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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 2015

The board of directors (the “Board”) 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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Gross proceeds from disposal of securities		<u>349,285</u>	<u>301,048</u>
Revenue	3(a)	12,187	8,319
Net realised (loss)/gain on disposal of financial assets held for trading		(450)	7,689
Net realised gain/(loss) on disposal of available-for-sale financial assets		10,460	(3,491)
Net unrealised gain/(loss) on financial assets held for trading		9,617	(571)
Net unrealised loss on derivative financial instruments		(4,767)	(6,289)
Loss on derecognition of derivative financial instrument		–	(18,921)
Impairment loss on available-for-sale financial asset		–	(55,277)
Impairment loss on other receivables		–	(891)
Other income	3(b)	609	362
Administrative expenses		<u>(24,845)</u>	<u>(24,264)</u>
Profit/(Loss) from operations	5	2,811	(93,334)
Finance cost	6	<u>(66)</u>	<u>(74)</u>
Profit/(Loss) before tax		2,745	(93,408)
Income tax expense	7	<u>(2,553)</u>	<u>(154)</u>
Profit/(Loss) for the year		<u>192</u>	<u>(93,562)</u>
Profit/(Loss) attributable to owners of the Company		<u>192</u>	<u>(93,562)</u>
Dividend	8	<u>–</u>	<u>–</u>
Earnings/(Loss) per share			
– Basic, HK cents	9	<u>0.02</u>	<u>(16.09)</u>
– Diluted, HK cents	9	<u>0.02</u>	<u>(16.09)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit/(Loss) for the year	192	(93,562)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations		
Exchange difference arising during the year	117	315
Available-for-sale financial assets		
Net gain/(loss) arising on revaluation of available-for-sale financial assets during the year	8,818	(1,770)
Reclassification upon impairment of available-for-sale financial assets	–	3,273
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	(6,562)	(5,851)
	2,256	(4,348)
Other comprehensive income/(expense) for the year, net of tax	2,373	(4,033)
Total comprehensive income/(expense) for the year	2,565	(97,595)
Total comprehensive income/(expense) attributable to owners of the Company	2,565	(97,595)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>Note</i>	2015 HK\$'000	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		709	31,521
Deposit paid for acquisition of investments		20,000	–
Available-for-sale financial assets	10	122,505	269,899
Derivative financial instruments	11	–	624
		<u>143,214</u>	<u>302,044</u>
Current assets			
Available-for-sale financial assets	10	85,666	–
Derivative financial instruments	11	9,077	13,844
Financial assets held for trading	12	38,699	9,591
Other receivable, prepayments and deposits		141,266	64,464
Tax recoverable		–	37
Cash and cash equivalents		75,231	59,269
		<u>349,939</u>	<u>147,205</u>
Assets associate with disposal group held for sale	13	32,669	–
		<u>382,608</u>	<u>147,205</u>
Current liabilities			
Accruals		737	438
Current tax liabilities		192	308
		<u>929</u>	<u>746</u>
Liabilities associated with disposal group held for sale	13	216	–
		<u>1,145</u>	<u>746</u>
Net current assets		<u>381,463</u>	<u>146,459</u>
Total assets less current liabilities		<u>524,677</u>	<u>448,503</u>
Non-current liabilities			
Deferred tax liabilities		2,503	–
Net assets		<u>522,174</u>	<u>448,503</u>
Capital and reserves			
Share capital		183,074	116,316
Reserves		339,100	332,187
Total equity		<u>522,174</u>	<u>448,503</u>
Net asset value per share (in HK\$)	14	<u>0.57</u>	<u>0.77</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 19 September 2002. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is at Units 03 & 05, 32/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

Except for as described below, the application of the above new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management service;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investments entities.

The Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 April 2014), the application of the amendments has had no impacts on the disclosures or the amounts recognised in the Group's consolidated financial statements.

(b) New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ⁶
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 And HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

¹ Effective for accounting periods beginning on or after 1 July 2014

² Effective for accounting periods beginning on or after 1 July 2014 with limited exceptions

³ Effective for accounting periods beginning on or after 1 January 2016

⁴ Effective for first annual financial statements beginning on or after 1 January 2016

⁵ Effective for accounting periods beginning on or after 1 January 2017

⁶ Effective for accounting periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revision version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortised cost or fair value. Under HKFRS 9, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types on hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting. In additions, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group’s financial assets (e.g. (i) the Group’s investments in unlisted equity securities, listed and unlisted debt securities that are currently classified as available-for-sale financial assets may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss; and (ii) unlisted convertible debt securities of which the host contract currently classified as available-for-sale financial assets while the embedded derivative currently classified as financial assets at fair value through profit or loss, may have to be measured at fair value at the end of subsequent reporting entirely, with changes in the fair value being recognised in profit or loss). Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. REVENUE AND OTHER INCOME

An analysis of Group’s revenue and other income are as follows:

	2015	2014
	<i>HK\$’000</i>	<i>HK\$’000</i>
(a) Revenue:		
Dividend income from financial assets held for trading	161	562
Interest income from debt securities	10,527	7,470
Interest income from other receivables	1,430	–
Interest income from bank accounts	69	287
	<hr/> 12,187 <hr/>	<hr/> 8,319 <hr/>
(b) Other income:		
Net foreign exchange gain	18	362
Sundry income	591	–
	<hr/> 609 <hr/>	<hr/> 362 <hr/>
	<hr/> 12,796 <hr/> <hr/>	<hr/> 8,681 <hr/> <hr/>

4. SEGMENT INFORMATION

For the year ended 31 March 2015 and 2014, 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

The Group's revenue analysed by geographical location and information about its non-current assets (excluding available-for-sale investments, derivative financial instruments and deposit paid for acquisition of investments) by geographical location are detailed below:

	Revenue		Non-current assets	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	12,187	8,319	709	1,443
The People's Republic of China ("PRC") (not including Hong Kong)	—	—	—	30,078
	12,187	8,319	709	31,521

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 OPERATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit/(Loss) from operation has been arrived at after charging:		
Directors' remunerations		
– Fees	1,103	730
– Other remunerations	62	–
	<hr/>	<hr/>
Total directors' remunerations	1,165	730
	<hr/>	<hr/>
Staff costs		
– Salaries	4,756	4,634
– Provident fund contributions	99	95
	<hr/>	<hr/>
Total staff costs (excluding directors' remunerations)	4,855	4,729
	<hr/>	<hr/>
Auditors' remuneration	350	350
Depreciation	2,527	2,574
Investment manager fee	960	960
Loss on disposal of property, plant and equipment	–	614
Operating lease payments in respect of office premise	2,056	3,345
	<hr/> <hr/>	<hr/> <hr/>

6. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Margin financing interest wholly repayable within five year	66	74
	<hr/> <hr/>	<hr/> <hr/>

7. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<i>Current tax:</i>		
Hong Kong Profits Tax:		
Provision for the year	66	176
Over-provision in respect of prior year	(30)	(22)
	36	154
PRC Enterprise Income Tax:		
Provision for the year	14	–
	50	154
<i>Deferred tax:</i>		
Charges for the year	2,503	–
	2,553	154

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for both years.

PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2014: 25%).

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2015 and 2014.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of HK\$192,000 (2014: loss of HK\$93,562,000) and the weighted average number of approximately 796,129,000 (2014: 581,580,000) ordinary shares in issue during the year, calculated as follows:

	2015 <i>Number of shares '000</i>	2014 <i>Number of shares '000</i>
As at 1 April	581,580	581,580
Issue of shares under open offers	200,765	–
Issue of shares under placement of shares	13,784	–
Weighted average number of shares	796,129	581,580

There were no potential dilutive shares for both years, therefore the basic and diluted loss per share is the same.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale investments comprise:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unlisted equity securities (<i>note 1</i>)	79,800	79,800
Less: fair value adjustment	<u>(5,405)</u>	<u>(3,936)</u>
	<u>74,395</u>	<u>75,864</u>
Listed debt securities (<i>note 2</i>)	–	18,720
Less: fair value adjustment	<u>–</u>	<u>(4,446)</u>
	<u>–</u>	<u>14,274</u>
Unlisted convertible debt securities (<i>note 3</i>)	85,521	130,787
Less: fair value adjustment	<u>12,944</u>	<u>13,677</u>
	<u>98,465</u>	<u>144,464</u>
Unlisted debt security (<i>note 4</i>)	35,000	35,000
Less: fair value adjustment	<u>311</u>	<u>297</u>
	<u>35,311</u>	<u>35,297</u>
Total	<u>208,171</u>	<u>269,899</u>
Analysed for reporting purpose as:		
Current	85,666	–
Non-current	<u>122,505</u>	<u>269,899</u>
	<u>208,171</u>	<u>269,899</u>

For unlisted equity instruments, there is no objective evidence of impairment as a significant or prolonged decline in fair value of the security below their costs.

For debt instruments, there is no objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and of which has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Note 1:

Unlisted equity securities

Name of investee companies	Place of incorporation/ establishment	Percentage of effective interest held		Fair value				At		Net assets attributable to the investments	
				At cost		adjustment		fair value		to the	
				2015	2014	2015	2014	2015	2014	2015	2014
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Forest Investment Company Limited	Hong Kong	29.00%	29.00%	34,800	34,800	845	1,500	35,645	36,300	35,358	40,219
Plexson Limited	Hong Kong	15.00%	15.00%	45,000	45,000	(6,250)	(5,436)	38,750	39,564	33,762	35,657
				<u>79,800</u>	<u>79,800</u>	<u>(5,405)</u>	<u>(3,936)</u>	<u>74,395</u>	<u>75,864</u>		

Note 2:

Listed debt securities

Name of investee companies	Place of incorporation/ establishment	At cost		Fair value		At		Bond interest	
		2015	2014	2015	2014	2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		income		adjustment		fair value		income	
Hidili Industry International Development Limited	Cayman Islands	-	18,720	-	(4,446)	-	14,274	2,018	2,147

Note 3:

Unlisted convertible debt securities

Name of investee companies	Place of incorporation/ establishment	At cost		Fair value		At		Bond interest	
		2015	2014	2015	2014	2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		income		adjustment		fair value		income	
IGO Seating Limited	Hong Kong	38,097	38,097	10,013	4,413	48,110	42,510	398	400
Yuet Join Industrial Limited	Hong Kong	47,424	47,424	2,931	2,332	50,355	49,756	2,500	2,637
Yiu Tec Metal Engineering Limited	Hong Kong	-	45,265	-	6,933	-	52,198	3,861	431
		<u>85,521</u>	<u>130,786</u>	<u>12,944</u>	<u>13,678</u>	<u>98,465</u>	<u>144,464</u>	<u>6,759</u>	<u>3,468</u>

Note 4:

Unlisted debt security

Name of investee company	Place of incorporation establishment	At cost		Fair value adjustment		At fair value		Bond interest income	
		2015	2014	2015	2014	2015	2014	2015	2014
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Full Ever Industrial Company Limited	Hong Kong	<u>35,000</u>	<u>35,000</u>	<u>311</u>	<u>297</u>	<u>35,311</u>	<u>35,297</u>	<u>1,750</u>	<u>537</u>

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2015	2014
	HK\$'000	HK\$'000
Embedded derivatives in convertible bonds	<u>9,077</u>	<u>14,468</u>
Analysed for reporting purposes as:		
Current	9,077	13,844
Non-current	–	624
	<u>9,077</u>	<u>14,468</u>

Note:

The amounts represent the fair value of the conversion option embedded in the convertible bonds as disclosed elsewhere in these notes to the consolidated financial statements.

Net unrealised loss on derivative financial instruments of approximately HK\$4,767,000 (2014: HK\$6,289,000) had been recognised in profit or loss during the year.

12. FINANCIAL ASSETS HELD FOR TRADING

	2015 HK\$'000	2014 HK\$'000
Listed equity securities in Hong Kong, at fair value	38,699	9,591

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

Details of listed equity securities as at 31 March 2015 are as follows:

Name of investee company	Place of incorporation	Number of share held	Percentage of interest held	Accumulated unrealised		Market value	Net assets attributable to the investments	Dividend received during the year	Dividend cover
				Cost	gain/(loss)				
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hao Wen Holdings Limited	Cayman Islands	29,060,000	0.68%	8,180	(5,536)	2,644	2,341	-	N/A
China New Economy Fund Limited	Cayman Islands	2,700,000	0.52%	1,201	(377)	824	2,372	-	N/A
Town Health International Medical Group Limited	Bermuda	12,166,000	0.22%	15,630	12,960	28,590	2,460	-	0.22
WLS Holdings Limited	Bermuda	4,580,000	0.72%	4,053	2,588	6,641	900	-	N/A

Details of listed equity securities as at 31 March 2014 are as follows:

Name of investee company	Place of incorporation	Number of share held	Percentage of interest held	Accumulated unrealised		Market value	Net assets attributable to the investments	Dividend received during the year	Dividend cover
				Cost	gain/(loss)				
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hutchison Whampoa Limited	Hong Kong	30,000	Less than 0.01%	3,175	(94)	3,081	3,351	14	0.32
Beijing Jingcheng Machinery Electric Company Limited	The People's Republic of China	160,000	0.04%	420	(71)	349	560	–	N/A
Ciam Group Limited	Bermuda	110,000	0.01%	156	(7)	149	123	–	N/A
Century Sunshine Group Holdings Limited	Cayman Islands	700,000	0.03%	671	(27)	644	579	–	0.22
Inspur International Limited	Cayman Islands	690,000	0.08%	1,133	(112)	1,021	1,487	–	0.22
Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd.	The People's Republic of China	30,000	Less than 0.01%	798	(9)	789	207	–	0.38
China Cinda Asset Management Co., Ltd	The People's Republic of China	500,000	Less than 0.01%	2,236	(36)	2,200	1,480	–	N/A
Poly Culture Group Corporation Limited	The People's Republic of China	40,000	0.02%	1,577	(219)	1,358	472	–	N/A

13. DISPOSAL GROUP HELD FOR SALE

On 31 March 2015, the Company entered into the agreement with Perfect Scheme Limited, an independent third party, pursuant to which the Company has conditional agreed to sell 100% of the issued share capital of Garron International Strategic Limited, a wholly-owned subsidiary of the Company at the consideration of HK\$39,000,000, which will be satisfied by HK\$1,000,000 in cash and issuance of 76,000,000 shares of Lerado Group (Holding) Company Limited, a holding company of Perfect Scheme Limited, which shares is listed on the Stock Exchange of Hong Kong Limited (the “Disposal”). Accordingly, all the assets and liabilities attributable to Garron International Strategic Limited and its subsidiary (“Disposal Group”) have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 March 2015. The Disposal Group was not a separate major line of business or geographical area of operation, therefore, the Disposal Group was not classified as discontinued operation. As the net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities, no impairment loss has been recognised. The transaction was completed on 17 April 2015.

The major classes of assets and liabilities of the production line classified as held for sale are as follows:

	2015 <i>HK\$'000</i>
Property	7,720
Investment properties	20,694
Other receivables, prepayment and deposit	2
Cash and cash equivalent	4,253
	<hr/>
Total assets classified as held for sale	32,669
	<hr/> <hr/>
Accrual and total liabilities classified as held for sale	216
	<hr/> <hr/>

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\$522,174,000 (2014: approximately HK\$448,503,000) by the number of shares in issue at 31 March 2015, being 915,370,000 (2014: 581,580,000).

15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2015 and 2014, the Group had entered into the following transactions with the investment manager of the Group which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
China Everbright Securities (HK) Limited		
Investment manager's fee	960	960
Broker fee	1,606	1,350
Custodian fee	12	10
Interest expenses	66	–
	<u> </u>	<u> </u>

Note:

The Company has entered into the 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.

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

The independent non-executive directors of the Company considered that the above investment management agreements are in the best interests of the Company and were entered into on normal commercial terms, in the ordinary course of business of the Company and that investment management fee are calculated in accordance with the above agreements and are fair and reasonable so far as the Shareholders are concerned.

16. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the elsewhere to these consolidated financial statements, the Group had following events after the reporting period:

- (a) On 20 January 2015, the Company proposed to effect the capital reduction of issued shares and sub-division of unissued share which subsequently became effective on 21 May 2015. The capital reduction of issued shares and sub-division of unissued share involved the following:
 - (i) the paid-up capital of each of the issued shares be reduced from HK\$0.20 to HK\$0.01 per issued share by cancelling the paid-up capital to the extent of HK\$0.19 per issued share by way of a reduction of capital, so as to form new shares with par value of HK\$0.01 each;

- (ii) the credit arising from the capital reduction be applied to offset the entire accumulated losses of the Company as at the effective date of the capital reduction with the remaining balance of such credit (if any) to be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the directors of the Company as a distributable reserve in accordance with all applicable laws and the memorandum and articles of association of the Company and as the board of directors considers appropriate; and
 - (iii) immediately following the capital reduction, each of the authorised but unissued shares with par value of HK\$0.20 each be subdivided into twenty unissued new shares with par value of HK\$0.01 each, and such new shares shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.
- (b) On 21 May 2015, the Company entered into a subscription agreement to issue and allot a total of 130,000,000 shares of HK\$0.01 each in the Company to Wonder Time Holdings Limited at a price of HK\$0.275. The net proceeds from the subscription will be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. These new shares rank pari passu in all respect with existing shares. This transaction has been completed on 2 June 2015.

STATEMENT FROM THE MANAGEMENT

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 audited consolidated results of the Group for the year ended 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the year ended 31 March 2015, the Group recorded an increase in gross proceeds from disposal of securities from approximately HK\$301,048,000 to approximately HK\$349,285,000, representing an increase of approximately 16.0%. The Group recorded an increase in revenue from approximately HK\$8,319,000 to approximately HK\$12,187,000, representing an increase of approximately 46.5%. The Company recorded a profit attributable to the owners of the Company for the year amounted to approximately HK\$192,000 as compared to the loss for last year amounted to approximately HK\$93,562,000. The audited consolidated net assets of the Group as of 31 March 2015 amounted to approximately HK\$522,174,000 (2014: approximately HK\$448,503,000). The net asset per share of the Group was amounted to approximately HK\$0.57 (2014: approximately HK\$0.77). The Company has issued 290,790,000 offer shares at HK\$0.20 each on 23 July 2014, and the Company has placed 43,000,000 shares to an independent third party at HK\$0.345 per share, which was completed on 5 December 2014. As the offer share price of HK\$0.20 and the subscription price of HK\$0.345 are lower than the net asset value of the Company as at 31 March 2014, the net asset value per share decreased over this fiscal year, although net profit was recorded.

The negative effect on the results of the Group for the year ended 31 March 2014 is mainly attributable to the impairment loss will be fully provided for the principal amount of approximately HK\$80 million of the convertible bonds issued by Double Sky Holdings Limited during that year. The Group's financial performance improved significantly during the year ended 31 March 2015.

Investment Review

As at 31 March 2015, the Group's major investments were as follows:

Investments	Description
Listed equities	HK\$38.7 million of a portfolio of listed shares in four companies
Unlisted debt securities	HK\$35.3 million of bonds issued by one unlisted company
Convertible bonds	HK\$107.6 million in three unlisted convertible bonds securities
Direct investment in unlisted equities	HK\$74.4 million in two direct investments in unlisted equities securities
Total	HK\$256.0 million

The investment portfolio of the Group mainly comprises of unlisted securities and listed securities in Hong Kong and China during the year. The investment portfolio of the Company is of approximately HK\$256.0 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.

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 financial assets at fair value through profit or loss and AFS financial assets. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. If the financial assets price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 31 March 2015, the Group's profit for the year would increase by approximately HK\$1,935,000 (2014: HK\$480,000) or changed to loss of approximately HK\$1,743,000. If the price of the respective investments held by the Group as AFS financial assets were higher or lower by 5% as at 31 March 2015, the Group's equity as at 31 March 2015 would increase or decrease by approximately HK\$10,862,000 (2014: HK\$14,220,000).

Prospects

We expect the global market will continue to face greater challenges and full of uncertainty, developed economies are beginning to have signs of recovery, but the developing economies also have trends of adjustment. Meanwhile, China is also facing a slowdown in economic growth, economic structure has undergone significant changes during the transition from medium to long term, crisis and opportunities coexist.

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

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

Dividend

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

Liquidity and Financial Resources

As at 31 March 2015, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of approximately HK\$75,231,000 (2014: HK\$59,269,000), which was mainly placed in bank and other financial institution as deposits.

Capital Structure

During the year, the Company has adopted the following capital exercises:

- (a) On 9 June 2014, the Company proposed an open offer of 290,790,000 offer shares on the basis of one offer share for every two existing shares held on the then record date at HK\$0.20 per offer share, and the open offer was completed on 23 July 2014.
- (b) On 19 November 2014, the Company entered into an agreement (the "Subscription Agreement") to issue and allot 43,000,000 new ordinary shares ("Subscription Shares") of the Company at HK\$0.345 (the "Subscription Price") each under the general mandate to Cashcow Development Limited (the "Subscription"). The Subscription was completed on 5 December 2014, and the Company's issued share capital then increased from 872,370,000 shares at par value of HK\$0.20 each to 915,370,000 shares at par value of HK\$0.20 each.

As at the date of the Subscription Agreement, the entire issued share capital of Cashcow Development Limited was beneficially owned by Mr. Tang Wood Sang. To the best knowledge information and belief of the Directors had made all reasonable enquires, Cashcow Development Limited was a professional investor (as defined in the SFO as extended by the Professional Investor Rules), and both Cashcow Development Limited and Mr. Tang Wood Sang were independent third parties to the Company.

The Subscription proceeds 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. The aggregate gross proceeds of the Subscription was approximately HK\$14.83 million and the aggregate net proceeds of the Subscription, after deduction of expenses, were approximately HK\$14.78 million, representing a net issue price of approximately HK\$0.344 per Subscription Share.

The Subscription Price of HK\$0.345 per Subscription Share represented:

- (i) a discount of approximately 5.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on 19 November 2014, being the date of the Subscription Agreement;
- (ii) a discount of approximately 5.0% to the average of the closing prices of HK\$0.363 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a discount of approximately 5.0% to the average closing price of HK\$0.363 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription 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 Subscription represents a good opportunity for the Company to raise additional funds and to widen the Company's shareholder base, and the terms of the Subscription Agreement were on normal commercial terms. Accordingly, the Directors considered that the terms of the Subscription were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Included in the net proceeds of approximately HK\$14.78 million were approximately HK\$7.36 million invested in unlisted equities, approximately HK\$3.36 million invested in listed equities and approximately HK\$4.06 million used for general working capital.

- (c) On 20 January 2015, the Company proposed a capital reduction exercise to decrease the nominal value of each of the Company's shares from HK\$0.20 to HK\$0.01. The capital reduction was subsequently completed on 21 May 2015.

Gearing Ratio

As at 31 March 2015, no gearing ratio has been presented as no interest bearing debt existed.

Employees

During the year ended 31 March 2015, the Group had retained eleven employees (2014: nine employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to approximately HK\$4,855,000 (2014: approximately HK\$4,729,000). 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

Throughout the year ended 31 March 2015, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Group and within the knowledge of its directors, the board of directors confirms that the Group has complied with the public float requirement of the Listing Rules for the year ended 31 March 2015.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2015, 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 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 year ended 31 March 2015, with deviations from Provision A.4.1 of the Code that 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.

In addition, pursuant to Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings. A independent non-executive Director could not attend all general meetings held in the year ended 31 March 2015 due to other business commitments.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by directors of the Group. Having made specific enquiry of all directors, the Group confirmed that all directors have complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2015, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditors, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

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 2015 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>) under the section of "Annual Report and Announcements". The 2014/15 annual report will be dispatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 5 June 2015

As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director; Mr. LIAO Jintian and Ms. LEE Kar Ying as non-executive Directors; and Mr. HA Tak Kong, Mr. TSANG Hin Man Terence, Mr. LUK Simon and Ms. LIU Xiaoyin as independent non-executive Directors.

The English text of this announcement shall prevail over its Chinese text in case of inconsistency.