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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 2017

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 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Gross proceeds from disposal of listed securities held for trading		358,933	151,695
Revenue	3	633	2,996
Net realised loss on disposal of financial assets held for trading		(84,657)	(33,864)
Net realised gain on disposal of available-for-sale investments		–	5,911
Net unrealised gain on financial assets held for trading		560,758	61,030
Impairment of available-for-sale investments		(24,000)	–
Other income	3	55	18,156
Administrative expenses		(13,467)	(12,755)
Profit from operations	5	439,322	41,474
Finance costs	6	(2,882)	(252)
Profit before tax		436,440	41,222
Income tax expense	7	(80,676)	(5,532)
Profit for the year attributable to owners of the Company		355,764	35,690
Earnings per share			
– Basic, HK cents	9	17.15	6.31
– Diluted, HK cents	9	17.12	6.31

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>355,764</u>	<u>35,690</u>
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations		
Reclassification adjustment relating to disposal of foreign operations	<u>–</u>	<u>(1,044)</u>
Available-for-sale investments		
Net gain/(loss) arising on revaluation of available-for-sale investments during the year	1,942	(19,250)
Reclassification adjustments relating to available-for-sale investments disposed of during the year	–	2,475
Reclassification adjustments relating to subsidiaries disposed of during the year	–	(10,324)
Reclassification adjustment relating to impairments of available-for-sale investment during the year	<u>24,000</u>	<u>–</u>
	<u>25,942</u>	<u>(27,099)</u>
Other comprehensive income/(expense) for the year, net of tax	<u>25,942</u>	<u>(28,143)</u>
Total comprehensive income for the year and attributable to the owners of the Company	<u><u>381,706</u></u>	<u><u>7,547</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		–	–
Deposit paid for acquisition of investments		4,000	–
Available-for-sale investments	<i>10</i>	131,715	105,773
		<hr/> 135,715	<hr/> 105,773
Current assets			
Financial assets held for trading	<i>11</i>	1,305,365	524,308
Other receivables, prepayments and deposits		135,952	138,341
Current tax assets		47	27
Cash and cash equivalents		23,789	224,846
		<hr/> 1,465,153	<hr/> 887,522
Current liabilities			
Margin payables	<i>12</i>	55,190	7,618
Other payables and accruals		17,358	1,213
Current tax liabilities		23	23
		<hr/> 72,571	<hr/> 8,854
Net current assets		<hr/> 1,392,582	<hr/> 878,668
Total assets less current liabilities		<hr/> 1,528,297	<hr/> 984,441
Non-current liability			
Deferred tax liability		88,800	8,104
Net assets		<hr/> 1,439,497	<hr/> 976,337
Capital and reserves			
Share capital		112,883	94,083
Reserves		1,326,614	882,254
Total equity		<hr/> 1,439,497	<hr/> 976,337
Net assets value per share (in HK\$)	<i>13</i>	<hr/> 0.64	<hr/> 0.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 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 dollars (HK\$), which is the same as the functional currency of the Company.

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

(a) Amendments to HKFRSs 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 issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

Except as described below, the application of the amendments to 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 HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from the disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendment reiterate that an entity should consider providing addition disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. The application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group 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 revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Lease ³
HK(IFRC) 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfer of Investment Properties ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵

¹ Effective for accounting periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for accounting periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for accounting periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ No mandatory effective date but is available for early adoption.

⁵ Effective for accounting periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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. 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 the Group's revenue and other income are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue:		
Dividend income from financial assets at held for trading	630	48
Interest income from debt securities	–	2,617
Interest income from brokers	2	325
Interest income from bank accounts	1	6
	<hr/>	<hr/>
	633	2,996
	<hr/>	<hr/>
Other income:		
Net gain on disposal of subsidiaries	–	18,030
Sundry income	–	126
Gain on disposal of property, plant and equipment	55	–
	<hr/>	<hr/>
	55	18,156
	<hr/>	<hr/>
	688	21,152
	<hr/> <hr/>	<hr/> <hr/>

4. SEGMENT INFORMATION

For the year ended 31 March 2017 and 2016, the Group's revenue 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 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.

Geographical information

During the year ended 31 March 2017 and 2016, 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.

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

5. PROFIT FROM OPERATIONS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	1,354	1,357
– Other remunerations	290	286
Total directors' remunerations	<u>1,644</u>	<u>1,643</u>
Staff costs		
– Salaries	2,609	3,220
– Provident fund contributions	62	93
Total staff costs (excluding directors' remunerations)	<u>2,671</u>	<u>3,313</u>
Auditors' remuneration	400	380
Depreciation	–	200
Equity-settled share-based payments	395	–
Investment manager fee	960	960
Loss on disposal of property, plant and equipment	–	509
Operating lease payments in respect of office premise	–	413

6. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on margin financing wholly repayable on demand	<u>2,882</u>	<u>252</u>

7. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax:		
Provision for the year	–	38
Over-provision in respect of prior years	(20)	(107)
	<u>(20)</u>	<u>(69)</u>
Deferred tax:		
Charges for the year	<u>80,696</u>	<u>5,601</u>
	<u>80,676</u>	<u>5,532</u>

Hong Kong Profits Tax was calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for both years.

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2017 and 2016.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on the profit attributable to owners of the Company of HK\$355,764,000 (2016: HK\$35,690,000).

	Number of shares	
	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,074,302	565,210
Effect of dilutive potential ordinary shares Share options	4,221	–
	<u>2,078,523</u>	<u>565,210</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,078,523</u>	<u>565,210</u>

For the year ended 31 March 2016, diluted earnings per share is same as the basic earnings per share as there were no potential ordinary share in issue.

During the year ended 31 March 2016, the Company implemented the share consolidation of every five shares of par value HK\$0.01 each into one consolidated share of HK\$0.05 each (the “Share Consolidation”), and issued 1,672,592,000 shares at HK\$0.25 per share on the basis of eight offer shares for every one existing consolidated share (the “Open Offer”). The Share Consolidation and Open Offer were completed on 14 December 2015 and 14 January 2016 respectively. Accordingly, the weighted average number of shares for the purposes of basic and diluted earnings per share has been adjusted retrospectively for the year ended 31 March 2016.

10. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2017 HK\$'000	2016 HK\$'000
Unlisted equity securities, at cost	149,023	125,023
Less: fair value adjustment	(17,308)	(19,250)
	<u>131,715</u>	<u>105,773</u>

The above available-for-sale investments were measured at fair values at the end of each reporting period.

For unlisted equity instruments, there was no objective evidence of impairment (including whether there was a significant or prolonged decline in fair value of the security below their costs.)

11. FINANCIAL ASSETS HELD FOR TRADING

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity securities in Hong Kong, at fair value	<u>1,305,365</u>	<u>524,308</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 held for trading with carrying amount of approximately HK\$271,921,000 (2016: HK\$48,135,000) to secure margin payables.

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. NET ASSET VALUE PER SHARE

Net assets value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$1,439,497,000 (2016: HK\$976,337,000) by the number of shares in issue at 31 March 2017, being 2,257,666,000 (2016: 1,881,666,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the year ended 31 March 2017 (the “Year”), the Group recorded gross proceeds from disposal of securities of approximately HK\$358.9 million, representing an increase of approximately 136.6%, as compared to the amount of approximately HK\$151.7 million for the last year. The Group recorded in revenue of approximately HK\$0.6 million, representing a decrease of approximately 80% as compared to the amount of approximately HK\$3.0 million for the last year. The Company recorded a profit attributable to the owners of the Company for the year amounted to approximately HK\$355.8 million (2016: approximately HK\$35.7 million). The audited consolidated net assets of the Group as at 31 March 2017 amounted to approximately HK\$1,439.5 million (2016: approximately HK\$976.3 million). The net asset per share of the Group was amounted to approximately HK\$0.64 (2016: approximately HK\$0.52). The increase in net asset value per share of the Company over the Year was principally resulted from (i) the placement of 376,000,000 ordinary shares of the Company at par value of HK\$0.05 each at a subscription price of HK\$0.22 per share completed in September 2016; and (ii) the total comprehensive income attributable to owners of the Company for the Year of approximately HK\$381.7 million.

The net profit significantly improved from approximately HK\$35.7 million for year ended 31 March 2016 to approximately HK\$355.8 million for the Year mainly attributable to the net effect of the increase in net profit on investment in listed securities from approximately HK\$27.2 million for the year ended 31 March 2016 to approximately HK\$476.1 million for the Year and the increase in profit on disposal of unlisted investments of HK\$23.9 million* for the year ended 31 March 2016. The Group did not dispose of any unlisted investments during the Year.

* Included in the amount of HK\$23.9 million was profit via disposal of subsidiaries holding unlisted investments of approximately HK\$18.0 million.

Investment Review

As at 31 March 2017, the Group’s major investments were as follows:

Investments	Description
Listed equities	HK\$1,305.4 million of a portfolio of listed shares in 35 companies
Direct investment in unlisted equities	HK\$131.7 million in four direct investments in unlisted equities securities
Total	HK\$1,437.1 million

The investment portfolio as at 31 March 2017 of the Group mainly comprises of unlisted securities and listed securities in Hong Kong and China. The investment portfolio of the Company is of approximately HK\$1,437.1 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 held for trading and available-for-sale (“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 held for trading were higher or lower by 5% as at 31 March 2017, the Group’s profit for the year would increase or decrease by approximately HK\$54.5 million (2016: HK\$21.9 million). 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 2017 (2016: 5%), the Group’s equity as at 31 March 2017 would increase or decrease by approximately HK\$6.6 million (2016: HK\$5.3 million).

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.

Liquidity and Financial Resources

As at 31 March 2017, the Group had margin payables to financial institutions of approximately HK\$55.2 million (2016: HK\$7.6 million). The Group had bank balances and cash on hand of approximately HK\$23.8 million (2016: HK\$224.8 million), which was mainly placed in bank and other financial institutions as deposits. As the Group held listed securities of approximately HK\$1,305.4 million as at 31 March 2017 (2016: HK\$524.3 million), which is around 23.6 times (2016: 69.0 times) of the margin payable value, the Board consider the Company’s liquidity position is still healthy as at 31 March 2017.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 3.8% (2016: 0.8%).

Capital Structure

During the Year, the Company's issued share capital increased from 1,881,666,000 ordinary shares of HK\$0.05 each (the "Share(s)") to 2,257,666,000 Shares due to the placing of 376,000,000 Shares as detailed below.

On 9 September 2016 (after trading hours), the Company and Black Marble 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 376,000,000 new Shares at a price (the "Placing Price") of HK\$0.220 per placing share (the "Placing"). These new shares rank pari passu in all respect with the then existing Shares. The Placing was completed on 26 September 2016.

The Placing Price of HK\$0.220 per placing share represents: (i) a discount of approximately 18.5% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 September 2016, being the date of the Placing Agreement; and (ii) a discount of approximately 15.1% to the average of the closing prices of HK\$0.259 per Share 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 the Shareholders as a whole.

The aggregate gross proceeds of the Placing were approximately HK\$82.7 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$81.1 million, representing a net issue price of approximately HK\$0.216 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 2017, the net proceeds of approximately HK\$81.1 million were fully used as intended.

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

Charges on Assets and Contingent Liabilities

As at 31 March 2017, the Group has pledged listed securities of approximately HK\$271.9 million (2016: HK\$48.1 million) to secure the margin payables of approximately HK\$55.2 million (2016: HK\$7.6 million). The Group did not have significant contingent liabilities as at 31 March 2017 and 2016.

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 Year. As at 31 March 2017, the Group had no outstanding foreign currency hedge contracts (2016: Nil).

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2017, 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 2017, with deviations from Provisions A.2.1, A.4.1 and A.6.7 of the Code.

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 Chief Executive Officer of the Company as soon as practicable.

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 was appointed for a specific term. Since all the Directors 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.

Pursuant to Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings. Certain independent non-executive Directors and non-executive Directors could not attend the annual general meeting held in the year ended 31 March 2017 due to other business commitments.

AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the consolidated results of the Group for the year ended 31 March 2017, 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 figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2017 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.

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 2017 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>). The 2016/17 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, 28 June 2017

As at the date of this announcement, the Board comprises Mr. CHAN Cheong Yee as executive Director; Mr. LIAO Jintian, Ms. LEE Kar Ying and Mr. WU Qi as non-executive Directors; and Mr. LUK Simon, Ms. LIU Xiaoyin and Mr. HON Leung as independent non-executive Directors.

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