DINGYI GROUP INVESTMENT LIMITED
鼎億集團投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of DINGYI GROUP INVESTMENT LIMITED (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

		Unaudited six months ended 30 September	
	Notes	**2016** **HK$'000**	2015 HK$'000
Revenue	*2*	**36,123**	17,315
Cost of sales		**(706)**	(2,343)
Gross profit		**35,417**	14,972
Other income	*3*	**14,263**	1,240
Realised gain on the disposal of held for trading investments		**14,005**	63,157
Loss arising from changes in fair value of held for trading investments		**(22,657)**	(153,662)
Loss arising from changes in fair value of derivative financial liabilities		**–**	(213,321)
Realised gain on settlement of derivative financial assets		**907**	–
Impairment loss on available-for-sale financial assets		**(4,186)**	(10,173)
Selling and distribution costs		**(1,665)**	(2,163)
General and administrative expenses		**(19,430)**	(37,432)
Finance costs	*4*	**(9,897)**	(15,605)
Profit (loss) before taxation	*5*	**6,757**	(352,987)
Income tax expense	*6*	**(2,347)**	–
Profit (loss) for the period		**4,410**	(352,987)

	Notes	Unaudited six months ended 30 September **2016** *HK$'000*	2015 *HK$'000*
Attributable to:			
The owners of the Company		**4,410**	(354,744)
Non-controlling interests		**–**	1,757
		4,410	(352,987)
Earnings (loss) per share	*7*		
Basic and diluted earnings (loss) per share (HK cents per share)		**0.09**	(8.89)
		0.09	(8.89)
Dividends	*8*	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Unaudited six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Profit (loss) for the period	**4,410**	(352,987)
Other comprehensive expense for the period		
Items that may be reclassified to profit or loss:		
Exchange difference arising on translation of overseas operations	**(3,990)**	(3,071)
Total comprehensive income (expense) for the period	**420**	(356,058)
Total comprehensive income (expense) for the period attributable to:		
The owners of the Company	**420**	(356,810)
Non-controlling interests	**–**	752
	420	(356,058)

Note: Items shown within other comprehensive income have no tax effect.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	Unaudited 30 September 2016 HK$'000	Audited 31 March 2016 HK$'000
Non-current assets			
Plant and equipment	*9*	**4,499**	6,263
Finance lease receivables	*10*	**–**	6,579
Available-for-sale financial assets		**71,163**	75,466
Non-current deposits and prepayments		**2,884**	2,582
		78,546	90,890
Current assets			
Inventories		**7,488**	7,607
Debtors, deposits and prepayments	*11*	**12,668**	10,781
Loan and interest receivables	*12*	**234,726**	229,056
Finance lease receivables	*10*	**97,146**	94,723
Held for trading investments	*13*	**366,770**	629,910
Derivative financial instruments		**–**	711
Cash and cash equivalents		**14,557**	18,312
		733,355	991,100
Current liabilities			
Margin loans payable	*14*	**210,495**	376,861
Creditors, deposits and accruals	*15*	**24,293**	65,721
Amounts due to related companies		**1,979**	2,215
Amount due to a director		**–**	9
Current income tax liabilities		**5,694**	3,375
Obligation under a finance lease		**630**	1,374
		243,091	449,555
Net current assets		**490,264**	541,545
Total assets less current liabilities		**568,810**	632,435

	Notes	Unaudited 30 September 2016 *HK$'000*	Audited 31 March 2016 *HK$'000*
Capital and reserves			
Share capital	*16*	**52,704**	49,358
Reserves		**516,106**	467,663
Total equity		**568,810**	517,021
Non-current liabilities			
Convertible bonds	*17*	**–**	115,414
		–	115,414
		568,810	632,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (the "**Interpretations**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Listing Rules (the "**Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Interim Financial Statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies adopted in preparing the condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2016 except as described below.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
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 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above new and revised amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2 SEGMENT INFORMATION

Reportable segments are identified and reported in the manner consistent with internal reports that are regularly reviewed by the chief operating decision-marker (executive directors) in order to assess performance and allocate resources. The chief operating decision-maker accesses the performance of the reportable segments based on the revenue and profit/loss presented. No operating segments identified by the chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group.

The Group has six reportable and operating segments (i) securities trading business; (ii) loan financing business; (iii) financial leasing business; (iv) food and beverages – restaurant business; (v) trading of wine business; and (vi) metal trading business. Segment revenue is measured in a manner consistent with that in the consolidated income statement.

Segment revenue and results

The following is an analysis of the Group's turnover, revenue and results from continuing operations by reportable and operating segment:

For the six months ended 30 September 2016

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Financial leasing business *HK$'000*	Food and beverages – restaurant business *HK$'000*	Trading of wine business *HK$'000*	Metal trading business *HK$'000*	Total *HK$'000*
Revenue							
External revenue	19,275	13,519	2,024	1,305	–	–	36,123
Realised gain on the disposal of held for trading investments	14,005	–	–	–	–	–	14,005
Segment profit (loss)	8,516	13,503	1,788	(1,408)	–	–	22,399
Interest income							40
Finance costs							(9,897)
Impairment loss on available-for-sale financial assets							(4,186)
Unallocated corporate income							14,223
Unallocated corporate expenses							(15,822)
Profit before taxation							6,757

2 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 September 2015

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Financial leasing business *HK$'000*	Food and beverages – restaurant business *HK$'000*	Trading of wine business *HK$'000*	Metal trading business *HK$'000*	Total *HK$'000*
Revenue							
External revenue	3,252	8,013	1,142	4,908	–	–	17,315
Realised gain on the disposal of held for trading investments	63,157	–	–	–	–	–	63,157
Segment (loss) profit	(99,536)	8,013	1,142	211	–	–	(90,170)
Interest income							406
Finance costs							(15,605)
Impairment loss on available-for-sale financial assets							(10,173)
Loss arising from changes in fair value of derivative financial liabilities							(213,321)
Unallocated corporate income							106
Unallocated corporate expenses							(24,230)
Loss before taxation							(352,987)

2 SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	As at 30 September 2016	As at 31 March 2016
	HK$'000	*HK$'000*
Segment assets		
Securities trading business	**366,770**	629,910
Loan financing business	**234,726**	229,056
Financial leasing business	**97,146**	101,302
Food and beverages – restaurant business	**1,351**	1,869
Trading of wine business	**7,250**	7,250
Metal trading business	**–**	–
Total segment assets	**707,243**	969,387
Unallocated corporate assets	**104,658**	112,603
Total consolidated assets	**811,901**	1,081,990
Segment liabilities		
Securities trading business	**210,495**	376,861
Loan financing business	**3**	4
Financial leasing business	**27**	429
Food and beverages – restaurant business	**6,558**	5,433
Trading of wine business	**–**	–
Metal trading business	**–**	–
Total segment liabilities	**217,083**	382,727
Other unallocated liabilities	**26,008**	182,242
Total consolidated liabilities	**243,091**	564,969

2 SEGMENT INFORMATION (Continued)

Other segment information

For the period ended 30 September 2016

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Financial leasing business *HK$'000*	Food and beverages – restaurant business *HK$'000*	Trading of wine business *HK$'000*	Metal trading business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets (other than available-for-sale financial assets)	**–**	**–**	**–**	**–**	**–**	**–**	**27**	**27**
Depreciation of plant and equipment	**–**	**–**	**–**	**351**	**–**	**–**	**1,392**	**1,743**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Interest income	**–**	**–**	**–**	**–**	**–**	**–**	**(40)**	**(40)**
Finance costs	**–**	**–**	**–**	**–**	**–**	**–**	**9,897**	**9,897**

For the period ended 30 September 2015

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Financial leasing business *HK$'000*	Food and beverages – restaurant business *HK$'000*	Trading of wine business *HK$'000*	Metal trading business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets (other than available-for-sale financial assets)	–	–	–	10	–	–	17	27
Depreciation of plant and equipment	–	–	–	382	–	–	1,406	1,788
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Interest income	–	–	–	–	–	–	(406)	(406)
Finance costs	–	–	–	–	–	–	15,605	15,605

2 SEGMENT INFORMATION (Continued)

Geographical information

For the period ended 30 September 2016 and 2015, the Group's operation in food and beverages – restaurant business and financial leasing business are carried out wholly in PRC, securities trading business and loan financing business are carried in Hong Kong and PRC.

Segment revenue by geographical market is shown in below:

	Revenue from external customers six months ended 30 September		**Non-current assets**	
			As at 30 September	As at 31 March
	2016	2015	**2016**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**32,793**	9,624	**5,509**	6,551
PRC	**3,330**	7,691	**1,831**	2,272
USA	**–**	–	**43**	22
	36,123	17,315	**7,383**	8,845

The Group had no inter-segment sales for the periods ended 30 September 2016 and 2015.

No customer accounted for 10% or more of the total revenue for the periods ended 30 September 2016 and 2015.

As at 30 September 2016 and 31 March 2016, the Group's non-current assets (excluding available-for-sale financial assets) are all located in Hong Kong, PRC and USA.

3 OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**40**	406
Exchange gain	**4,555**	–
Net gain from the settlement of a claim	**9,384**	–
Others	**284**	834
	14,263	1,240

4 FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**4,859**	1,967
Effective interest expense on convertible bonds *(note 17)*	**5,017**	13,589
Interest expense on a finance lease	**21**	49
	9,897	15,605

5 PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation has been arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Directors' emoluments	**2,987**	2,304
Other staff costs (excluding director's emoluments)	**3,698**	3,745
Retirement benefits scheme contribution (excluding directors' emoluments)	**98**	54
Total staff costs	**6,783**	6,103
Cost of inventories recognised as expenses	**706**	2,343
Depreciation of plant and equipment	**1,743**	1,788
Operating lease payments in respect of leasing of premises under minimum lease payments	**4,906**	4,250

6 INCOME TAX EXPENSE

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Current income tax		
Hong Kong	**1**	–
Overseas	**2,346**	–
Income tax expense	**2,347**	–

Hong Kong profits tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits after offsetting losses brought forward of each individual company.

For the current period, overseas taxation including Mainland China taxation was calculated based on the rates applicable in the relevant jurisdiction on estimated assessable profits. No provision for overseas profit tax has been made for prior period.

Pursuant to the laws and regulations of the British Virgin Islands (the "**BVI**") and Bermuda, the Group is not subject to any income tax in the BVI and Bermuda.

7 EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to the owners of the Company as set out below by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Profit (loss) attributable to the owners of the Company	**4,410**	(354,744)

7 EARNINGS (LOSS) PER SHARE (Continued)

	Number of shares **'000**	Number of shares *'000*
Weighted average number of ordinary shares in issue	**5,102,130**	3,988,459
Basic and diluted earnings (loss) per share (HK cents)	**0.09**	(8.89)

Diluted earnings (loss) per share is same as basic (loss) earnings per share for the periods ended 30 September 2016 and 2015. The computation of diluted earnings (loss) per share does not assume the exercise of the Company's share options and conversion of the Company's outstanding convertible loan notes since their exercise would result in a decrease in earnings (loss) per share for both periods.

8 DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2016 (2015: nil).

9 PLANT AND EQUIPMENT

For the six months ended 30 September 2016, the Group acquired plant and equipment at a cost of HK$27,000 (HK$27,000 for the six months ended 30 September 2015). The net book value of furniture, fixtures, office equipment and motor vehicles included an amount of approximately HK$2,267,000 (31 March 2016: HK$2,834,000) in respect of asset held under a finance lease.

10 FINANCE LEASE RECEIVABLES

The Group entered into two finance lease agreements during the period ended 30 September 2016 (2015: two). For the arrangement, a finance leasing customer (the "**Lessee A**") sold its plant and equipment to the Group at RMB75,600,000 (equivalent to approximately HK$92,179,000) and leased back the plant and equipment with the lease period of 1 year from the date of inception.

Another lessee ("**Lessee B**") leased the equipment purchased by the Group at RMB5,319,000 (equivalent to HK$6,485,000) from a selected supplier with the lease period of 2 years from the date of inception. The interest rates inherent in the leases are fixed at the contract date over the lease terms.

10 FINANCE LEASE RECEIVABLES (Continued)

For the above finance lease arrangements, the ownership of leased assets will be transferred to the lessees at a purchase option of RMB100 upon the settlement of the receivable under the finance lease arrangement and the interest accrued under the lease arrangement.

Effective interest rates of the above finance lease ranged from 6.15% to 6.6125% per annum.

	Minimum lease payments		Present value of minimum lease payment	
	As at 30 September 2016	As at 31 March 2016	**As at 30 September 2016**	As at 31 March 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprises:				
Within one year	**97,385**	97,012	**97,146**	94,723
After one year but within two years	**–**	6,614	**–**	6,579
	97,385	103,626	**97,146**	101,302
Less: Unearned finance income	**(239)**	(2,324)	**–**	–
Present value of minimum lease payment receivables	**97,146**	101,302	**97,146**	101,302

The relevant lease agreements entered into of approximately HK$97,146,000 (31 March 2016: HK$101,302,000) was aged within one year at the end of the reporting period.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded at the end of the reporting period.

Lessee A and Lessee B are required to pay the Group through 2 and 4 half-yearly lease payments respectively from inception date up to maturity date. The finance lease receivables are neither past due nor impaired.

The fair value of receivable under finance lease arrangement approximates to its carrying amount.

The Group's finance lease receivables are denominated in RMB, the functional currency of the relevant group entity.

11 DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 30 September 2016 *HK$'000*	As at 31 March 2016 *HK$'000*
Deposit placed in financial institution	**–**	773
Other debtors, deposits and prepayments	**12,668**	10,008
	12,668	10,781

12 LOAN RECEIVABLES

The loans receivables are due from independent third parties, which are unsecured and repayable from October 2016 to March 2017. The interest rates on the loans receivable are ranging from 10% to 48% per annum.

The following table illustrates the ageing analysis, based on the loan drawn down date, of the loan receivables (net of accumulated impairment losses) outstanding at the end of the reporting period:

	As at 30 September 2016 *HK$'000*	As at 31 March 2016 *HK$'000*
Within 90 days	**6,010**	–
91 days to 180 days	**–**	5,542
181 days to 365 days	**6,142**	187,403
over 365 days	**222,574**	36,111
	234,726	229,056

The Group's loan financing customers included in the loan receivables are due for settlement at the date specified in the respective loan agreements.

As at 30 September 2016 and 31 March 2016, none of the loan receivables is past due and individually determined to be impaired or related to customers in financial difficulties. Consequently, no specific provision for impairment is recognised as at the end of each reporting period. The Group does not hold any collateral over these balances.

13 HELD FOR TRADING INVESTMENTS

Held for trading investments include:

	As at 30 September 2016	As at 31 March 2016
	HK$'000	*HK$'000*
Listed securities held for trading, at fair value		
– Equity securities listed in Hong Kong *(note)*	**364,268**	627,039
– Equity securities listed in the PRC	**2,502**	2,871
	366,770	629,910

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange or the market comparable approach at the end of the reporting period.

Note: As at 30 September 2016 and 31 March 2016, included in the held for trading investments is the Group's investment in Superb Summit International Group Limited ("**Superb Summit**") which is listed on the Hong Kong Stock Exchange, with a carrying amount of approximately HK$26,879,000. The investment represented approximately 1.3% shareholding of the ordinary shares of Superb Summit International Group Limited. As at 30 September 2016 and 31 March 2016, the trading of the listed equity of Superb Summit was suspended and the fair value of the Company's investment in the listed equity of Superb Summit has been determined using market comparable approach reflects recent market value of comparable companies with similar business, adjusted for differences in nature, scope and location of the business.

As at 30 September 2016, the carrying amount of held for trading investments which have been pledged as security for the margin loan payable is approximately HK$315,415,000 (31 March 2016: HK$569,544,000), details of which are set out in note 14.

14 MARGIN LOANS PAYABLE

For the period ended 30 September 2016, the margin loans payable was secured by the listed equity securities and deposit placed in financial institution held under the margin accounts, with total market value and carrying value of approximately HK$365,497,000 and nil (31 March 2016: HK$622,655,000 and HK$773,000 respectively) (note 13).

The margin loans payable carried interest at 3% (31 March 2016: 3%) per annum.

15 CREDITORS, DEPOSITS AND ACCRUALS

	As at 30 September 2016 HK$'000	As at 31 March 2016 HK$'000
Trade creditors	**721**	374
Other creditors, deposits and accruals	**23,572**	65,347
	24,293	65,721

As at 30 September 2016 and 31 March 2016, all the trade creditors are aged under 60 days based on invoice date.

16 SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Authorised ordinary shares:		
At 31 March 2015, 1 April 2015, 31 March 2016, 1 April 2016 and 30 September 2016 of HK$0.01 per share	10,500,000	105,000
Issued and fully paid ordinary shares:		
At 31 March 2015 and 1 April 2015 of HK$0.01 per share	3,304,640	33,046
Issue of shares upon conversion of share options *(note (i))*	18,800	188
Issue of shares on conversion of CB1 *(note (ii))*	454,545	4,545
Issue of shares on conversion of CB2 *(note (iii))*	1,454,546	14,546
Repurchase and cancellation of shares *(note (iv))*	(296,735)	(2,967)
At 31 March 2016 of HK$0.01 per share	4,935,796	49,358
Issue of shares upon conversion of share options *(note (v))*	21,965	220
Issue of shares on conversion of CB2 *(note (vi))*	424,243	4,242
Repurchase and cancellation of shares *(note (vii))*	(111,640)	(1,116)
At 30 September 2016 of HK$0.01 per share	5,270,364	52,704

16 SHARE CAPITAL (Continued)

Notes:

(i) On 30 April 2015, 5 June 2015 and 18 June 2015, options were exercised to subscribe for 2,000,000, 1,800,000 and 15,000,000 ordinary shares of the Company of HK$0.01 each at an exercise price of HK$0.375, HK$0.375 and HK$0.477 per share respectively. The new shares rank pari passu with the existing shares issued in all respects.

(ii) On 22 June 2015, 23 June 2015 and 25 June 2015, convertible bonds with prinpical amounts of HK$100,000,000 were converted into 454,545,453 ordinary shares of the Company of HK$0.01 each at the fixed conversion price of HK$0.22 per share. The new shares issued rank pari passu with the existing shares in all respects.

(iii) On 7 May 2015, 14 June 2015, 17 June 2015, 24 June 2015, 13 July 2015 and 14 December 2015, convertible bonds with prinpical amounts of HK$20,000,000 and HK$460,000,000 were converted into 60,606,060 and 1,393,939,391 ordinary shares of the Company of HK$0.01 each respectively at the fixed conversion price of HK$0.33 per share respectively. The new shares issued rank pari passu with the existing shares in all respects.

(iv) During the year ended 31 March 2016, the Company repurchased and cancelled 296,735,000 ordinary shares, respectively.

(v) On 19 May 2016, 16 May 2016, 8 July 2016 and 26 July 2016, options were exercised to subscribe for 8,430,000, 10,000,000, 1,660,000 and 1,875,000 ordinary shares of the Company of HK$0.01 each at an exercise price of HK$0.375 per share. The new shares rank pari passu with the existing shares issued in all respects.

(vi) On 6 July 2016, convertible bonds with prinpical amounts of HK$140,000,000 were converted into 424,242,424 ordinary shares of the Company of HK$0.01 each respectively at the fixed conversion price of HK$0.33 per share respectively. The new shares issued rank pari passu with the existing shares in all respects.

(vii) During the period ended 30 September 2016, the Company repurchased and cancelled 111,640,000 and 30,615,000 ordinary shares, respectively.

17 CONVERTIBLE BONDS

	CB 1	CB 2	Total
	(note (i))	*(note (ii))*	
	HK$'000	*HK$'000*	*HK$'000*
Liability component at 1 April 2014	52,328	–	52,328
Add: Liability component on initial recognition at 8 January 2015	–	14,182	14,182
Add: Effective interest expense	10,813	594	11,407
Liability component at 31 March 2015 and 1 April 2015	63,141	14,776	77,917
Add: Liability component on initial recognition at: *(note (iii))*	–	438,444	438,444
Add: Effective interest expense	3,010	24,317	27,327
Less: Reclassification of accrued coupon interest to other creditors	(4,646)	–	(4,646)
Less: Converted into ordinary shares	(61,505)	(362,123)	(423,628)
Liability component at 31 March 2016	–	115,414	115,414
Add: Effective interest expense *(note 4)*	–	5,017	5,017
Less: Converted into ordinary shares	–	(120,431)	(120,431)
Liability component at 30 September 2016	–	–	–

The convertible bonds – liability component are classified under non-current liabilities.

Notes:

(i) The Group issued convertible bonds with a coupon rate of 2% per annum at a total principal value of HK$100,000,000 on 28 March 2013 and HK$100,000,000 on 31 May 2013 (the "**CB 1**") to four independent third parties (the "**bondholders**"). The convertible bonds will mature at 27 March 2018 and 30 May 2018 respectively at its principal amount or can be converted into 909,090,000 shares at the bondholder's option at rate of HK$0.22 per share.

17 CONVERTIBLE BONDS (Continued)

(i) (Continued)

The fair values of the convertible bonds of HK$109,939,000 and HK$194,332,000 were valued by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, as at 28 March 2013 and 31 May 2013 respectively. The convertible bonds comprise a liability component and an equity conversion component.

On 22 June 2015, 23 June 2015 and 25 June 2015, the remaining convertible bonds with total principal amounts of HK$100,000,000 were converted into 454,545,453 ordinary shares of HK$0.01 each at the fixed conversion price of HK$0.22 per share.

The fair values of the unlisted bond component were calculated by using a market interest rate of similar non-extendable and non-convertible bonds. The fair values of the convertible bonds were valued by using the Binomial Option Pricing Model. The residual amount, representing the value of the equity conversion component, is included in the convertible bond-equity conversion reserve under equity attributable to the owners of the Company.

(ii) The Group issued convertible bonds with zero coupon rate at a total principal amount of HK$20,000,000 on 8 January 2015 (the "**CB 2**") to its ultimate holding company, Wincon Capital Investment Limited ("**Wincon**"). The convertible bonds will mature at 7 January 2017 at its principal amount or can be converted into 60,606,060 shares at any time between the date of issue of the convertible bonds and the maturity date at the bondholder's option at rate of HK$0.33 per conversion share.

The fair value of the convertible bonds of HK$20,000,000 was valued by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, as at 8 January 2015. The convertible bonds comprise a liability component and an equity conversion component.

The fair values of the unlisted bond component were calculated by using a market interest rate of similar non-extendable and non-convertible bonds. The fair values of the convertible bonds were valued by using the Binomial Option Pricing Model. The residual amount, representing the value of the equity conversion component, is included in the convertible bond-equity conversion reserve under equity attributable to the owners of the Company.

On 7 May 2015, the convertible bonds with total principal amounts of HK$20,000,000 were fully converted into 60,606,060 ordinary shares of HK$0.01 each at the fixed conversion price of HK$0.33 per share.

17 CONVERTIBLE BONDS (Continued)

(ii) (Continued)

The convertible bonds issued on 8 January 2015 recognised in the consolidated statement of financial position are as follows:

	HK$'000
Cash received	20,000
Less: Legal and professional fee paid	(174)
Less: Equity conversion component	(5,644)
Liability component on initial recognition at 8 January 2015	14,182

(iii) During the year ended 31 March 2016, the Group further issued CB2 at a total principal value of HK$600,000,000 to Wincon. The convertible bonds will mature at two years after issuing of the convertible bonds at its principal amount or can be converted into 1,818,181,818 shares at any time between the dates of issue of the convertible bonds and the maturity dates at the bondholder's option at rate of HK$0.33 per conversion share.

The fair value of the convertible bonds of HK$1,431,954,000 was valued by an independent valuer, Jones Lang Lassalle Corporate Appraisal and Advisory Limited, as at issue date. The convertible bonds comprise a liability component and an equity conversion component.

The fair values of the unlisted bond component were calculated by using a market interest rate of similar non-extendable and non-convertible bonds. The fair values of the convertible bonds were valued by using the Binomial Option Pricing Model. The residual amount, representing the value of the equity conversion component, is included in the convertible bond-equity conversion reserve under equity attributable to the owners of the Company.

17 CONVERTIBLE BONDS (Continued)

(iii) (Continued)

The convertible bonds issued during the year ended 31 March 2016 recognised in the consolidated statement of financial position are as follows:

	HK$'000
Cash received	600,000
Fair values of derivative financial liabilities	831,954
Less: Equity conversion component	(993,510)
Total liability component on initial recognition as at the issued dates	438,444

On 9 June 2015, 17 June 2015, 24 June 2015, 13 July 2015, 14 December 2015 and 6 July 2016, the convertible bonds with total principal amounts of HK$600,000,000 were converted into 1,818,181,815 ordinary shares of HK$0.01 each at the fixed conversion price of HK$0.33 per share.

18 CONTINGENT LIABILITIES

As at 30 September 2016, the Group had no significant contingent liabilities (31 March 2016: nil).

19 CAPITAL COMMITMENTS

As at 30 September 2016, the Group had no significant capital commitments (31 March 2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue increased from HK$17 million during the six months ended 30 September 2015 to HK$36 million during that of the period in 2016, mainly due to the increase in the revenue from the securities trading business. There was a profit attributable to the Company's owners of HK$4 million, compared to loss of HK$355 million in last period. The profit during the period was mainly due to the increase in revenue, the decrease in the fair value loss on derivative financial liabilities, the decrease in the loss arising from changes in fair value of held for trading investments and the increase in other income during the period.

The basic and diluted earnings per share amounted to HK0.09 cents during the six months ended 30 September 2016, compared with loss per share of HK8.89 cents for the same period in last year.

Securities Trading

During the period, the Group has actively involved in the securities and futures contracts trading business. The majority of the Group's held for trading investments are the shares under Hang Seng Index or China Enterprises Index or H shares. Most of these shares are of China large corporations ("**Entities**") with high trading volumes and large market capitalization. The Group had achieved realized gain on the disposal of these shares held for trading investments amounting to HK$14 million (2015: HK$63 million) during the period under review. The unrealized loss of HK$23 million (2015: HK$154 million) arising from changes in the fair value of the shares still held for trading investments was greatly reduced as compared with that of last year. As a result, the Group reported a segment profit of HK$9 million (2015: a segment loss of HK$100 million) during the period under review. Given the realized gain and segment profit for the current period, the Group had showed a good performance in the trading investments. The Group considers that the prospects in respect of the shares still held for investments are healthy. The unrealized loss as recorded at period end was due to market fluctuation rather than any problem with the Entities' fundamentals. The Board understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimize the possible financial risks. Also, the Board will closely monitor the performance progress of the investment portfolio from time to time.

As at 30 September 2016 and 31 March 2016, the Group's held for trading investments were represented as follows:

Company Name/Stock Code	**% of shareholding as at 30 September 2016**	**Fair value gain (loss) for six months ended 30 September 2016** *HK$'000*	**Fair value as at 30 September 2016** *HK$'000*	**% of total assets of the Group as at 30 September 2016**	% of shareholding as at 31 March 2016	Fair value as at 31 March 2016 *HK$'000*	% of total assets of the Group as at 31 March 2016
Securities listed in Hong Kong							
China Reinsurance (Group) Corporation (1508)	**1.145%**	**(18,348)**	**140,668**	**17.33%**	1.145%	159,015	14.70%
China Construction Bank Corporation (939)	**0.004%**	**6,860**	**49,301**	**6.07%**	0.014%	166,191	15.36%
CITIC Securities Company Limited (6030)	**0.096%**	**(3,757)**	**35,949**	**4.43%**	0.190%	78,602	7.26%
China Galaxy Securities Co., Ltd. (6881)	**0.133%**	**(2,351)**	**34,614**	**4.26%**	0.235%	65,466	6.05%
Superb Summit International Group Limited (1228)	**1.270%**	**–**	**26,879**	**3.31%**	1.270%	26,879	2.48%
China Eastern Airlines Corporation Limited (670)	**0.113%**	**(4,103)**	**18,778**	**2.31%**	0.218%	44,240	4.09%
Bank of China Limited (3988)	**0.005%**	**1,280**	**14,160**	**1.74%**	0.005%	12,880	1.19%
Quam Limited (952)	**0.818%**	**(865)**	**11,124**	**1.37%**	0.818%	11,989	1.11%
China Southern Airlines Company Limited (1055)	**0.079%**	**(1,188)**	**9,570**	**1.18%**	0.079%	10,758	0.99%
Industrial and Commercial Bank of China Limited (1398)	**0.001%**	**510**	**4,850**	**0.60%**	0.007%	26,040	2.41%
Others *(Note)*		**(695)**	**20,877**	**2.57%**		27,850	2.58%
		(22,657)	**366,770**	**45.17%**		629,910	58.22%

Note: None of these investments represented more than 1% of the total assets of the Group as at 30 September 2016.

Loan Financing

During the period, the Group recorded a revenue of HK$14 million (2015: HK$8 million) and the segment profit was HK$14 million (2015: HK$8 million). The Group will further develop in this segment in order to earn a higher interest income.

Financial Leasing

During the period, the Group has recorded HK$2 million (2015: HK$ 1 million) of interest income from financial leasing business. The Group will also further develop in this segment in order to earn a high interest income.

Food and Beverages

The food and beverages segment generated a revenue of HK$1 million during the period under review (2015: HK$5 million). The segment reported a loss of HK$1 million (2015: profit of HK$0.2 million) for the six months period ended 30 September 2016. The revenue and loss were contributed by the restaurant in Beijing, PRC which was acquired on 1 January 2014.

Trading of Wine

The Group has kept certain quantities of fine wines. The stocks will be offered to sell when the market prices are favorable such that the Group can obtain a good return on the trading. At present, the stocks are kept in the wine cellar situated in Hong Kong.

Metal Trading

During the period, the Group did not record any turnover on metal trading. The Group will seek for more opportunities in this segment.

Capital Structure

As at 30 September 2016, the total number of issued shares of the Company was 5,351,388,952 of HK$0.01 each (the "**Shares**") (31 March 2016: 4,977,281,528 Shares) and its issued share capital was HK$53,513,890 (31 March 2016: HK$49,772,815). During the period, the details of changes of the capital structure of the Company were set out below:

(i) On 19 May 2016, a total of 8,430,000 share options were exercised at an exercise price of HK$0.375 per Share and these 8,430,000 Shares were allotted and issued on 20 May 2016;

(ii) On 16 May 2016, a total of 10,000,000 share options were exercised at an exercise price of HK$0.375 per Share and these 10,000,000 Shares were allotted and issued on 23 May 2016;

(iii) On 8 June 2016, a total of 72,100,000 repurchased shares were cancelled;

(iv) On 6 July 2016, Wincon Capital Investment Limited exercised the rights attaching to the convertible bonds to subscribe 424,242,424 Shares at conversion price of HK$0.33 per conversion share and these 424,242,424 Shares were allotted and issued on the same date;

(v) On 8 July 2016, a total of 1,660,000 share options were exercised at an exercise price of HK$0.375 per Share and these 1,660,000 Shares were allotted and issued on 11 July 2016; and

(vi) On 26 July 2016, a total of 1,875,000 share options were exercised at an exercise price of HK$0.375 per Share and these 1,875,000 Shares were allotted and issued on 29 July 2016.

Save as the above, there was no change in the capital structure of the Company during the period under review.

Major Transaction – Participation in Cooperation Agreement

On 25 September 2015, 鼎億金匯(深圳)投資諮詢有限公司 ("**Dingyi Jinhui**"), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement (the "**Cooperation Agreement**") committing to provide 38% funding for the acquisition (the "**Xibu Yungu's Acquisition**") by a joint venture company, 深圳市西部雲谷投資有限責任公司 ("**Xibu Yungu**"), and the acquisition (the "**Xumao Ventures' Further Acquisition**") by Xumao Ventures Limited ("**Xumao Ventures**"), as a nominee of Xibu Yungu. Xibu Yungu then entered into an acquisition agreement (the "**Acquisition Agreement**") to acquire 80% equity interest in 金時代投資顧問(深圳)有限公司 ("**Jinshidai**") and related shareholders' loans (the "**Acquisition**") from the vendors of Jinshidai (the "**Jinshidai Vendors**"), whereas Xumao Ventures entered into a sale and purchase agreement (the "**Sales and Purchase Agreement**") to acquire 100% equity interest in Think Right Developments Limited. The Cooperation Agreement was entered into to provide cash funding for the total acquisition consideration of RMB1,060,800,000 for Xibu Yungu's Acquisition and Xumao Ventures' Further Acquisition. The Group will provide its portion (i.e. Dingyi Jinhui's 38%) of the funding by its internal resources and/or through other financing methods. The Cooperation Agreement has provided that the maximum commitment by Dingyi Jinhui towards the acquisitions is capped at RMB403,104,000.

The Company has been informed by Xibu Yungu that, despite of repeated reminders by Xibu Yungu to the Jinshidai Vendors, the Jinshidai Vendors have not performed in accordance with the terms of the Acquisition Agreement. On 29 January 2016, Xibu Yungu submitted an application for arbitration to the Shenzhen Arbitration Commission (深圳仲裁委員會) (the "**Commission**") seeking specific performance of the Acquisition Agreement and damages against the Jinshidai Vendors. The application has been accepted by the Commission on the same date.

The Company had been informed by Xibu Yungu that on 11 April 2016, Jinshidai Vendors, Parkwill Group Limited, Xibu Yungu and Xumao Ventures entered into a settlement agreement (the "**Settlement Agreement**") to settle the arbitration claim by Xibu Yungu to the commission seeking specific performance of the Acquisition Agreement and damages against the Jinshidai Vendors (the "**Arbitration**").

Under the Settlement Agreement, the Jinshidai Vendors agreed to make a payment of RMB38,000,000 to settle the Arbitration and related proceedings. Xibu Yungu had received the payment during the period.

The Group had only provided the funding of RMB38,000,000 to Xibu Yungu as capital injection and such funding has been refunded to the Group in view of the cessation of the Acquisition.

After deducting the costs and expenses in relation to the Acquisition Agreement, the Sale and Purchase Agreement and the Settlement Agreement from the settlement of RMB38,000,000 by the Jinshidai Vendors, the Group received a share of 38% of the remaining balance, approximately HK$9 million, as other income.

Details of the transaction were disclosed in the announcements of the Company dated 25 September 2015, 29 September 2015, 2 October 2015, 9 October 2015, 30 November 2015, 9 December 2015, 29 January 2016, 12 April 2016 and 27 April 2016.

Formation of Joint Venture for Overseas Infrastructure Projects

Details of the formation of joint venture for overseas infrastructure projects were set out under the section of "DISCLOSEABLE TRANSACTION – FORMATION OF JOINT VENTURE FOR OVERSEAS INFRASTRUCTURE PROJECTS" on page 20 of the Company's annual report for the year ended 31 March 2016.

As at the date of this announcement, the Company has not contributed any fund for the share subscription of the Joint Venture Company 2.

Letter of Intent for Establishment of Joint Venture Company

On 17 June 2016, the Company entered into a non-legally binding letter of intent with D&R Asset Management Group Co., Ltd. ("**D&R**") to establish a joint venture company. The total commitment of capital contribution to be made to the joint venture company is estimated to be RMB200 million, of which RMB98 million is proposed to be contributed by the Company and RMB102 million is proposed to be contributed by D&R. As at the date of this announcement, the parties to the letter of intent are still negotiating for the possible cooperation. Further announcement in relation to the letter of intent will be made by the Company as and when appropriate. Details of the transaction were disclosed in the announcement of the Company dated 17 June 2016.

Strategy and Outlook

Apart from the existing businesses of securities trading, food and beverages, wine trading, loan financing, metal trading and financial leasing, the Group will continue to explore other potential investment opportunities with reasonable returns that meet the Company's criteria. This will not only strengthen our core business but also increase the shareholders' values. The Group has been exploring some investment opportunities in mining projects, resources projects, properties development projects, infrastructure development projects and investment and asset management.

Shareholders' Equity and Financial Ratios

As at 30 September 2016, the Group's net assets attributable to the owners of the Company amounted to HK$569 million (31 March 2016: HK$517 million), an increase of HK$52 million. Such increase was mainly due to the conversion of convertible bonds during the period.

As at 30 September 2016, total debt to equity ratio was 0.001 (31 March 2016: 0.23) and net debt to equity ratio was nil (31 March 2016: 0.19) which were expressed as a percentage of total convertible bonds and finance lease obligations and net convertible bonds and finance lease obligations respectively, over the total equity of HK$569 million (31 March 2016: HK$517 million).

During the period, the Company repurchased 111,640,000 Shares for a total consideration (including expenses) of HK$77 million.

Borrowings

As at 30 September 2016, the Group's finance lease obligations amounted to HK$0.6 million, of which all of them was repayable within one year. The finance lease obligations are denominated in Hong Kong dollars and subject to fixed interest rate (31 March 2016: HK$1.4 million). Cash and deposits at bank amounted to HK$15 million (31 March 2016: HK$18 million).

Foreign Exchange Exposure

Most of the Group's assets are denominated in Hong Kong dollars ("**HKD**"), Renminbi ("**RMB**"), United States dollars ("**USD**") and Australian dollars ("**AUD**"). Considering the exchange rate between these currencies is relatively stable, the Group believed that the corresponding exposure to RMB, USD and AUD exchange rate fluctuation was relatively limited. The Group does not undertake any derivative financial instruments or hedging instruments. The Group will constantly review the economic situation and its foreign currency risk profile, continues to actively monitor foreign exchange exposure to minimize the impact of any adverse currency movement.

Treasury Policies

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in HKD or USD or RMB or AUD. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments, the Group will consider new financing while maintaining an appropriate level of gearing.

Contingent Liabilities

As at 30 September 2016, the Group had no contingent liabilities.

Capital Commitment

As at 30 September 2016, the Group had no capital commitments.

Charges on the Group's Assets

As at 30 September 2016, the Group had pledged its asset with net book value of HK$2 million (31 March 2016: HK$3 million) to secure finance lease obligations.

INTERIM DIVIDEND

The Board has resolved not to recommend any interim dividend for the six months ended 30 September 2016 (2015: nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 24 full-time staffs under its subsidiaries globally as at 30 September 2016. Total staff costs amounted to HK$6,783,000 for the period under review. The remuneration policies of the Group are reviewed periodically on the basis of job nature, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, retirement schemes and the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, the Company repurchased a total of 111,640,000 Shares of the Company on the Stock Exchange at an aggregate consideration of HK$77,300,603 and 72,100,000 Shares were cancelled during the six months ended 30 September 2016. As at the date of this announcement, a total of 81,025,000 Shares are not yet cancelled.

Particulars of the Shares repurchased are as follows:

Month	**Total number of Shares repurchased**	**Purchase price paid per Share**		**Aggregate consideration**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
2016				
April	27,465,000	0.69	0.65	18,607,332
May	3,150,000	0.67	0.65	2,070,055
June	1,000,000	0.78	0.78	782,244
July	20,000,000	0.79	0.72	15,060,756
August	60,025,000	0.75	0.60	40,780,216
	111,640,000			77,300,603

The Directors consider that the above Share repurchases are in the best interest of the Company and its shareholders and that such repurchases would lead to an enhancement of the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2016.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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 its code of conduct for securities transactions by Directors during the period. The Company has made specific enquiries to all the Directors and they have confirmed they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2016.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2016.

AUDIT COMMITTEE

During the period, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and risk management systems of the Group and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2016.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The interim results announcement of the Company for the six months ended 30 September 2016 is published on the websites of the Stock Exchange and the Company at http://www.hkexnews.hk and http://www.dingyi.hk respectively. The interim report of the Company for the six months ended 30 September 2016 containing all applicable information required by the Listing Rules will be despatched to the Shareholders and published on the above websites on or before 31 December 2016.

APPRECIATION

I would like to take this opportunity to express our sincere appreciation of the support from our customers, suppliers and Shareholders. I would also like to thank my fellow Directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period under review.

By order of the Board
DINGYI GROUP INVESTMENT LIMITED
LI Kwong Yuk
Chairman and Executive Director

Hong Kong, 28 November 2016

As at the date of this announcement, the Board comprises Mr. LI Kwong Yuk (Chairman), Mr. SU Xiaonong (Chief Executive Officer) and Mr. CHEUNG Sze Ming as Executive Directors; and Mr. CHOW Shiu Ki, Mr. CAO Kuangyu and Mr. IP Chi Wai as Independent Non-executive Directors.