenue and results were mainly derived from the interest income and dividend income from investment holding. The executive director, being the chief operation decision maker, considers that these activities constitute one and the only business segment since these transactions are subject to common risks and returns. The executive directors monitors the operating results of its investment business as a whole for the purpose of making decision about resource allocation and performance assessment. Given the nature of the Group's business was operated as a single segment, it is not considered meaningful to provide an operating segment analysis of financial performance.

Accordingly, only entity-wide disclosure, major customers and geographical information are presented.

Geographical information

During the years ended 31 March 2023 and 2022, all activities of the Group are based in Hong Kong and all of the Group's revenue was derived from Hong Kong. Accordingly, no geographical analysis of revenue and assets is presented.

Information about major customers

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Impairment losses recognised/(reversed) on:		
– Other receivables	2,483	(12,112)
– Debt investments measured at amortised costs	<u>(1,313)</u>	<u>3,412</u>
	<u><u>1,170</u></u>	<u><u>(8,700)</u></u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on margin financing wholly repayable on demand	<u><u>485</u></u>	<u><u>493</u></u>

7. LOSS BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax has been arrived at after charging/(crediting):		
Directors' remunerations		
– Fees	940	1,020
– Basic salaries and other benefits	80	–
– Retirement benefits scheme	4	–
– Equity-settled share-based payments	940	1,398
	<hr/>	<hr/>
Total directors' remunerations	1,964	2,418
	<hr/>	<hr/>
Staff costs		
– Basic salaries and other benefits	591	674
– Equity-settled share-based payments	3,541	3,835
– Retirement benefits scheme	25	32
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	4,157	4,541
	<hr/>	<hr/>
Auditors' remuneration	480	460
Equity-settled share-based payments (included in directors' remunerations and staff costs above)	4,481	5,233
Investment manager fee	720	720
Expenses related to short-term lease	90	90
	<hr/> <hr/>	<hr/> <hr/>

8. INCOME TAX CREDIT

No provision for the Hong Kong Profits Tax has been made as the Group either incurred tax loss or has no assessable profit for the years ended 31 March 2023 and 2022.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

10. LOSS PER SHARE

The calculation of basic and diluted loss per share was based on the loss attributable to owners of the Company of HK\$41,152,000 (2022: HK\$7,018,000) and the weighted average number of 376,686,000 (2022: 308,917,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the years ended 31 March 2022 and 2023 does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share for the years ended 31 March 2022 and 2023.

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current		
Unlisted equity investments outside Hong Kong	6,611	15,486
Current		
Listed equity investments in Hong Kong	<u>132,546</u>	<u>148,345</u>
	<u>139,157</u>	<u>163,831</u>

The fair values of these listed securities are determined based on the quoted market bid prices at the end of each reporting period. The Group has pledged certain financial assets at fair value through profit or loss with carrying amount of approximately HK\$18,206,000 as at 31 March 2023 (2022: HK\$31,508,000) to secure margin payables as disclosed in note 12.

12. MARGIN PAYABLES

Margin payables represents margin loans arising from the trading of listed investments which are repayable on demand. No ageing analysis is disclosed in respect of margin payables. In opinion of the directors, an ageing analysis does not give additional value in view of the Group's business nature.

Margin payables bear interest rates ranged from 8% to 9.13% (2022: 8% to 15.25%) per annum for the year ended 31 March 2023.

13. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$196,631,000 (2022: HK\$209,715,000) by the number of shares in issue as at 31 March 2023, being 412,597,000 (2022: 325,097,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

During the year ended 31 March 2023 (the “Year”), the Group recorded gross proceeds from disposal of securities of approximately HK\$177.7 million, representing an increase of approximately 6.8 times, as compared to the amount of approximately HK\$22.7 million for the last year. The Group recorded in revenue of approximately HK\$3.6 million, representing a decrease of approximately 19.8% as compared to the amount of approximately HK\$4.5 million for the last year. The Company recorded loss attributable to the owners of the Company for the year amounted to approximately HK\$41.2 million (2022: approximately HK\$7.0 million). The audited consolidated net assets of the Group as at 31 March 2023 amounted to approximately HK\$196.6 million (2022: approximately HK\$209.7 million). The net asset per share of the Group was amounted to approximately HK\$0.48 (2022: approximately HK\$0.65). The decrease in net asset value per share of the Company over the year was principally resulted from the net effect of: (i) the placing of 65,000,000 new shares of the Company at a price of HK\$0.26 each (see the Company’s announcements dated 19 August 2022 and 5 September 2022 for further details); (ii) the net loss attributable to the shareholders of the Company for the Year of approximately HK\$41.2 million; (iii) non-cash share-based payments of approximately HK\$4.5 million recognised for the Year and (iv) proceeds from exercise of share options of approximately HK\$7.1 million.

The Group’s net loss increased from approximately HK\$7.0 million for the year ended 31 March 2022 to approximately HK\$41.2 million for the Year. Such change is mainly attributable to the change in performance of the Group’s listed investments and the expected credit loss assessment. The Group recorded net loss on listed investments of approximately HK\$0.1 million in the last year, while net loss on listed investments of approximately HK\$30.7 million was recorded in the Year. In relation to the expected credit loss assessment, reversal of impairment losses of approximately HK\$8.7 million was recorded by the Group in the last year whereas the Group recorded impairment loss of approximately HK\$1.2 million during the Year. Taking into account of unrealised loss on unlisted investments of approximately HK\$2.4 million (2022: approximately HK\$8.7 million), administrative expenses of approximately HK\$9.9 million (2022: approximately HK\$10.7 million) and other expenses, the Group recorded net loss of approximately HK\$41.2 million in the Year (2022: approximately HK\$7.0 million).

Investment Review

As at 31 March 2023, the Group's major investments were as follows:

Investments	Description
Listed equities	HK\$132.5 million of a portfolio of listed shares in 50 companies
Direct investment in unlisted equities	HK\$6.6 million in 2 direct investments in unlisted equities securities
Debt Investments	HK\$27.9 million in bonds issued by 2 listed companies
Total	HK\$167.0 million

The investment portfolio as at 31 March 2023 of the Group mainly comprises of unlisted securities, listed securities and bonds investment in Hong Kong and China. The value of investment portfolio of the Group is of approximately HK\$167.0 million. As a whole, the portfolio was carefully managed and being fully diversified to minimise commercial risk resulting from over concentration of the investment of the Group in any single industry.

Significant Investments

The Group's investments with fair value over 5% of value of its total assets are considered as significant investments. In respect of the Group's significant investments as at 31 March 2023, set out below are certain information on those investments:

Significant Investments	Fair value/ Carrying value of significant investments as at 31 March 2023 <i>HK\$' million</i>	Percentage of fair value of significant investments to the Company's total assets as at 31 March 2023	Realised gain/ (loss) recognised during the year ended 31 March 2023 <i>HK\$' million</i>	Unrealised gain/ (loss) recognised during the year ended 31 March 2023 <i>HK\$' million</i>	Bond coupons received during the year ended 31 March 2023 <i>HK\$' million</i>
Equity investment in WLS Holdings Limited	35.3	17.3%	–	8.9	N/A
Equity investment in Power Financial Group Limited	19.1	9.3%	–	1.8	N/A
Bonds investment in Hao Wen Holdings Limited	17.2	8.4%	–	–	1.7

(A) Listed Equity Investments

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 interim report 2022/2023, WLS foresees that the outbreak of COVID-19 together with the challenges posed by the political unrest in Hong Kong mean a double blow to the Hong Kong economy and further contribute to a downward trend in the Hong Kong property market.

The impacts of COVID-19 have caused pressure worldwide and dampened the development of various industries, with no exception for the scaffolding industry. In the past decade, the scaffolding industry has become increasingly competitive. On the one hand, the costs have become high together with rising labour costs, but productivity has suffered decline. In the face of a phenomenon of ageing workers, young generation unwilling to join the industry due to hard labour work and higher requirement of technological qualifications, which has affected recruitment of talents in the industry, and with heavier government regulations, without favourable factors such as labour imports, the carrying capacity of the industry may be challenged. These reflect a lack of confidence in the prospect of the scaffolding industry.

On the other hand, in response to demand from market development, many contractors have adopted the use of metal scaffolds instead of bamboo scaffolds nowadays. The general higher durability of metal scaffolds and the possibility of calculating load bearing capacity have shortened the time for training of workers. Hence, bamboo scaffolds may be eliminated in Hong Kong in the future. According to recent trend, modern metal scaffolds have been adopted by the industry, especially for high-end shopping malls which are aware of exterior appearance. Therefore, the future direction of the scaffolding business will be led by the adoption of mixed scaffolds and metal scaffolds.

Looking ahead to 2022/2023, in view of present economic uncertainty and difficulties, WLS is reviewing its existing assets structure and business strategies and may make adjustment to our existing assets structure, with the aim to consolidate our resources, so as to be flexibly prepared for uncertainties in the future. Meanwhile, in order to enhance our 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 shareholders.

Finally, WLS will actively explore all suitable investment opportunities to diversify the business horizons and will work hard to strengthen overall business development. WLS's 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\$8.9 million has been recorded in the Group's equity investment in WLS during the Year. 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.

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 2022, the audited consolidated loss attributable to shareholders of Power Financial was approximately HK\$171.3 million.

As stated in Power Financial's 2022 annual report, it was stated that benefiting from the full removal of immigration controls with Mainland China and further relaxation of social distancing measures, Hong Kong is expected to turnaround to economic growth in 2023.

The recent global market conditions, including the U.S. Federal Reserve's interest rate hike, the collapse of US and Swiss banks, global economic slowdown, the European Central Bank's policy shift, geopolitical tensions, and rising commodity prices, could have significant implications for the financial industry in Hong Kong. It is expected that market volatility will continue to persist amid the rising global inflationary pressures.

Meanwhile, financial tensions between China and the US continue to deepen as both countries close their doors 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. In addition to the special purpose acquisition company ("SPAC") listing regime announced in 2022, Stock Exchange also announced a new channel for both commercial and pre-profit specialist technology companies to list in Hong Kong. This type of enhanced listing regime is expected to attract more high-growth, innovative mainland and Southeast Asian companies to list in Hong Kong.

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 the Group'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 E Finance. 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 risks and returns and over the long run. To help ensure a sound loan portfolio, Power Financial will continue to adopt prudent and cautious approaches throughout the credit assessment and approval processes. It also keep a close eye on the repayment performance of its loan portfolio while evaluating the repayment ability 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.

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\$1.8 million has been recorded in the Group's equity investment in Power Financial during the Year. 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.

(B) *Unlisted Debt Investments*

Hao Wen Holdings Limited ("Hao Wen")

During the year ended 31 March 2023, the Group subscribed unlisted bonds (the "HW Bonds") issued by Hao Wen with principal of HK\$20,000,000 with a coupon rate of 5.5%. The HW Bonds will be matured in 60 months from the issuing date (i.e. 15 June 2022).

Hao Wen is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in the money lending business and processing and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019). The audited net assets and current assets of Hao Wen were approximately RMB295.1 million and RMB238.1 million respectively and its total liabilities were approximately RMB65.6 million as at 31 December 2022. The Company considers that Hao Wen has sufficient financial resources to meets its ongoing operation, and there is no signal of default of the HW Bonds.

Performance of the Group's Listed Securities

The loss on listed investments of approximately HK\$30.7 million for the Year represented net realised gain on disposal of listed securities of approximately HK\$1.8 million and net unrealised loss of listed securities of approximately HK\$32.6 million and dividend received of approximately HK\$0.1 million. Set out below are further information of these net realised gain and unrealised loss:

Net Realised Gain on Disposal of Listed Securities

The net realised gain on disposal of listed securities of approximately HK\$1.8 million represented the realised gain of approximately HK\$6.6 million net of realised loss of approximately HK\$4.8 million.

The realised gain of approximately HK\$6.6 million principally represented:

Company name	Stock code	Realised gain <i>HK\$ million</i>
Goldstone Capital Group Limited	1160	3.8
Jiading International Group Holdings Limited	8153	1.1

In addition to the above 2 stocks, there was no other stocks which brought realised gain over HK\$1.0 million to the Group during the Year.

The realised loss of approximately HK\$4.8 million principally represented:

Company name	Stock code	Realised loss <i>HK\$ million</i>
Kingston Financial Group Limited (<i>Note 2</i>)	1031	1.7
China 33 Media Group Limited	8087	1.2

In addition to the above 2 stocks, there was no other stocks which brought realised loss over HK\$1.0 million to the Group during the Year.

Net Unrealised Loss of Listed Securities

The net unrealised loss of approximately HK\$32.6 million represented the unrealised gain of approximately HK\$17.3 million net of unrealised loss of approximately HK\$49.9 million.

The unrealised gain of approximately HK\$17.3 million principally represented:

Company name	Stock code	Unrealised gain <i>HK\$ million</i>
WLS Holdings Limited	8021	8.9
Asia Grocery Distribution Limited	8413	2.0
SEEC Media Group Limited	205	1.8
Power Financial Group Limited	397	1.8
Kingston Financial Group Limited (<i>Note 2</i>)	1031	1.8

In addition to the above 5 stocks, there was no other stocks which brought unrealised gain over HK\$1.0 million to the Group during the Year.

The unrealised loss of approximately HK\$49.9 million principally represented:

Company name	Stock code	Unrealised loss <i>HK\$ million</i>
China e-Wallet Payment Group Limited	802	5.7
AMCO United Holding Limited	630	3.9
Tai Kam Holdings Limited	8321	3.7
Goldstone Capital Group Limited	1160	3.7
Wealth Glory Holdings Limited	8269	3.4
Luxxu Group Limited	1327	3.1
China National Culture Group Limited	745	3.0
China Environmental Energy Investment Limited	986	2.8
Kingland Group Holdings Limited	1751	2.2

In addition to above 9 stocks, there was no other stocks which brought unrealised loss over HK\$2.0 million to the Group during the Year.

Notes:

- (1) 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.
- (2) The shares of Kingston Financial Group Limited ("KFG Shares") were privatised and the listing of KFG Shares on the Stock Exchange was withdrawn with effect from 27 February 2023.

Performance of the Group's Unlisted Securities

The Group's disposed of its equity stake in Peak Zone Group Limited at a consideration of HK\$6.5 million during the Year, and no realised gain/loss was recorded. In addition, unrealised loss on other unlisted investments of the Group of approximately HK\$2.4 million was recorded during the Year.

Performance of the Group's Unlisted Debt Investments

During the year, the bonds issued by Hao Wen and subscribed by the Group in Year 2019 were redeemed and the principal of HK\$15 million and coupons of approximately HK\$1.7 million were received. During the same year, the Group subscribed new Hao Wen bonds with principal of HK\$20 million ("New Bonds"). No coupons from the New Bonds was received by the Group during the Year. In addition, coupons of approximately HK\$1.4 million were received by the Group from its investment in the bonds issued by China Media 33 Group Limited (stock code: 8087) during the Year.

Segmental Information

There is no material change in the Group's investment segment, principally investment in listed and unlisted securities, during the Year.

Price Risk

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as equity investments at fair value through profit or loss as at 31 March 2023. To manage its price risk arising from investments in the above financial assets, the Group diversifies its portfolio. If the prices of the equity investments held for trading were higher or lower by 5% as at 31 March 2023, the Group's loss for the Year would decrease or increase by approximately HK\$5.5 million respectively, and if the prices of equity investments held for trading were higher or lower by 5% as at 31 March 2022, the Group's profit for the year ended 31 March 2022 would increase or decrease by approximately HK\$6.2 million respectively. If the value of the investments held by the Group as equity investments with non-trading in nature were higher or lower by 5% as at 31 March 2023 (2022: 5%), the Group's equity as at 31 March 2023 would increase or decrease by approximately HK\$0.3 million (2022: HK\$0.8 million) respectively.

Prospects

We expect the global market will continue to face greater challenges and full of uncertainty especially after the outbreak of COVID-19. Both developed and developing economies are facing challenge of economic turmoil. China was also facing a slowdown in economic growth, but its situation seems not as poor as that of the West. The inflation in China is much less than that in the West. When the world is facing such great uncertainty, the Directors consider, crisis and opportunities coexist in the coming year.

The Directors will continue to take a prudent approach in managing the Group's investment portfolio and develop the investment strategies. Given the increasing influence of China against the global economy, the Group will still be based mainly on Chinese economy, the Group will continue to look for investment opportunities which offer outstanding returns under the acceptable risk in the portfolio of the Group.

The Company would consider investing in certain unlisted securities, listed securities and fixed income products with high potential in order to diversify further market risk.

Dividend

The Board has resolved not to recommend a payment of final dividend.

Liquidity and Financial Resources

As at 31 March 2023, the Group had margin payables to financial institutions of approximately HK\$5.0 million (2022: approximately HK\$12.6 million). The Group had bank balances and cash on hand of approximately HK\$27.6 million (2022: approximately HK\$10.8 million), which was mainly placed in bank and other financial institutions as deposits. As the Group held listed securities of approximately HK\$132.5 million as at 31 March 2023 (2022: approximately HK\$148.3 million), which is around 26.5 times (2022: approximately 11.8 times) of the margin payable value, the Board consider the Company's liquidity position is still healthy as at 31 March 2023.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 2.6% (2022: 6.0%), which was considered a very low leverage level by the Board.

Capital Structure

The consolidated net asset value per share of the Company as at 31 March 2023 was HK\$0.48 (2022: audited HK\$0.65). The consolidated net asset value per share is calculated based on the net assets of the Group as at 31 March 2023 of approximately HK\$196.6 million (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 (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 on 5 September 2022 and 22,500,000 share options exercised during the Year.

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 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 31 March 2023, the full amount of approximately HK\$16.5 million were used for working capital and listed investments as intended.

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

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the year ended 31 March 2023, the Company does not have any significant acquisition and disposal of subsidiaries, associates or joint ventures.

Employees

During the year ended 31 March 2023, the Group had retained eleven employees (2022: eleven employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to approximately HK\$4.2 million (2022: approximately HK\$4.6 million). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

Charges on Assets and Contingent Liabilities

As at 31 March 2023, the Group has pledged listed securities of approximately HK\$18.2 million (2022: approximately HK\$31.5 million) to secure the margin payables of approximately HK\$5.0 million (2022: approximately HK\$12.6 million). The Group did not have significant contingent liabilities as at 31 March 2023 and 2022.

Future Plans for Material Investments or Capital Assets and Their Expected of Funding in Coming Year

As at 31 March 2023 and up to the date of this announcement, the Company does not have any concrete plan for material investments or capital assets.

Foreign Currency Fluctuation

The Group's exposures to foreign currencies mainly arises from its investments in companies located in the People's Republic of China, which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Year. As at 31 March 2023, the Group had no outstanding foreign currency hedge contracts (2022: Nil).

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2023, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code ("Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the year ended 31 March 2023, with deviations from Provisions 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 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.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2023, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, risk management, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff.

The audit committee of the Group consists of three independent non-executive directors, namely Mr. HON Leung, Mr. LUK Simon and Ms. LIU Xiaoyin.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have been agreed by the Group's auditors, Elite Partners CPA Limited ("the Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditors on the preliminary announcement.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.chnif.com.hk>). The 2022/23 annual report will be dispatched to the shareholders and available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 June 2023

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.