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

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of DINGYI GROUP INVESTMENT LIMITED (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020, together with the comparative figures for the year ended 31 March 2019:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	2020 HK$'000	2019 HK$'000
Revenue	3	**184,876**	270,882
Cost of sales		**(6,215)**	(46,640)
Gross profit		**178,661**	224,242
Other income	5	**223**	1,572
Gain on disposal of a subsidiary		**8,599**	6,963
Loss on early redemption of convertible bonds		**(129)**	–
Loss on disposal of financial assets at fair value through profit or loss		**(1,925)**	(6,753)
Loss arising from financial assets at fair value through profit or loss		**(44,096)**	(49,687)
Loss arising from derivative financial assets		**(6,043)**	(107,214)
Gain on modification of convertible bonds		**42,327**	–
Allowance for impairment of loan and interest receivables		**(178,438)**	–
Share-based payments expenses		**(152,347)**	–
Selling and distribution costs		**(5,628)**	(5,190)
General and administrative expenses		**(55,850)**	(78,196)
Finance costs	6	**(141,825)**	(159,466)
Loss before tax	7	**(356,471)**	(173,729)
Income tax credit (expenses)	8	**7,978**	(38,779)
Loss for the year attributable to the owners of the Company		**(348,493)**	(212,508)
Loss per share			
Basic and diluted (HK cents)	10	**(4.75)**	(3.00)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(348,493)**	(212,508)
Other comprehensive (expenses) income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translating foreign operations	**(147,645)**	(139,352)
Reclassification adjustments for the cumulative exchange difference included in profit or loss upon disposal of foreign operations	**(493)**	121
Total other comprehensive expenses for the year	**(148,138)**	(139,231)
Total comprehensive expenses for the year attributable to the owners of the Company	**(496,631)**	(351,739)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	NOTES	**2020** **HK$'000**	2019 *HK$'000*
Non-current assets			
Investment property		**15,392**	17,302
Property, plant and equipment		**16,470**	22,352
Right-of-use assets		**16,041**	–
Non-current prepayments and deposits	*11*	**2,302**	4,528
Deferred tax assets		**43,400**	–
Prepaid lease payments		**–**	2,576
		93,605	46,758
Current assets			
Inventories		**7,250**	7,489
Prepaid lease payments		**–**	70
Properties under development	*12*	**518,557**	398,666
Completed properties held for sale	*13*	**115,172**	129,387
Other receivables, prepayments and deposits	*11*	**74,484**	21,510
Loan and interest receivables	*14*	**1,953,642**	2,151,463
Financial assets at fair value through profit or loss		**4,191**	35,638
Derivative financial instruments		**–**	6,060
Cash and cash equivalents		**21,367**	29,844
		2,694,663	2,780,127
Current liabilities			
Trade and other payables	*15*	**109,675**	96,949
Contract liabilities	*15*	**16,723**	18,809
Amount due to a related company		**7,211**	7,211
Amount due to a director		**26,479**	20,496
Tax payables		**83,624**	61,004
Lease liabilities		**8,053**	–
Convertible bonds		**367,591**	278,238
Promissory note		**5,000**	–
		624,356	482,707
Net current assets		**2,070,307**	2,297,420
Total assets less current liabilities		**2,163,912**	2,344,178

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	2020	2019
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**73,570**	73,281
Reserves	**1,142,263**	1,458,097
Total equity	**1,215,833**	1,531,378
Non-current liabilities		
Convertible bonds	**740,476**	807,842
Bank borrowing	**197,064**	–
Lease liabilities	**5,527**	–
Deferred tax liabilities	**5,012**	4,958
	948,079	812,800
	2,163,912	2,344,178

1. GENERAL INFORMATION

Dingyi Group Investment Limited (the "Company") was incorporated in Bermuda with limited liability and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The directors of the Company regard Wincon Capital Investment Limited ("Wincon Capital"), a private limited liability company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company.

The principal activities of the Company are investment holding. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in loan financing, securities trading, properties development and other businesses.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. Other than those subsidiaries established in the People's Republic of China (the "PRC"), whose functional currency is Renminbi ("RMB"), the functional currency of its subsidiaries is HK$.

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 16	Leases
HK(IFRIC) –Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 “Leases”.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability for all leases.

The Group as lessor

The Group leases its investment property. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	Notes	Carrying amount previously reported at 31 March 2019	Impact on adoption of HKFRS 16 – Reclassification	Impact on adoption of HKFRS 16 – Remeasurement	Carrying amount as restated at 1 April 2019
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Prepaid lease payments	(a)	2,576	(2,576)	–	–
Right-of-use assets	(a) & (b)	–	2,646	35,775	38,421
Current assets					
Prepaid lease payments	(a)	70	(70)	–	–
Current liabilities					
Lease liabilities	(b)	–	–	13,228	13,228
Non-current liabilities					
Lease liabilities	(b)	–	–	22,547	22,547

Notes:

(a) Prepaid lease payment of approximately HK$2,646,000 which represents the upfront payments for leasehold lands in the People's Republic of China (the "PRC") as at 31 March 2019 were reclassified to right-of-use assets.

(b) As at 1 April 2019, right-of-use assets were re-measured at an amount equal to the lease liabilities of approximately HK$35,775,000. There is no impact on the opening balances of retained earnings.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected. The adoption of HKFRS 16 Leases has not resulted in a significant change in presentation of cash flows within the consolidated statement of cash flows.

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019	38,264
Less: Recognition exemption – short-term leases	(491)
	37,773
Discounted using the incremental borrowing rate at 1 April 2019	4%
Lease liabilities recognised as at 1 April 2019	35,775
Analysed as:	
Current potion	13,228
Non-current portion	22,547
	35,775

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

New and amendments to HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2018-2020[6]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 3	Reference to the conceptual framework[6]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use[6]
Amendments to HKAS 37	Onerous contracts: cost of fulfilling a contract[6]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 June 2020
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
6 Effective for annual periods beginning on or after 1 January 2022

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents the amount received and receivable arising from sales of food and beverages, loan financing, securities trading and properties development, excludes amounts collected on behalf of third parties and sales related taxes. An analysis of the Group's revenue is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customer within the scope of HKFRS 15		
Disaggregated by major products lines:		
Sales of food and beverages	**857**	2,548
Sales of properties	**24,921**	107,957
	25,778	110,505
Revenue from other sources		
Dividend income	**17**	124
Interest income from provision of loan financing services	**159,081**	160,253
	159,098	160,377
	184,876	270,882

4. 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 delivered or service rendered.

During the year ended 31 March 2020, the Group redefined its business divisions to align with the Group's operation development. Accordingly, the segment information of certain subsidiaries previously included in food and beverages – restaurant business has been reclassified to "other businesses" segment. Accordingly, certain comparative operating segment information has been reclassified to conform to current year's presentation.

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

(i) Securities trading business;
(ii) Loan financing business;
(iii) Properties development business; and
(iv) Other businesses.

Segment revenue and results

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

Year ended 31 March 2020

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Properties development business *HK$'000*	Other businesses *HK$'000*	Total *HK$'000*
Revenue					
External revenue	**17**	**159,081**	**24,921**	**857**	**184,876**
Loss on disposal of financial assets at fair value through profit or loss	**(1,925)**	**–**	**–**	**–**	**(1,925)**
Loss arising from financial assets at fair value through profit or loss	**(44,096)**	**–**	**–**	**–**	**(44,096)**
Allowance for impairment of loan and interest receivables	**–**	**(178,438)**	**–**	**–**	**(178,438)**
Segment (loss) profit	**(46,004)**	**(19,357)**	**4,842**	**(252)**	**(60,771)**
Bank interest income					**87**
Gain on disposal of a subsidiary					**8,599**
Finance costs					**(141,825)**
Loss arising from derivative financial assets					**(6,043)**
Gain on modification of convertible bonds					**42,327**
Loss on early redemption of convertible bonds					**(129)**
Share-based payments expenses					**(152,347)**
Unallocated corporate income					**136**
Unallocated corporate expenses					**(46,505)**
Loss before tax					**(356,471)**

Segment revenue and results (Continued)

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

Year ended 31 March 2019 (Restated)

	Securities trading business *HK$'000*	Loan financing business *HK$'000*	Properties development business *HK$'000*	Other businesses *HK$'000*	Total *HK$'000*
Revenue					
External revenue	124	160,253	107,957	2,548	270,882
Loss on disposal of financial assets at fair value through profit or loss	(6,753)	–	–	–	(6,753)
Loss arising from financial assets at fair value through profit or loss	(49,687)	–	–	–	(49,687)
Segment (loss) profit	(56,316)	157,173	18,930	(1,720)	118,067
Bank interest income					237
Gain on disposal of a subsidiary					6,963
Finance costs					(159,466)
Loss arising from derivative financial assets					(107,214)
Unallocated corporate income					1,335
Unallocated corporate expenses					(33,651)
Loss before tax					(173,729)

The accounting policies of the operating segments are the same as the Group's accounting policies described in annual report. Segment profit/loss represents the profit earned by/loss from each segment without allocation of other income, gain on disposal of a subsidiary, finance costs, loss arising from derivative financial assets, gain on modification of convertible bonds, loss on early redemption of convertible bonds, share-based payments expenses and certain central administration expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Securities trading business	**4,191**	35,638
Loan financing business	**1,953,642**	2,151,463
Properties development business	**715,974**	581,561
Other businesses	**7,250**	7,572
Total segment assets	**2,681,057**	2,776,234
Unallocated corporate assets	**107,211**	50,651
Total consolidated assets	**2,788,268**	2,826,885
Segment liabilities		
Securities trading business	**–**	–
Loan financing business	**–**	–
Properties development business	**216,552**	17,102
Other businesses	**–**	3,806
Total segment liabilities	**216,522**	20,908
Unallocated corporate liabilities	**1,355,913**	1,274,599
Total consolidated liabilities	**1,572,435**	1,295,507

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

- all assets are allocated to operating segments other than certain property, plant and equipment, investment property, right-of-use assets, deferred tax assets, certain deposits, prepayments and other receivables, derivative financial instruments and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain other payables, tax payables, deferred tax liabilities, amount due to a related company, amount due to a director, promissory note, convertible bonds and lease liabilities.

- Upon application of HKFRS 16, the Group's right-of-use assets and lease liabilities are now included in the unallocated assets and unallocated liabilities respectively at 31 March 2020.

5. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**87**	237
Rental income from investment property *(Note)*	**133**	276
Others	**3**	1,059
	223	1,572

Note:

The gross and net rental income from investment property for the year ended 31 March 2020 amounted to HK$133,000 (2019: HK$276,000).

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowing	**2,866**	–
Less: amount capitalised in properties under development	**(2,866)**	–
	–	–
Interest on margin loans payable	**–**	166
Effective interest expenses on convertible bonds	**140,692**	159,300
Interest on promissory note	**142**	–
Interest on lease liabilities	**991**	–
	141,825	159,466

During the year ended 31 March 2020, interest on bank borrowing had been fully capitalised to expenditure on qualifying assets as the borrowing is specifically arranged for the property development.

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2020	2019
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**31,589**	8,224
Other staff costs (excluding directors' and chief executive's emoluments)	**10,321**	17,164
Share-based payments expenses granted to employees	**59,059**	–
Retirement benefit schemes contribution (excluding directors' and chief executive's emoluments)	**417**	450
Total staff costs	**101,386**	25,838
Gain on lease modification	**(97)**	–
Amount of inventories recognised as an expense	**6,215**	46,640
Auditors' remuneration	**1,850**	1,800
Amortisation of prepaid lease payments	**–**	70
Depreciation of property, plant and equipment	**4,805**	6,015
Depreciation of investment property	**823**	951
Operating lease payments in respect of rented premises under minimum lease payments *(Note)*	**N/A**	18,950
Net exchange losses	**791**	4,563
Share-based payments expenses granted to consultants	**69,320**	–
Written off of property, plant and equipment	**–**	18

Note:

Operating lease payments in respect of rented premises for the year ended 31 Match 2019 represent payments made and accrued under HKAS 17.

8. INCOME TAX (CREDIT) EXPENSES

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
The PRC Enterprise Income Tax ("EIT")	**35,042**	35,892
Deferred tax	**(43,020)**	2,887
Income tax (credit) expenses	**(7,978)**	38,779

(i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Since group entities are not qualifying for the two-tiered profits tax rates regime, Hong Kong Profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits (2019: 16.5%). No provision for Hong Kong taxation has been made during the year ended 31 March 2020 and 2019 as the assessable profits is wholly (2019: wholly) absorbed by tax losses brought forwards.

(ii) 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.

(iii) 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.

(iv) Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% (2018: 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 and all properties development expenditures.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2020	2019
Loss	***HK$'000***	*HK$'000*
Loss for the year attributable to the owners of the Company	**348,493**	212,508
Number of shares		
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**7,335,797**	7,092,359

The basic and dilutive loss per share for the years ended 31 March 2020 and 2019 are the same since the computation of diluted loss per share does not assume the conversion or exercise of the Company's outstanding convertible bonds, share options since they would result in decrease in loss per share for both years.

11. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020	2019
	HK$'000	*HK$'000*
Prepayments to suppliers	**39,303**	3,185
Deposits paid	**33,917**	19,004
Other receivables	**3,561**	3,677
Consideration receivables	**5**	172
	76,786	26,038
Analysed for reporting purposes:		
Non-current assets	**2,302**	4,528
Current assets	**74,484**	21,510
	76,786	26,038

12. PROPERTIES UNDER DEVELOPMENT

	2020	2019
	HK$'000	*HK$'000*
At the beginning of the financial year	**398,666**	131,843
Additions	**148,760**	274,464
Exchange difference	**(28,869)**	(7,641)
At the end of the financial year	**518,557**	398,666

Properties under development are classified as current assets as the construction period of the relevant properties development project is expected to be completed in the normal operating cycle.

13. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are situated on a leasehold land in the PRC. All the completed properties held for sale are stated at lower of cost and net realisable value.

14. LOAN AND INTEREST RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables	**2,003,774**	2,009,816
Interest receivables	**128,306**	141,647
	2,132,080	2,151,463
Less: Allowance for impairment of loan and interest receivables	**(178,438)**	–
	1,953,642	2,151,463

The following is an ageing analysis of loan and interest receivables, net of allowance for impairment of loan and interest receivables recognised presented based on the loan drawn down date and interests accrued at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**–**	522,357
91 days to 180 days	**–**	1,274,485
181 days to 365 days	**1,953,642**	246,758
Over 365 days	**–**	107,863
	1,953,642	2,151,463

15. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**1,594**	2,099
Accruals	**67,329**	54,620
Other payables	**40,752**	40,230
	109,675	96,949
Contract liabilities	**16,723**	18,809

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**–**	–
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 181 days	**1,594**	2,099
	1,594	2,099

The average credit term on purchase of goods is 60-180 days (2019: 60-180 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Contract liabilities represent advance received for the sales of properties. These advances are recognised as contract liabilities until the sales transactions are made.

Revenue recognised during the year ended 31 March 2020 that was included in the contract liabilities as at 31 March 2019 is approximately HK$18,809,000. There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 March 2020 (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in securities trading, loan financing, properties development and other businesses.

The Group's revenue from its continuing operations for the year amounted to approximately HK$185 million or HK$86 million less than that for the previous year. There was a loss for the year attributable to the Company's owners of approximately HK$348 million (2019: HK$213 million). The increase in loss was mainly due to (i) the one-off and non-cash share option expenses of approximately HK$152 million in relation to the share options granted by the Company during the year ended 31 March 2020 where no share option was granted during the corresponding year ended 31 March 2019 and (ii) the recognition of impairment loss of approximately HK$178 million for the expected credit losses of loan and interest receivables.

The basic and diluted loss per share was HK4.75 cents, as compared with loss per share of HK3.00 cents last year.

Securities Trading

During the year, the Group has been involved in the securities trading business. The Group had realised loss on the disposal of these listed securities investments amounting to approximately HK$2 million (2019: HK$7 million) during the year. The Group recorded a loss of approximately HK$44 million (2019: HK$50 million) arising from changes in the fair value of the listed securities shares. As a result, the Group reported a segment loss of approximately HK$46 million (2019: HK$56 million) during the year. Going forward, the Group expects that the future performance of the listed securities 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.

As at 31 March 2020, 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 year, the Group recorded a revenue of approximately HK$159 million (2019: HK$160 million) from loan financing segment and the segment loss was approximately HK$19 million (2019: profit of HK$157 million). The Group will further develop this segment in order to earn a higher interest income.

Properties Development

During the year, the Group recorded a revenue of approximately HK$25 million (2019: HK$108 million) and segment profit of approximately HK$5 million (2019: HK$19 million). The decrease in revenue was mainly due to the number of residents units available for sales was almost sold out during the year. The Group has obtained pre-sales permit for certain blocks of the Phase III of One Parkview project in June 2020 and is commencing the pre-sales under the pre-sales permit. The Group anticipates further revenue and positive results from this segment in the future upon completion of properties under development and the sales of completed properties.

Other businesses

Food and Beverages

The food and beverages segment generated a revenue of approximately HK$1 million during the year (2019: HK$3 million). The segment reported a loss of approximately HK$252,000 (2019: HK$2 million).

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.

Capital Structure

As at 31 March 2020, the total number of issued shares of the Company was 7,357,008,015 (31 March 2019: 7,328,060,715) of HK$0.01 each (the "**Shares**") and its issued share capital was HK$73,570,080 (31 March 2019: HK$73,280,607). During the year, the details of changes of the capital structure of the Company were set out below:

(i) On 23 May 2019, the rights attaching to the convertible bonds to subscribe 25,000,000 Shares at conversion price of HK$0.8 per conversion share were exercised and these 25,000,000 Shares were allotted and issued on 29 May 2019.

(ii) On 3 October 2019, a total of 25,330,000 repurchased shares were cancelled.

(iii) On 10 October 2019, the rights attaching to the convertible bonds to subscribe 29,277,000 Shares at conversion price of HK$0.85 per conversion share were exercised and these 29,277,000 Shares were allotted and issued on 28 October 2019.

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

EVENTS AFTER REPORTING PERIOD

a) Subsequent search conducted by the Independent Commission Against Corruption of Hong Kong (the "ICAC")

Subsequent to the end of the reporting period, the ICAC has conducted a search at the principal place of business of the Company in Hong Kong and the Company provided certain files and records to the ICAC. Details are set out in the Company's announcement on 9 June 2020.

b) Subsequent amendments to the terms and conditions of the convertible bonds

On 27 May 2020, the Company had entered into another deed of amendments to further extend the maturity date and conversion period of the convertible bonds with the bondholder for the principal amounts of HK$220,000,000 and HK$59,500,000 from 17 February 2020 to 17 August 2020 and from 14 March 2020 to 14 September 2020 respectively to 31 May 2021 (the "Second Amendment Deed"). On 9 June 2020, the Company had, with the approval of the bondholder and The Stock Exchange of Hong Kong Limited, executed Second Amendment Deed. Details are set out in the Company's announcements dated 27 May 2020 and 9 June 2020.

On 15 June 2020, the Company had entered into a deed of amendments to extend the maturity date and conversion period of convertible bonds with principal amount of HK$63,750,000 originally due on 5 June 2020 to 30 June 2021. On 29 June 2020, the Company had, with the approval of the bondholder and The Stock Exchange of Hong Kong Limited, executed the deed of amendments. Details are set out in the Company's announcements dated 15 June 2020 and 29 June 2020.

Strategy and Outlook

Apart from the existing businesses of securities trading, 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 resources and energy projects, properties development, financial technology, pharmaceutical and ocean industry.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately HK$271 million in 2019 to approximately HK$185 million in 2020, mainly because a decrease of revenue in properties development segment, The decrease was due to the number of residents units available for sales was almost sold out during the year.

Gross Profit

The gross profit decreased by approximately HK$46 million, or 20.3%, from approximately HK$224 million in 2019 to approximately HK$179 million in 2020. The gross profit margin increased from approximately 82.8% in 2019 to approximately 96.6% in 2020. The increase was mainly due to the increase in the proportion of revenue from loan financing segment which earned a higher gross profit margin.

Other income

Other income decreased to approximately HK$223,000 (2019: HK$2 million) this year.

Selling and Distribution Costs and General and Administrative Expenses

Selling and distribution costs increased to approximately HK$6 million (2019: HK$5 million). General and administrative expenses decreased to approximately HK$56 million (2019: HK$78 million) which was mainly due to reduced staff costs (excluding non-cash share-based payments expenses granted to directors and other employees) and the cost saving resulted by an implementation of cost control during the year.

Property, Plant and Equipment

Property, plant and equipment decreased to approximately HK$16 million in this year (2019: HK$22 million).

Financial Assets at Fair Value Through Profit or Loss

Listed securities investments in Hong Kong and PRC significantly decreased from approximately HK$15 million to HK$4 million this year because of the decrease in the portfolio of the listed investments in the securities trading business.

Listed securities investments in London decreased from approximately HK$21 million to HK$190,000 this year because of the fair value loss.

Kore is a mineral exploration and development company listed on the London Stock Exchange AIM platform, the Australian Stock Exchange, and Johannesburg Stock Exchange. It is currently developing the Sintoukola potash project located in the Republic of Congo.

As at 31 March 2020, the Group holds an aggregate of 198,520,782 shares of Kore, representing approximately 12.88% of the entire issued share capital of Kore.

Cash and Bank Balances

Cash and bank balances decreased from approximately HK$30 million in last year to approximately HK$21 million this year.

Shareholders' Funds and Financial Ratios

As at 31 March 2020, the Group's net assets attributable to the owners of the Company amounted to approximately HK$1,216 million (2019: HK$1,531 million), a decrease of approximately HK$316 million when compared with that of 2019.

As at 31 March 2020, total debt to equity ratio was 1.08 (2019: 0.71) and net debt to equity ratio was 1.06 (2019: 0.69), which were expressed as a percentage of total borrowings and total borrowings less cash and cash equivalents respectively, over the total equity of approximately HK$1,216 million (2019: HK$1,531 million).

Bank Borrowings, Promissory Note and Convertible Bonds

As at 31 March 2020, the Group's bank borrowings, promissory note and convertible bonds amounted to approximately HK$197 million, HK$5 million and HK$1,108 million respectively (2019: approximately HK$ Nil, HK$ Nil and HK$1,086 million respectively).

For bank borrowings, approximately HK$197 million will be repayable between 1 and 5 years.

Charge on Assets

As at 31 March 2020, the Group's properties under development with a carrying amounts of approximately HK$499 million (2019: HK$ Nil) was pledged to a bank for 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 rates between these currencies are relatively stable, the Group believed that the corresponding exposure to RMB, USD and AUD exchange rates fluctuation were 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, and continues to actively monitor foreign exchange exposure to minimise the impact of any adverse currency movement.

Contingent Liabilities

As at 31 March 2020 and 2019, the Group had no contingent liabilities.

Capital Commitments

As at 31 March 2020, the Group had capital commitments of approximately HK$311,272,000 (2019: HK$4,921,000).

Treasury Policies

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

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 76 full-time staff (2019: 65) under its subsidiaries globally as at 31 March 2020. Total staff costs amounted to approximately HK$101 million (2019: HK$26 million) for the year ended 31 March 2020. 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 year ended 31 March 2020, the Company repurchased a total of 25,330,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of approximately HK$7.9 million. All these repurchased shares were cancelled during the year ended 31 March 2020.

Particulars of the Share repurchases are as follows:

Month	**Total number of shares repurchased**	**Purchase price paid per share**		**Aggregate consideration**
		Highest	**Lowest**	
	'000	*HK$*	*HK$*	*HK$'000*
2019				
July	10,200	0.375	0.320	3,568
August	15,130	0.305	0.270	4,378
	25,330			7,946

The Directors consider that the above share repurchases are in the best interests 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 year ended 31 March 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct for securities transactions by Directors.

The Company has made specific enquiries to all the Directors and they have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2020.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance and has introduced corporate governance practices appropriate to the conduct and growth of its business.

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

In the opinion of the Directors, the Company has complied with all code provisions of the CG Code during the year ended 31 March 2020 except for the deviation disclosed below:

Code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the year ended 31 March 2020, certain regular Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Bye-laws of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the CG Code in future. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the audit and financial reporting matters, internal control and risk management systems of the Group including the review of the audited financial statements of the Group for the year ended 31 March 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Group for the year ended 31 March 2020 is published on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.dingyi.hk. The annual report of the Company for the year ended 31 March 2020 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites on or before 31 July 2020.

APPRECIATION

I would like to take this opportunity to thank all of our customers, shareholders and business associates for their confidence and support to the Group. To all of our employees, I appreciate your hard work, dedication and commitment over the year.

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

Hong Kong, 29 June 2020

As at the date of this announcement, the Board comprises Mr. LI Kwong Yuk (Chairman), Mr. SU Xiaonong (Chief Executive Officer) 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.