DINGYI GROUP INVESTMENT LIMITED

鼎億集團投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of DINGYI GROUP INVESTMENT LIMITED (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Revenue	*4*	**139,013**	289,255
Cost of sales		**(48,733)**	(151,425)
Gross profit		**90,280**	137,830
Other income	*5*	**352**	2,854
Share of results of associates		–	(86)
Realised loss on the disposal of held for trading investments		–	(6,396)
Realised loss on the disposal of financial assets at fair value through profit or loss		**(2,074)**	–
Loss arising from changes in fair value of held for trading investments		–	(11,893)
Loss arising from charges in fair value of financial assets at fair value through profit or loss		**(40,344)**	–
Loss arising from charges in fair value of derivative financial assets		**(9,074)**	(4,811)
Loss arising from changes in fair value of derivative financial liabilities		–	(86,297)
Impairment loss on available-for-sale financial assets		–	(7,420)
Selling and distribution costs		**(2,870)**	(2,407)
General and administrative expenses		**(42,872)**	(34,450)
Finance costs	*6*	**(78,803)**	(31,132)
Loss before tax	*7*	**(85,405)**	(44,208)
Income tax expenses	*8*	**(7,946)**	(18,482)
Loss for the period		**(93,351)**	(62,690)
Attributable to:			
The owners of the Company		**(93,351)**	(62,690)
Non-controlling interests		–	–
		(93,351)	(62,690)
Loss per share	*9*		
Basic and diluted *(HK cents)*		**(1.32)**	(1.18)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Loss for the period	**(93,351)**	(62,690)
Other comprehensive (expense) income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	**(185,140)**	21,738
Total comprehensive expense for the period	**(278,491)**	(40,952)
Total comprehensive expense for the period attributable to:		
The owners of the Company	**(278,491)**	(40,952)
Non-controlling interests	**–**	–
	(278,491)	(40,952)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Non-current assets			
Investment property and investment property under construction		**16,981**	19,524
Property, plant and equipment		**25,113**	29,921
Financial assets at fair value through profit or loss	11	**31,080**	–
Available-for-sale financial assets		–	65,807
Non-current prepayments and deposits		**4,486**	1,721
Prepaid lease payments		**2,544**	2,829
		80,204	119,802
Current assets			
Inventories		**7,590**	7,637
Prepaid lease payments		**68**	75
Properties under development		**178,681**	131,843
Completed properties held for sale		**124,285**	187,733
Other receivables, prepayments and deposits		**227,433**	476,323
Loan and interest receivables	12	**2,025,829**	1,546,227
Finance lease receivables	13	–	97,468
Financial assets at fair value through profit or loss	11	**27,851**	–
Held for trading investments		–	63,035
Derivative financial instruments		**107,855**	142,216
Cash and cash equivalents		**45,697**	283,017
		2,745,289	2,935,574
Current liabilities			
Margin loans payable	14	**2,401**	12,357
Trade and other payables	15	**135,451**	143,613
Contract liabilities		**24,598**	–
Amounts due to related companies		**7,858**	1,773
Amounts due to a director		**5,621**	772
Tax payables		**46,199**	33,054
		222,128	191,569

	Notes	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
Net current assets		**2,523,161**	2,744,005
Total assets less current liabilities		**2,603,365**	2,863,807
Capital and reserves			
Share capital	*16*	**70,834**	69,440
Reserves		**1,325,154**	1,539,185
Equity attributable to the owners of the Company		**1,395,988**	1,608,625
Non-controlling interests		**(17)**	(17)
Total equity		**1,395,971**	1,608,608
Non-current liabilities			
Convertible bonds	*17*	**1,205,385**	1,252,995
Deferred taxation		**2,009**	2,204
		1,207,394	1,255,199
		2,603,365	2,863,807

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

In March 2018, the Group acquired an entity, namely United Faith Investment Limited ("**United Faith**") and its subsidiaries (collectively referred to as "United Faith Group"), from Mr. Li Kwong Yuk ("**Mr. Li**"), being a controlling shareholder, an executive director and the chairman of the Company at a consideration of HK$1,000 million by way of issue of convertible bonds with the conversion price of HK$0.8 per conversion share. United Faith was established in the British Virgin Islands and indirectly holds 100% equity interest in 湛江鑫泰投資有限公司 (Xintai Investment Company Limited*) ("**Xintai**"). Xintai was established in the PRC and principally engaged in the development, operation and investment of property. The details of the acquisition are set out in the Company's circular dated 28 February 2018.

The Group's acquisition of United Faith is considered to be a business combination under common control as the Group and United Faith Group are both controlled by Mr. Li. As such, this acquisition is accounted for by applying the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("**AG 5**") as if United Faith Group have always been operated by the Group.

In applying AG 5, the Company's condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 September 2017 have been restated to include the financial performance, changes in equity and cash flows of United Faith Group as if they were within the Group since the first date under common control.

* The English translation of the company name is for reference only. The official name of the company is in Chinese.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transitional provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS9 "Financial instruments"

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-byinstrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI (nonrecycling), are recognised in profit or loss.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The effects of adopting HKFRS 9 are as follows:

Impact on the statement of financial position increase/(decrease) as at 1 April 2018:

	Notes	*HK$'000*
Assets		
Available-for-sale financial assets	*(i)*	(65,807)
Financial assets at fair value through profit or loss	*(i)*	65,807
Total non-current assets		–
Held for trading investments	*(ii)*	(63,035)
Financial assets at fair value through profit or loss	*(ii)*	63,035
Total current assets		–
Total assets		–

Notes:

(i) As at 1 April 2018, the Group's long term investment in listed equity securities previously classified as non-current available-for-sale financial assets of approximately HK$65,807,000 measured at fair value were reclassified as FVTPL.

(ii) As at 1 April 2018, the held for trading investments of approximately HK$63,035,000 previously carried at fair value were reclassified to FVTPL.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1 April 2018.

(ii) Credit losses

The HKFRS 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under HKAS 39. Key changes in the Group's accounting policy for impairment of financial assets are listed below.

The Group applies simplified approach to measure expected credit losses ("ECL") on accounts receivable; and general approach to measure ECL on loans receivable and other financial assets accounted for at amortised cost as well as loan commitment.

Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL.

This change in accounting policy does not have any material impact on the financial position and the financial result of the Group.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 April 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

– the determination of the business model within which a financial asset is held.

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The major sources of revenue of the Group are sales of food and beverages, interest income, dividend income and sales of properties.

The Group has applied HKFRS15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Summary of effects arising from initial application of HKFRS 15

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue in the current interim period and retained profits at 1 April 2018.

The table below illustrates the reclassification of deposits received in respect of pre-sale of properties and restaurant customers included in trade and other payables to contract liabilities under HKFRS 15 at the date of initial application, 1 April 2018.

	Trade and other payables	**Contract liabilities**
	HK$'000	*HK$'000*
Closing balance at 31 March 2018	143,613	–
Reclassification	(41,760)	41,760
Opening balance at 1 April 2018	101,853	41,760

Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

	31 March 2018 (Audited)	HKFRS 15	HKFRS 9	1 April 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Available-for-sale financial assets	65,807	–	(65,807)	–
Financial asset at FVTPL	–	–	65,807	65,807
Others with no adjustments	53,995	–	–	53,995
	119,802	–	–	119,802
Current assets				
Held for trading investments	63,035	–	(63,035)	–
Financial assets at FVTPL	–	–	63,035	63,035
Others with no adjustments	2,872,539	–	–	2,872,539
	2,935,574	–	–	2,935,574
Total assets	3,055,376	–	–	3,055,376
Current liabilities				
Trade and other payables	143,613	(41,760)	–	101,853
Contract liabilities	–	41,760	–	41,760
Others with no adjustments	47,956	–	–	47,956
	191,569	–	–	191,569
Non-current liabilities				
Others with no adjustments	1,255,199	–	–	1,255,199
Total liabilities	1,446,768	–	–	1,446,768
Capital and reserves				
Share capital	69,440	–	–	69,440
Reserves	1,539,185	–	–	1,539,185
Equity attributable to owners of the Company	1,608,625	–	–	1,608,625
Non-controlling interests	(17)	–	–	(17)
Total equity	1,608,608	–	–	1,608,608

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's consolidated financial statements for the year ended 31 March 2018.

3.2 Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

Assets and liabilities measured at fair value as at 30 September 2018:

	Level 1	**Level 3**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Financial assets at FVTPL			
Derivative financial assets			
– Derivative component of convertible bonds	**–**	**107,855**	**107,855**
Financial assets at fair value through profit or loss			
– Listed equity investments	**58,931**	**–**	**58,931**
Total	**58,931**	**107,855**	**166,786**

Assets and liabilities measured at fair value as at 31 March 2018:

	Level 1	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*
Financial assets at FVTPL			
Held for trading investments			
– Listed equity investments	63,035	–	63,035
Derivative financial instruments			
– Derivative financial assets in respect of early redemption options of convertible bonds	–	142,216	142,216
Available-for-sale financial assets			
Listed equity investments	65,807	–	65,807
Total	128,842	142,216	271,058

4. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods, or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 March 2018, following the completion of the United Faith Group, as detailed in note 1, the Group acquired the United Faith Group which is principally engaged in the properties development business, and changed the Group's internal organisation structure. Accordingly, a new segment, namely properties development business has been added. The nature of the properties development business is different from other segment and it is material to the Group. Accordingly, the composition of its operating segments has been revised and the segment information for the six months ended 30 September 2017 has been restated due to the effect of merger accounting as disclosed in note 1, as well as to conform to current period presentation.

Specifically, the Group's reportable segments are as follows:

(i) Securities trading business;

(ii) Trading of wine business;

(iii) Food and beverages – restaurant business;

(iv) Loan financing business;

(v) Financial leasing business; and

(vi) Properties development business.

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 2018 (Unaudited)

	Securities trading business	Trading of wine business	Food and beverages – restaurant business	Loan financing business	Financial leasing business	Properties development business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue							
External revenue	**124**	–	**1,304**	**84,368**	–	**53,217**	**139,013**
Realised loss on financial assets at fair value through profit or loss	**(2,074)**	–	–	–	–	–	**(2,074)**
Segment (loss) profit	**(1,977)**	–	**(401)**	**79,959**	–	**3,277**	**80,858**
Interest income							**132**
Finance costs							**(78,803)**
Loss arising from changes in fair value of derivative financial assets							**(9,074)**
Loss arising from changes in fair value of financial assets at fair value through profit or loss							**(40,344)**
Unallocated corporate income							**55**
Unallocated corporate expenses							**(38,229)**
Loss before tax							**(85,405)**

For the six months ended 30 September 2017 (Unaudited) (Restated)

	Securities trading business *HK$'000*	Trading of wine business *HK$'000*	Food and beverages – restaurant business *HK$'000*	Loan financing business *HK$'000*	Financial leasing business *HK$'000*	Properties development business *HK$'000*	Total *HK$'000*
Revenue							
External revenue	5,479	–	897	32,131	34	250,714	289,255
Realised loss on held for trading investments	(6,396)	–	–	–	–	–	(6,396)
Segment (loss) profit	(12,879)	–	(498)	27,021	–	97,403	111,047
Interest income							254
Finance costs							(31,132)
Loss arising from changes in fair value of derivative financial liabilities							(86,297)
Loss arising from changes in fair value of derivative financial assets							(4,811)
Impairment loss on available-for-sale financial assets							(7,420)
Share of losses of associates							(86)
Unallocated corporate income							2,567
Unallocated corporate expenses							(28,330)
Loss before tax							(44,208)

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 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Segment assets		
Securities trading business	**27,851**	63,035
Trading of wine business	**7,250**	7,250
Food and beverages – restaurant business	**439**	608
Loan financing business	**2,025,828**	1,546,227
Financial leasing business	**–**	97,468
Properties development business	**498,672**	516,597
Total segment assets	**2,560,040**	2,231,185
Unallocated corporate assets	**265,453**	824,191
Total assets	**2,825,493**	3,055,376
Segment liabilities		
Securities trading business	**2,401**	12,357
Trading of wine business	**–**	–
Food and beverages – restaurant business	**7,730**	4,222
Loan financing business	**–**	–
Financial leasing business	**–**	–
Properties development business	**21,825**	41,992
Total segment liabilities	**31,956**	58,571
Other unallocated liabilities	**1,397,566**	1,388,197
Total liabilities	**1,429,522**	1,446,768

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, non-current portion of financial assets at fair value through profit or loss, available-for-sale financial assets, certain deposits, prepayment and other receivables, derivative financial instruments and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain trade and other payables, derivative financial instruments, amounts due to related companies, amounts due to a director, tax payables, deferred taxation, obligation under finance lease and convertible bonds.

5. OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Bank interest income	**132**	254
Exchange gain	**–**	2,064
Rental income from investment property *(note)*	**165**	33
Others	**55**	503
	352	2,854

Note:

The gross and net rental income from investment property for the six months ended 30 September 2018 was amounted to approximately HK$165,000 (2017 (Restated): approximately HK$33,000).

6. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on margin loans payable	**152**	2,551
Effective interest expense on convertible bonds *(note 17)*	**78,651**	28,442
Interest on bank borrowings	**–**	139
	78,803	31,132

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Directors' emoluments	**3,870**	5,239
Other staff costs (excluding director's emoluments)	**8,976**	5,142
Retirement benefits scheme contribution (excluding directors' emoluments)	**186**	256
Total staff costs	**13,032**	10,637
Amount of inventories recognised as an expense	**48,733**	151,425
Amortisation of prepaid lease payments	**35**	35
Depreciation of property, plant and equipment	**3,162**	2,639
Depreciation of investment property	**482**	350
Operating lease payments in respect of leasing of premises under minimum lease payments	**9,040**	7,605

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current income tax		
The PRC Enterprise Income Tax ("EIT")	**13,395**	17,709
The PRC LAT	**–**	773
	13,395	18,482
Over-provision in prior years		
Hong Kong	**(5,449)**	–
Income tax expenses	**7,946**	18,482

Hong Kong profits tax was calculated at the rate of 16.5% (2017:16.5%) on the estimated assessable profits after offsetting tax losses brought forward from pervious year of each individual company.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No withholding tax was accrued as the Group did not have any assessable profit subject to EIT Law.

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations, is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all properties development expenditures.

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.

Overseas profits tax, the USA taxation which was calculated based on the rates applicable in the relevant jurisdiction on the estimated assessable profits. No provision of overseas profits tax has been made, as the Group did not have any assessable profits subject to overseas profits tax for both periods.

9. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the 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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss attributable to the owners of the Company	**93,351**	62,690
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,085,304**	5,321,521
Basic and diluted loss per share *(HK cents)*	**1.32**	1.18

As the Group incurred losses for both period ended 30 September 2018 and 2017, the exercise of the Company's share options and conversion of the Company's outstanding convertible bonds were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive losses per share for each of the period ended 30 September 2018 and 2017 are the same as basic of loss per share of respective period.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current:		
Equity securities listed in Australia	**31,080**	–
Current:		
Equity securities listed in Hong Kong	**27,851**	–
	58,931	–

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Hong Kong Stock Exchange and Australia Securities Exchange at the end of the reporting period.

As at 30 September 2018, the carrying amount of held for trading investments which have been pledged as security for the margin loan payable is approximately HK$27,851,000, details of which are set out in note 14.

12. LOAN AND INTEREST RECEIVABLES

The loans receivables are due from independent third parties, which are unsecured and repayable from October 2018 to June 2019. The interest rates on the loans receivable are ranging from 8% to 12% per annum (31 March 2018: 5% 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 2018	As at 31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**8,069**	489,556
91 days to 180 days	**1,675,729**	232,031
181 days to 365 days	**239,169**	569,350
over 365 days	**102,862**	255,290
	2,025,829	1,546,227

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 2018 and 31 March 2018, 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. FINANCE LEASE RECEIVABLES

The Group is carrying on financial leasing business during the period. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	Minimum lease payments		Present value of minimum lease payment	
	As at 30 September 2018	As at 31 March 2018	**As at 30 September 2018**	As at 31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Finance lease receivables comprises:				
Within one year	–	97,468	–	97,468
After one year but within two years	–	–	–	N/A
Less: Unearned finance income	–	–	–	N/A
Present value of minimum lease payment receivables	–	97,468	–	97,468

At 31 March 2018, effective interest rate of the above finance lease is 6.15% per annum.

The fair value of finance lease receivables as at 31 March 2018 is estimated to be approximately HK$97,468,000 using 6.15% discount rate based on quoted one year swap rate and adding a credit margin that reflects the secured nature of the receivables balance.

At 31 March 2018, finance lease receivables are secured over the machineries and equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

14. MARGIN LOANS PAYABLE

As at 30 September 2018, the margin loans payable was secured by the listed equity securities placed in financial institution held under the margin accounts, with total market value of approximately HK$50,321,000 (31 March 2018: approximately HK$110,612,000).

The margin loans payable carried interest at the broker's cost of fund plus 1.5% (31 March 2018: fixed rate of 3%) per annum.

15. TRADE AND OTHER PAYABLES

	As at 30 September 2018 *HK$'000* **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
Trade payables	**1,048**	4,430
Receipts in advance	**–**	41,760
Accrual	**49,136**	60,743
Other payables	**85,267**	36,680
	135,451	143,613

Note: Included in other payables was an amount of approximately HK$6,240,000 (31 March 2018: approximately HK$6,240,000 which represented the consideration payable to the non-controlling interests in respect of the acquisition of the remaining 37.5% of issued share capital of a subsidiary on 11 January 2016. The amount is unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Authorised ordinary shares:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018 of HK$0.01 per share	10,500,000	105,000
Issued and fully paid ordinary shares:		
At 1 April 2017 of HK$0.01 per share (Audited)	5,318,163	53,182
Share options exercised	553,785	5,538
Issue of shares upon conversion of convertible bonds	58,824	588
Shares repurchased and cancelled	(58,800)	(588)
Issue of shares	1,072,000	10,720
At 31 March 2018 of HK$0.01 per share (Audited)	6,943,972	69,440
Share options exercised	9,700	97
Issue of shares upon conversion of convertible bonds	152,941	1,529
Shares repurchased and cancelled	(23,200)	(232)
At 30 September 2018 of HK$0.01 per share (Unaudited)	7,083,413	70,834

17. CONVERTIBLE BONDS

	HK$'000
Liability component at 1 April 2017 (Audited)	224,067
Add: Liability component on initial recognition	1,101,083
Add: Effective interest expense	109,911
Reclassification of accrued coupon interest to other payables	(46,848)
Early redemption during the year	(91,846)
Converted into ordinary shares	(43,372)
Liability component at 31 March 2018 and 1 April 2018 (Audited)	1,252,995
Add: Effective interest expense *(note 6)*	78,651
Reclassification of accrued coupon interest to other creditors	(21,978)
Converted into ordinary shares	(104,283)
Liability component at 30 September 2018 (Unaudited)	1,205,385

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

18. CONTINGENT LIABILITIES

As at 30 September 2018, the Group had no significant contingent liabilities (31 March 2018: nil).

19. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

Contracted for but not provided in the condensed consolidated financial statements

	As at 30 September 2018 ***HK$'000*** **(Unaudited)**	As at 31 March 2018 *HK$'000* (Audited)
For properties under development	**111,310**	7,284

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue decreased from approximately HK$289 million during the six months ended 30 September 2017 to approximately HK$139 million during that of the period in 2018, mainly due to the decrease in the revenue from the property development business. There was a loss attributable to the Company's owners of approximately HK$93 million, compared to a loss of approximately HK$63 million in last period. The loss during the period was mainly due to (i) an increase in effective interest expenses on convertible bonds; (ii) an increase in loss arising from changes in fair value of the listed securities investments; and (iii) a decrease in gross profit due to decrease in revenue of properties development business. The decrease in revenue was mainly due to the number of residents units available for sales were almost sold out during the period.

The basic and diluted loss per share amounted to HK1.32 cents during the six months ended 30 September 2018, compared with loss per share of HK1.18 cents for the same period in last year.

Securities Trading

At 30 September 2018, the Group held an investment portfolio of listed securities in Hong Kong with an aggregate amount of approximately HK$28 million (31 March 2018: approximately HK$63 million). During the period, the Group had realised loss on the disposal of listed securities in Hong Kong amounting to approximately HK$2 million (2017 (Restated): realised loss of approximately HK$6 million). The Group reported a segment loss of approximately HK$2 million (2017 (Restated): a segment loss of approximately HK$13 million) during the period. The loss was mainly due to the fair value change of the listed securities investments. Going forward, the Group expects that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies. The Board will closely monitor the performance progress of the investment portfolio from time to time.

At 30 September 2018, there was no investment held by the Group which value was more than 5% of the total assets of the Group.

Loan Financing

During the period, the Group recorded a revenue of approximately HK$84 million (2017 (Restated): HK$32 million) and the segment profit was approximately HK$80 million (2017 (Restated): HK$27 million). The Group will further develop in this segment in order to earn a higher interest income.

Properties Development

During the period, the Group has recorded a revenue of approximately HK$53 million (2017 (Restated): approximately HK$251 million) and segment loss of approximately HK$3 million (2017 (Restated): a segment profit of approximately HK$97 million). The decrease in revenue was mainly due to the number of residents units available for sales were almost sold out during the period. The Group anticipates further revenue and positive results from this segment in the following years upon completion of properties under development and the sales of completed properties.

Financial Leasing

During the period, the Group did not record any revenue on financial leasing. The Group will seek for more opportunities in this segment.

Food and Beverages

The food and beverages segment generated a revenue of approximately HK$1 million during the period (2017 (Restated): approximately HK$1 million). The segment reported a loss of approximately HK$0.4 million (2017 (Restated): loss of approximately HK$0.5 million) for the six months ended 30 September 2018. The revenue and loss were contributed by the restaurant in Beijing, PRC.

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.

Investment in Shares In Kore

Kore Potash Limited ("**Kore**") (formerly known as "Elemental Minerals Limited") is a mineral exploration and development company listed on the Australian Stock Exchange. It is currently developing the Sintoukola potash project located in the Republic of Congo.

As at the date of this interim report, the Group holds an aggregate of 75,285,511 shares of Kore, representing approximately 8.7% of the entire issued share capital of Kore.

Capital Structure

As at 30 September 2018, the total number of issued shares of the Company was 7,165,413,657 (31 March 2018: 7,002,772,481) of HK$0.01 each (the "Shares") and its issued share capital was HK$71,654,137 (31 March 2018: HK$70,027,725). During the period, the details of changes of the capital structure of the Company were set out below:

(i) On 12 April 2018, the rights attaching to the convertible bonds to subscribe 152,941,176 Shares at conversion price of HK$0.85 per conversion share were exercised and these 152,941,176 Shares were allotted and issued on 13 April 2018.

(ii) On 12 April 2018, a total of 2,375,000 share options were exercised at an exercise price of HK$0.375 per Share and these 2,375,000 Shares were allotted and issued on 20 April 2018.

(iii) On 16 April 2018, a total of 6,325,000 share options were exercised at an exercise price of HK$0.375 per Share and these 6,325,000 Shares were allotted and issued on 20 April 2018.

(iv) On 17 April 2018, a total of 1,000,000 share options were exercised at an exercise price of HK$0.375 per Share and these 1,000,000 Shares where alloted and issued on 20 April 2018.

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

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 interim report, 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.

Events After Reporting Period

On 12 November 2018, a total of 2,000,000 share options were exercised at an exercise price of HK$0.477 per share and as a result, 2,000,000 shares were allotted and issued on 27 November 2018.

Strategy and Outlook

Apart from the existing businesses of securities trading, food and beverages, wine trading, loan financing, properties development 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 new energy projects, high-end manufacturing projects, properties development, finance and ocean industry.

FINANCIAL REVIEW

Shareholders' Equity and Financial Ratios

As at 30 September 2018, the Group's net assets attributable to the owners of the Company amounted to approximately HK$1,396 million (31 March 2018: HK$1,609 million), a decrease of approximately HK$213 million.

As at 30 September 2018, total debt to equity ratio was 0.86 (31 March 2018: 0.78) and net debt to equity ratio was 0.83 (31 March 2018: 0.60) which were expressed as a percentage of total convertible bonds and total convertible bonds less cash and cash equivalents respectively, over the total equity of approximately HK$1,396 million (31 March 2018: approximately HK$1,609 million).

During the period, the Company repurchased 23,200,000 Shares for a total consideration (including expenses) of approximately HK$17 million.

Borrowings

As at 30 September 2018 and 31 March 2018, the Company had no bank borrowings.

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 2018, the Group had no contingent liabilities.

Capital Commitments

As at 30 September 2018, the Group had total capital commitments of approximately HK$111 million (31 March 2018: approximately HK$7 million) primarily for properties under development.

Charges on the Group's Assets

As at 30 September 2018, the Group had no charges on the Group's assets.

INTERIM DIVIDEND

The Board has resolved not to recommend any interim dividend for the six months ended 30 September 2018 (2017: nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 71 full-time staffs under its subsidiaries globally as at 30 September 2018. Total staff costs amounted to approximately HK$13,032,000 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 23,200,000 Shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$17 million and no shares (which were repurchased by the Company during the period ended 30 September 2018) were cancelled during the six months ended 30 September 2018.

Particulars of the Shares repurchased are as follows:

Month	Total number of Shares repurchased	Purchase price paid per Share		Aggregate consideration
		Highest	Lowest	
	'000	*HK$*	*HK$*	*HK$'000*
2018				
July	23,200	0.74	0.68	16,781

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 2018.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2018 save as disclosed as follows:

Code provision A.6.7 stipulates that independent non-executive directors should attend general meeting of the Company. Mr. Cao Kuangyu, being the independent non-executive Director, did not attend the Company's annual general meeting held on 6 September 2018 due to his other business engagements.

AUDIT COMMITTEE

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 2018.

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 2018 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 2018 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 2018.

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, 30 November 2018

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