CHINA INVESTMENT AND FINANCE GROUP LIMITED
中國投融資集團有限公司

(formerly known as "Garron International Limited")
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1226)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

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 2012.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Gross proceeds from disposal of securities		**239,268,008**	1,929,609
Revenue	3	**5,410,454**	188,204
Net realised gain on disposal of financial assets at fair value through profit or loss		**1,513,350**	321,092
Net unrealised (loss) gain on financial assets at fair value through profit or loss		**(1,048,465)**	591,196
Other income	3	**20,308,982**	947,424
Administrative expenses		**(26,212,824)**	(10,261,425)
Finance costs	4	**(8)**	(105,409)
Loss before tax	6	**(28,511)**	(8,318,918)
Income tax expense	7	**(249,682)**	–
Loss attributable to shareholders of the Company		**(278,193)**	(8,318,918)
Loss per share	9		
– Basic (HK cents)		**(0.05)**	(9.95)
– Diluted (HK cents)		**(0.05)**	(9.95)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012	2011
	HK$	*HK$*
Loss attributable to shareholders of the Company	**(278,193)**	(8,318,918)
Other comprehensive expenses:		
Exchange loss on translating available-for-sale financial assets	**(241,581)**	–
Exchange loss on translation foreign operations	**(269,911)**	–
Net loss arising on revaluation of available-for-sale financial assets during the year	**(5,738,136)**	–
Other comprehensive expenses for the year, net of tax	**(6,249,628)**	–
Total comprehensive expenses attributable to the shareholders of the Company	**(6,527,821)**	(8,318,918)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2012

	Notes	**2012** *HK$*	2011 *HK$*
Non-current assets			
Property, plant and equipment		**31,261,004**	651,712
Available-for-sale financial assets	10	**467,036,021**	–
		498,297,025	651,712
Current assets			
Financial assets at fair value through profit or loss	11	**5,789,973**	6,830,168
Other receivables, prepayments and deposits	12	**3,586,665**	43,513
Cash and cash equivalents	13	**37,661,667**	4,684,153
		47,038,305	11,557,834
Current liabilities			
Other payables and accruals	14	**1,665,096**	160,300
Current tax liabilities		**249,682**	–
		1,914,778	160,300
Net current assets		**45,123,527**	11,397,534
Non-current liability			
Amount due to a shareholder	15	**–**	16,000,000
Net assets (liabilities)		**543,420,552**	(3,950,754)
Capital and reserves			
Share capital	16	**116,316,000**	17,956,000
Reserves		**427,104,552**	(21,906,754)
Total equity (capital deficiency)		**543,420,552**	(3,950,754)
Net asset (liability) value per share	18	**0.93**	(0.04)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Share capital *HK$*	Share premium *HK$*	Share option reserve *HK$*	Investment revaluation reserve *HK$*	Exchange reserve *HK$*	Warrant reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2010	14,130,000	25,759,973	1,384,719	–	–	1,270,000	(46,184,745)	(3,640,053)
Reversal of unlisted warrants	–	–	–	–	–	(1,270,000)	1,270,000	–
Issue of shares under placement of shares	2,826,000	2,373,840	–	–	–	–	–	5,199,840
Recognition of share-based payments	–	–	1,312,758	–	–	–	–	1,312,758
Reversal of share-based payments	–	–	(680,338)	–	–	–	680,338	–
Written back from cancellation of share-based payments	–	–	(704,381)	–	–	–	–	(704,381)
Exercise of share options	1,000,000	2,512,758	(1,312,758)	–	–	–	–	2,200,000
Total comprehensive expenses for the year	–	–	–	–	–	–	(8,318,918)	(8,318,918)
At 31 March 2011 and 1 April 2011	17,956,000	30,646,571	–	–	–	–	(52,553,325)	(3,950,754)
Issue of shares under placement of shares	75,752,000	359,822,000	–	–	–	–	–	435,574,000
Issue of shares under subscription of shares	22,608,000	107,388,000	–	–	–	–	–	129,996,000
Share issue expenses	–	(11,670,873)	–	–	–	–	–	(11,670,873)
Total comprehensive expenses for the year	–	–	–	(5,738,136)	(511,492)	–	(278,193)	(6,527,821)
At 31 March 2012	116,316,000	486,185,698	–	(5,738,136)	(511,492)	–	(52,831,518)	543,420,552

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2012

1. GENERAL

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 5801-02, 58/F, The Center, 99 Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments that have been measured at fair value.

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

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

The following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") have been applied by the Group in the current year and have no material effect on the amounts reported in these financial statements and/or disclosures set out in these financial statements

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2011.

HKAS 1 (Amendments)	Presentation of Financial Statements – Improvements to HKFRSs
HKAS 12 (Amendments)	Income Taxes – Amendments
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 3 (Amendments)	Business Combination (2008) – Improvements to HKFRSs (2010)
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 7 and HKAS 1
HK (IFRIC) – Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the notes to the consolidated financial statements, with a single-line presentation of other comprehensive income in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous Standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised Standard whilst such entities were not treated as related parties of the Group under the previous Standard. The related party disclosures set out in note 26 to the consolidated financial statements have been changed to reflect the application of the revised Standard. Changes have been applied retrospectively.

Amendments to HKFRS 3 Business Combination

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, HKFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquire that are not replaced should be measured in accordance with HKFRS 2 Share-based Payment at the acquisition date ("market-based measure").

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 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Disclosures – Transfers of financial assets[1]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial assets is transferred but the transferor retains some level of continuing exposure in the assets. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, 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 accounting periods. In addition, under HKFRS 9, entities may make 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as a fair value through profit and loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. 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.

In June 2011, a package of five standards on consolidated, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under HKFRS 11, those jointly controlled entities will be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and have not yet quantified the extent if the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurement, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosure will be extended by HKFRS 13 to cover all assets and liabilities with its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plane assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

	2012	2011
	HK$	*HK$*
Revenue:		
Dividend income from financial assets at fair value through profit or loss	**179,789**	188,169
Interest income from debt securities	**4,399,628**	–
Interest income from brokers' accounts	**11,187**	–
Interest income on bank deposits	**819,850**	35
	5,410,454	188,204
Other income:		
Written back from cancellation of share-based payments	**–**	704,381
Bad debts recovered	**–**	30,000
Gain on disposal of property, plant and equipment	**–**	2,183
Net foreign exchange gain	**4,300,090**	–
Waive of shareholder's current account	**16,000,000**	–
Sundry income	**8,892**	210,860
	20,308,982	947,424
	25,719,436	1,135,628

4. FINANCE COSTS

	2012	2011
	HK$	*HK$*
Margin financing interest wholly repayable within one year	**8**	104,220
Bank overdraft interest	**–**	1,189
	8	105,409

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure Standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segments. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

For the year ended 31 March 2012 and 2011, the Group's turnover and net losses were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. 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.

All activities of the Group are based in Hong Kong and all of the Group's revenue is derived from Hong Kong. Accordingly, no analysis by geographical segment is presented.

6. LOSS BEFORE TAX

	2012	2011
	HK$	*HK$*
Loss before tax has been arrived at after charging:		
Directors' remunerations		
Fees	**520,000**	620,610
Other remunerations	**3,851,726**	680,645
Provident fund contributions	**–**	7,237
Equity settled share-based payments	**–**	1,312,758
Total directors' remunerations	**4,371,726**	2,621,250
Staff costs		
Salaries	**5,687,658**	2,245,395
Provident fund contributions	**78,313**	44,603
Total staff costs (excluding directors' remunerations)	**5,765,971**	2,289,998
Auditors' remuneration	**743,000**	160,000
Depreciation	**1,687,562**	38,999
Investment manager fee	**2,500,000**	170,000
Rent and rates	**4,489,653**	2,139,443

7. INCOME TAX EXPENSE

The tax charge for the year can be reconciled to the loss per consolidated income statement as follows:

	2012	2011
	HK$	*HK$*
Loss before tax	**(28,511)**	(8,318,918)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**(4,704)**	(1,372,621)
Tax effect of expenses that are not deductible in determining taxable profit, net	**204,931**	28,222
Tax effect of non-taxable revenues	**(4,229,425)**	(306,317)
Tax effect on temporary differences not recognised	**72,823**	(112,310)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(156,215)**	–
Tax effect of tax losses not recognised	**4,362,272**	1,763,026
Tax charge for the year	**249,682**	–

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

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2011: 25%).

Deferred tax assets are not recognised for tax losses carry forward due to uncertainty of realisation of the related tax benefit through the future taxable profits.

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 March 2012 and 2011.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2012	2011
	HK$	*HK$*
Loss for the purposes of basic loss per share	**(278,193)**	(8,318,918)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**518,425,356**	83,591,315

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

	2012	2011
	HK$	*HK$*
Unlisted equity securities	**251,478,720**	–
Less: fair value adjustments	**(319,322)**	–
	251,159,398	–
Unlisted debt securities	**221,537,018**	–
Less: fair value adjustments	**(5,660,395)**	–
	215,876,623	–
Total	**467,036,021**	–

Unlisted equity securities

name of investee companies	Place of incorporation/ establishment	Percentage of effective interest held	at cost		Fair value adjustment		Carrying value	
			2012	2011	**2012**	2011	**2012**	2011
			HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
China Clean Sky Resource International Holding Limited *(note a)*	Hong Kong	30.00%	**70,000,000**	–	**–**	–	**70,000,000**	–
Ka Hang Development Limited *(note b)*	Hong Kong	21.66%	**101,400,000**	–	**–**	–	**101,400,000**	–
Profit Win Fund Ltd. *(note c)*	Bermuda	N/A	**20,000,000**	–	**(42,088)**	–	**19,957,912**	–
Enterprise Emerging Markets Fund (38,462 shares of Class I) *(note d)*	Curacao	N/A	**30,078,360**	–	**(177,617)**	–	**29,900,743**	–
Cistenique Investment Fund (38,462 shares of Class Z) *(note e)*	Curacao	N/A	**30,000,360**	–	**(99,617)**	–	**29,900,743**	–
			251,478,720	–	**(319,322)**	–	**251,159,398**	–

Unlisted debt securities

name of investee companies	Place of incorporation/ establishment	at cost 2012 HK$	at cost 2011 HK$	Fair value adjustment 2012 HK$	Fair value adjustment 2011 HK$	Carrying value 2012 HK$	Carrying value 2011 HK$
Double Sky Holdings Limited *(note f)*	Hong Kong	**80,000,000**	–	**–**	–	**80,000,000**	–
Mountain Investment Limited *(note g)*	Hong Kong	**42,000,000**	–	**–**	–	**42,000,000**	–
Galaxy Entertainment Group Limited *(note h)*	Hong Kong	**20,109,464**	–	**(145,330)**	–	**19,964,134**	–
Evergrande Real Estate Group Limited *(note i)*	Cayman Islands	**21,935,381**	–	**(911,937)**	–	**21,023,444**	–
China SCE Property Holdings Limited *(note j)*	Cayman Islands	**9,882,134**	–	**(1,098,500)**	–	**8,783,634**	–
BYD Company Limited *(note k)*	PRC	**19,995,211**	–	**(1,281,707)**	–	**18,713,504**	–
Road King Infrastucture Limited *(note l)*	Bermuda	**27,614,828**	–	**(2,222,921)**	–	**25,391,907**	–
		221,537,018	–	**(5,660,395)**	–	**215,876,623**	–
Total		**473,015,738**	–	**(5,979,717)**	–	**467,036,021**	–

Note:

(a) In 2011, the Group acquired unlisted equity securities being 30% equity interest in China Clean Sky Resource International Holding Limited ("CCSR") for a consideration of HK$70,000,000, which is principally engaged in trading of timbering between República de Moçambique and the People's Republic of China ("PRC"). In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of CCSR. Accordingly, CCSR has been accounted for as an available-for-sale financial asset. The market for these financial assets are not active, the Group establishes the value by references provided by the independent professional valuer. On 20 June 2012, the Company entered into a sales and purchase agreement with a third party for the disposal of the entire interest in the subsidiary, Twist Magic Investments Limited which holds the equity interest in CCSR at a cash consideration of HK$70,000,000. An amount of HK$25,000,000 has been received at the reporting date.

(b) In 2011, the Group acquired unlisted equity securities being 21.66% equity interest in Ka Hang Development Limited ("KHDL") for a consideration of USD13,000,000, approximately HK$101,400,000, which is principally engaged in manufacturing and trading of aluminium. In the opinion of the directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of KHDL. Accordingly, KHDL has been accounted for as an available-for-sale financial asset. On 28 June 2012, the Company entered into a memorandum of understanding with KHDL for the redemption of the entire interest in KHDL at a cash consideration of USD13,000,000.

(c) In 2011, the Group entered into a subscription agreement with Profit Win Investment Management Limited to purchase 25,764.2315 shares of Profit Win Fund Ltd. ("PWF") for a consideration of USD2,567,231(approximately HK$20,000,000). PWF is an investment fund, which offers a variety of investment profiles including various levels of volatility and investment diversification, while bearing no or little correlation to equity or fixed income market.

(d) In 2011, the Group entered into a subscription agreement with Enterprise Emerging Markets Fund B.V. to purchase 38,462 shares of Class I of Enterprise Emerging Markets Fund ("EEMF") for a consideration of USD3,846,200 (approximately HK$30,078,360). EEMF is an investment fund, which offers a variety of investment profiles including various levels of volatility and investment diversification, while bearing no or little correlation to equity or fixed income market. On 21 June 2012, the Company requested the redemption of the Enterprise Emerging Markets Fund B.V. with the balance to be paid upon finalisation of the settlement of the relevant class of share accounts for the year in which shares were redeemed.

(e) In 2011, the Group entered into a subscription agreement with Cistenique Investment Fund B.V. to purchase 38,462 shares of Class Z of Cistenique Investment Fund ("CIF") for a consideration of USD3,846,200 (approximately HK$30,000,360). CIF is an investment fund, which offers a variety of investment profiles including various levels of volatility and investment diversification, while bearing no or little correlation to equity or fixed income market.

(f) In 2011, the Group acquired 5 years convertible bond in Double Sky Holdings Limited ("DSHL") at HK$80,000,000. DSHL is a company incorporated on 28 October 2011. Subject to the bondholder's right to redeem the convertible bond at a price equal to outstanding principle amount of the convertible bond, plus an amount equal to 10% of the outstanding principle amount. The Group shall have the right to convert the whole or part of the principal amount of the convertible bonds into shares at any time and from time to time before the maturity date. Upon receipt of the written conversion notice from the bondholder, DSHL should complete the conversion process within 60 days. If the Group holds over 30% of shareholding of DSHL after the execution in conversion process, the voting right of these shareholding will be limited to 30%. The interest rate of the convertible bond is at 0.5% fixed rate on the principal amount, paid semi-annually to the registered holder and 10% floating rate on the earnings before interest and tax of DSHL according to the audited financial statement of DSHL for the corresponding year ended 31 March, paid semi-annually to the registered holder. The convertible bond is stated at fair value because the market for this financial asset is not active, the Group establishes the value by references provided by the independent professional valuer.

(g) In 2011, the Group acquired 5 years convertible bond in Mountain Investment Limited ("MIL") at HK$42,000,000. MIL is a company incorporated on 7 June 2011. Subject to the bondholder's right to redeem the convertible bond at a price equal to outstanding principle amount of the convertible bond, plus an amount equal to 8% of the outstanding principle amount. The Group shall have the right to convert the whole or part of the principal amount of the convertible bonds into shares at any time and from time to time before the maturity date. Upon receipt of the written conversion notice from the bondholder, MIL should complete the conversion process within 60 days. If the Group holds over 30% of shareholding of MIL after the execution in conversion process, the voting right of these shareholding will be limited to 30%. The interest rate of the convertible debenture is at 1% fixed rate on the principal amount, paid semi-annually to the registered holder and 8% floating rate on the earnings before interest and tax of MIL according to the audited financial statement of MIL for the corresponding year ended 31 March, paid semi-annually to the registered holder. The convertible bond is stated at fair value because the market for this financial asset is not active, the Group establishes the value by references provided by the independent professional valuer. On 21 June 2012, the Company entered into a sales and purchase agreement with a third party, for the disposal of the entire interest in a subsidiary, Sky Progress Investments Limited, which holds the 5 years convertible bond in MIL at a cash consideration of HK$42,149,600. The total cash consideration of HK$15,000,000 has been received at the reporting date.

(h) The Group holds Galaxy Entertainment's debt securities at HK$19,964,134 with fixed coupon rate 4.63% and mature on 16 December 2013. The debt securities are issued by listed companies in Hong Kong.

(i) The Group holds Evergrande's debt securities at HK$21,023,444 with fixed coupon rate 9.25% and mature on 19 January 2016. The debt securities are issued by listed companies in Hong Kong.

(j) The Group holds China SCE Property's debt securities at HK$8,783,634 with fixed coupon rate 10.5% and mature on 14 January 2016. The debt securities are issued by listed companies in Hong Kong.

(k) The Group holds BYD Company's debt securities at HK$18,713,504 with fixed coupon rate 4.5% and mature on 28 April 2014. The debt securities are issued by listed companies in Hong Kong.

(l) The Group holds Road King Infrastructure Limited's debt securities at HK$25,391,907 with fixed coupon rate 6% and mature on 25 April 2014. The debt securities are issued by listed companies in Hong Kong.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	HK$	*HK$*
Financial assets at fair value through profit or loss:		
Listed securities in Hong Kong, at market value	**5,789,973**	6,830,168

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2012	2011
	HK$	*HK$*
Interest receivable from debt securities	**1,806,980**	–
Prepayments	**–**	17,745
Other receivables and deposits paid	**1,779,685**	25,768
	3,586,665	43,513

13. CASH AND CASH EQUIVALENTS

	2012	2011
	HK$	*HK$*
Cash and bank balances	**33,391,918**	4,684,153
Deposits at other financial institution	**4,269,749**	–
	37,661,667	4,684,153

The effective interest rate of the deposits range from 0.01% to 0.5% (2011: 0.01% to 0.02%) per annum and all of them have a maturity within three months from initial inception.

14. OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$	*HK$*
Accrued expenses	**1,665,096**	160,000
Other payable – broker	**–**	300
	1,665,096	160,300

Other payable due to the broker represents the amount due to broker under securities margin account. Under the terms of the margin agreement with the broker, if the Company commits a default in payment on demand of the deposits or margins or any other sums payable to the broker thereunder, on the due date thereof, or otherwise fails to comply with any of the terms therein contained, the broker shall have the right to close the margin account and to dispose of any or all the Companies' securities held by the broker.

15. AMOUNT DUE TO A SHAREHOLDER

The amount is unsecured and interest-free and has no fixed repayment term.

16. SHARE CAPITAL

Authorised:	**Number of ordinary shares of HK$0.20 each**	*HK$*
At 1 April 2010	100,000,000	20,000,000
Increased in authorised share capital *(note a)*	5,900,000,000	1,180,000,000
At 31 March 2011, 1 April 2011 and 31 March 2012	6,000,000,000	1,200,000,000
Issued and fully paid:		
At 1 April 2010	70,650,000	14,130,000
Issue of shares under placement of shares *(note b)*	14,130,000	2,826,000
Exercise of share options *(note 17)*	5,000,000	1,000,000
At 31 March 2011 and 1 April 2011	89,780,000	17,956,000
Issue of shares under placement of shares *(note c)*	378,760,000	75,752,000
Issue of shares under subscription of shares *(note c)*	113,040,000	22,608,000
At 31 March 2012	581,580,000	116,316,000

(a) On 20 September 2010, the authorised share capital of the Company was increased from HK$20,000,000 divided into 100,000,000 shares to HK$1,200,000,000 divided into 6,000,000,000 shares by the creation of an additional 5,900,000,000 shares which was approved by shareholders in the annual general meeting ("AGM").

(b) On 9 July 2010, the Company entered into a placing agreement with Friedmann Pacific Securities Limited to place a total of 14,130,000 shares of HK$0.20 each in the share capital of the Company to not less than six independent investors at a price of HK$0.368.

(c) On 18 May 2011, the Company entered into a placing agreement with Hooray Securities Limited to place a total of 378,760,000 shares of HK$0.20 each in the share capital of the Company to not less than six independent investors at a price of HK$1.15. On the same date, the Company entered into a subscription agreement to subscribe a total of 113,040,000 shares of HK$0.20 each in the share capital of the Company to Sky Year Limited at a price of HK$1.15.

17. SHARE OPTIONS SCHEME

The Company's share option scheme ("Share Option Scheme") was adopted by an ordinary resolution of the Company on 31 August 2002 for the primary purpose of providing incentives to directors, eligible employees, advisers, consultants and business affiliates.

No share options granted, lapsed or cancelled during the year.

The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of the Company's Share Option Scheme are summarised as follow:

Date of grant	Outstanding at 1/4/2010	During the year: Granted	During the year: exercised	During the year: Cancelled	During the year: Lapsed	Outstanding at 31/3/2011 and 31/3/2012	Exercisable period	Exercise price per share
Category I: Directors								
5/11/2007	210,000	–	–	–	(210,000)	–	6/11/2007-5/11/2010	HK$1.24
22/11/2007	7,000,000	–	–	(7,000,000)	–	–	22/11/2007-21/11/2017	HK$1.082
3/8/2010 *(Note a)*	–	5,000,000	(5,000,000)	–	–	–	3/8/2010-2/8/2012	HK$0.44
Category II: Employees								
5/11/2007	1,490,000	–	–	–	(1,490,000)	–	6/11/2007-5/11/2010	HK$1.24
Category III: Consultant								
5/11/2007	300,000	–	–	–	(300,000)	–	6/11/2007-5/11/2010	HK$1.24
	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–		

Note:

(a) At the AGM on 20 September 2010, the resolutions to grant of 5,000,000 share options to Ms. Zhong Hui under the share option scheme of the Company had been approved by the shareholders of the Company.

The Group issues equity-settled share-based payments to certain employees and consultant. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually be vested and adjusted for the effect of non market-based vesting conditions.

Based on the Black Scholes option pricing model, the fair value of the Options granted on 5 November 2007, 22 November 2007 and 20 September 2010 are HK$1.02, HK$1.01 and HK$0.26 respectively, calculated from the data of the share prices for not less than one year. The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

1. an expected volatility range of 79 to 156 per cent;

2. expected annual dividend yield range equal to zero;

3. the estimated expected life of the options granted during the year is 2 years; and

4. the quoted interest rate for the Exchange Fund Notes with maturity in 2012 was 0.446 per cent which is adopted to calculate the fair value of options granted on 3 August 2010.

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimated, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

The assumptions used are as follows:

	5/11/2007	**22/11/2007**	**20/9/2011**
Risk Free Interest Rate	3.95%	4.85%	0.446%
Expected life	3	10	2
Standard Deviation	152%	151%	150%
Annualized Dividend Yield	0	0	0

Particulars of share options:

Date of grant	**Exercisable period**	**Exercise price per share** *HK$*
5/11/2007	6/11/2007 – 5/11/2010	1.24
22/11/2007	22/11/2007 – 21/11/2017	1.082
3/8/2010	3/8/2010 – 2/8/2012	0.44

The following table summarised movements in the Company's share options during the year ended 31 March 2012:

There is no movement during the year.

	Outstanding at 1/4/2010	During the year Granted	Exercised	Cancelled	Lapsed	Outstanding at 31/3/2011 and 31/3/2012
Directors						
POON Ho-man	7,000,000	–	–	(7,000,000)	–	–
HA Tak-kong	70,000	–	–	–	(70,000)	–
TONG, I Tony	70,000	–	–	–	(70,000)	–
PENG Feng	70,000	–	–	–	(70,000)	–
ZHONG Hui	–	5,000,000	(5,000,000)	–	–	–
Directors' total	7,210,000	5,000,000	(5,000,000)	(7,000,000)	(210,000)	–
Consultant	300,000	–	–	–	(300,000)	–
Employees	1,490,000	–	–	–	(1,490,000)	–
Grand total	9,000,000	5,000,000	(5,000,000)	(7,000,000)	(2,000,000)	–

18. NET ASSET/LIABILITY VALUE PER SHARE

Net asset/liability value per share is calculated by dividing the net assets/liabilities included in the consolidated statement of financial position of net assets of HK$543,420,552 (2011: net liabilities of HK$3,950,754) by the number of shares in issue as at 31 March 2012, being 581,580,000 (2011: 89,780,000).

19. EVENT AFTER THE END OF REPORTING PERIOD

On 20 June 2012, the Company entered into a sales and purchase agreement with a third party for the disposal of the entire interest in the subsidiary, Twist Magic Investments Limited which holds the 30% equity interest in China Clean Sky Resource International Holding Limited at a cash consideration of HK$70,000,000. An amount of HK$25,000,000 has been received at the reporting date.

On 21 June 2012, the Company entered into a sales and purchase agreement with a third party, for the disposal of the entire interest in a subsidiary, Sky Progress Investments Limited, which holds the 5 years convertible bond in Mountain Investment Limited at a cash consideration of HK$42,149,600. The total cash consideration of HK$15,000,000 has been received at the reporting date.

On 21 June 2012, the Company requested the redemption of the Enterprise Emerging Markets Fund B.V. with the balance to be paid upon finalisation of the settlement of the relevant class of share accounts for the year in which shares were redeemed.

On 28 June 2012, the Company entered into a memorandum of understanding with Ka Hang Development Limited for the redemption at an aggregate consideration of USD13,000,000.

BASIS FOR QUALIFIED OPINION

During the course of our audit of the Group for the year ended 31 March 2012, we encountered significant limitation of audit scope in respect of certain available-for-sale financial assets as set out below:

(a) Included in the consolidated statement of financial position were investments in unlisted equity investment of HK$70,000,000 and unlisted debt securities of HK$42,000,000 respectively. Subsequent to the reporting period, the Company entered into two sale and purchase agreements with two third parties respectively to dispose of these investments at an aggregate consideration of HK$112,000,000 for cash, and partial payment of the consideration of HK$40,000,000 had been received as at the date of this report. Due to the lack of sufficient and appropriate audit evidences available to us as at the date of this report, we have not been able to carry out audit procedures we considered necessary to satisfy ourselves as to the collectability of the balance payment of HK$72,000,000.

(b) In addition, there was also an unlisted equity investments of HK$101,400,000, and subsequent to the reporting period, the Company had entered into a memorandum of understanding with the investee company and the other shareholder of the investee company for the redemption of the Group's investment at cost. We have not been able to carry out audit procedures we considered necessary to satisfy ourselves as to the ability of the counterparties to execute the redemption.

Due to the lack of sufficient and appropriate audit evidences available to us, we have not been able to carry out audit procedures we considered necessary to satisfy ourselves as to the fair value of the abovementioned available-for-sale financial assets in the aggregate amount of HK$213,400,000 and whether any adjustment to the carrying value is required. We have not been able to perform alternative audit procedures we considered necessary to satisfy ourselves as to whether the carrying amounts of these available-for-sale financial asset were fairly stated. Any adjustment to the carrying amounts of these available-for-sale financial assets found to be necessary would affect the Group's net assets as at 31 March 2012, and the comprehensive expenses for the year and the related disclosure thereof in the financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to carrying value of the available-for-sale financial assets, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

STATEMENT FROM THE MANAGEMENT

The board of directors (the "Board") 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 2012.

FINANCIAL RESULTS

For the year ended 31 March 2012, the Group recorded an increase in revenue from HK$188,204 to HK$5,410,454, representing an increase of approximately 2,774.78%. The loss attributable to the owners of the Company for the year amounted to HK$278,193 as compared to the loss for last year amounted to HK$8,318,918. The substantial decrease in loss during the year was mainly due to the waiver of shareholder's loan of HK$16,000,000, net foreign exchange gain of HK$4,300,090 and interest income from debt securities HK$4,399,628. The audited consolidated net asset value of the Group as of 31 March 2012 amounted to HK$543,420,552. The net asset per share of the Group was amounted to HK$0.93 (2011: net liability per share was HK$0.04).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Review

As at 31 March 2012, the Group's major investments were as follows:

Investments	**Description**
Listed equities	HK$6 million of a portfolio of listed shares in sixteen companies
Unlisted debt securities	HK$94 million of bonds issued by five listed companies in Hong Kong
Investment funds	HK$80 million in three investment funds
Convertible bonds	HK$122 million in two convertible bonds
Direct investment in unlisted equities	HK$171 million in two direct investments in unlisted equities
Total	HK$473 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$473 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.

Included in the above Group's investment portfolio were certain available-for-sale financial assets of HK$213,400,000, comprising investments in unlisted 30% equity interest in China Clean Sky Resource International Holding Limited ("CCSR") of HK$70,000,000, unlisted 21.66% equity interest in Ka Hang Development Limited of USD$13,000,000 (equivalent to HK$101,400,000) ("KHDL") and unlisted debt securities in Mountain Investment Limited ("MIL") of HK$42,000,000 respectively. The Board considers that, with reference to the valuation reports prepared by an independent professional valuer or other relevant information, the carrying values of these available-for-sale financial assets as at 31 March 2012 were fairly stated. However, due to the scope limitation in respect of the fair value of these available-for-sale financial assets and the lack of sufficient and appropriate audit evidences available to the auditors, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the accuracy and fair value of these available-for-sale financial assets and whether any fair value adjustment should be required or not.

Subsequent to the reporting period, the Company entered into a sale and purchase agreements with an independent third party to dispose a subsidiary, which have 30% equity interest in CCSR, at the consideration of HK$70,000,000 for cash and partial payment of the consideration of HK$25,000,000 had been received as at the date of this result announcement. The Company also entered into a sale and purchase agreements with another independent third party to dispose a subsidiary, which holds the convertible bond in MIL, at the consideration of HK$42,149,600 for cash and partial payment of the consideration of HK$15,000,000 had been received as at the date of this result announcement. The Company also entered into a memorandum of understanding with KHDL and the other shareholder of KHDL for the redemption of the equity securities held by the Group at the consideration of USD13,000,000 (equivalent to HK$101,400,000). Further announcements will be made by the Company regarding the progress payment of the above two sale and purchase agreements, where appropriate.

Prospects

We expect the global market will continue to face significant challenge. The US and European debt problems have developed to a complicated situation. However, given a strong growth of the PRC, the Company will still take these opportunities to continue to invest in the PRC.

The Directors will continue to take a prudent approach in managing the Group's investment portfolio and develop the investment strategies. Given the present continuous economic improvement in the PRC, 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 2012, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of HK$37,661,667 (2011: HK$4,684,153), which was mainly placed in bank as deposits.

Gearing Ratio

As at 31 March 2012, no gearing ratio has been presented (2011: 131%) as no liabilities (2011: HK$16,000,000).

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. 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 2012, the Group's loss for the year would increase or decrease by HK$289,499 (2011: HK$341,508).

Employees

During the year ended 31 March 2012, the Group had retained twelve employees (2011: seven employees). Total staff costs of the Group, excluding directors' remuneration, for the year under review amounted to HK$5,765,971 (2011: HK$2,289,998). 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 2012, 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 2012.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2012, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Code") throughout the year ended 31 March 2012, with deviations from code provisions A.4.1 of the Code only in respect of the service term of directors.

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 2012, 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 2012 have been agreed by the Group's auditors, HLM & Co., to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM & Co. 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 HLM & Co. on the preliminary announcement.

The audit committee of the Group consists of 3 independent non-executive directors, namely Mr. HA Tak-kong, Mr. LEUNG Kwong Kin and Mr. LO Chi Ming.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in Model Code during the year.

SCOPE OF WORK OF HLM & CO.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been agreed by the Group's auditors, HLM & Co. ("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.hkex.com.hk) and the Company's website (http://www.chnif.com.hk) under the section of "Annual Report and Announcements". The 2012 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
Mr. CHAN Cheong Yee

Hong Kong, 29 June 2012

As at the date of this announcement, the board of the Company consists of Mr. XIE Leshan, Mr. CHEN Yiquan, Mr. CHAN Cheong Yee and Mr. SEE Lee Seng Reason as executive directors, Mr. LIAO Jintian and Mr. ZHOU Weiquan as non-executive directors and Mr. CHEN Kaizhi, Mr. HA Tak-kong, Mr. LEUNG Kwong Kin and Mr. LO Chi Ming as independent non-executive directors.