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## **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 2022**

#### **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 2022, together with the comparative figures for the year ended 31 March 2021:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	<i>NOTES</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Revenue	3	<b>154,984</b>	226,069
Cost of sales		<b>(1,866)</b>	(17,681)
Gross profit		<b>153,118</b>	208,388
Other income		<b>1,486</b>	2,506
Loss on disposal of financial assets at fair value through profit or loss		<b>(60)</b>	(993)
(Loss)/gain arising from financial assets at fair value through profit or loss		<b>(670)</b>	32,688
Gain on modification of convertible bonds		–	69,321
(Provision)/reversal of allowance for impairment of loan and interest receivables		<b>(60,423)</b>	19,696
Selling and distribution costs		<b>(11,228)</b>	(14,496)
General and administrative expenses		<b>(42,624)</b>	(45,359)
Finance costs		<b>(121,327)</b>	(156,475)
(Loss)/profit before tax	5	<b>(81,728)</b>	115,276
Income tax expense	6	<b>(19,598)</b>	(72,341)
(Loss)/profit for the year attributable to the owners of the Company		<b>(101,326)</b>	42,935
<b>(Loss)/earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	8	<b>(1.38)</b>	0.58

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2022*

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the year</b>	<u><b>(101,326)</b></u>	<u>42,935</u>
<b>Other comprehensive income for the year</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translating foreign operations	<u><b>102,069</b></u>	<u>215,101</u>
Total other comprehensive income for the year	<u><b>102,069</b></u>	<u>215,101</u>
Total comprehensive income for the year attributable to the owners of the Company	<u><u><b>743</b></u></u>	<u><u>258,036</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2022*

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment property		<b>15,523</b>	15,763
Property, plant and equipment		<b>11,485</b>	14,295
Right-of-use assets		<b>6,360</b>	10,543
Prepayments and deposits		<b>1,231</b>	2,881
Deferred tax assets		<b>54,791</b>	39,573
		<u><b>89,390</b></u>	<u>83,055</u>
<b>Current assets</b>			
Inventories		<b>7,250</b>	7,250
Properties under development	9	<b>2,145,681</b>	1,001,215
Completed properties held for sale		<b>108,828</b>	106,232
Other receivables, prepayments and deposits		<b>61,995</b>	222,451
Loan and interest receivables	10	<b>1,817,875</b>	2,195,162
Financial asset at fair value through profit or loss		<b>33,043</b>	34,222
Cash and cash equivalents		<b>152,120</b>	306,515
		<u><b>4,326,792</b></u>	<u>3,873,047</u>
<b>Current liabilities</b>			
Trade and other payables	11	<b>36,664</b>	47,033
Contract liabilities		<b>1,522,042</b>	741,020
Amount due to a related company		<b>41,091</b>	15,239
Tax payables		<b>156,282</b>	137,742
Lease liabilities		<b>2,418</b>	7,735
Convertible bonds		<b>893,329</b>	327,971
Other bonds		<b>279,500</b>	–
Promissory note		<b>5,639</b>	5,389
		<u><b>2,936,965</b></u>	<u>1,282,129</u>
<b>Net current assets</b>		<u><b>1,389,827</b></u>	<u>2,590,918</u>
<b>Total assets less current liabilities</b>		<u><b>1,479,217</b></u>	<u>2,673,973</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AS AT 31 MARCH 2022*

	<i>NOTE</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	12	<b>73,568</b>	73,570
Reserves		<b>1,401,027</b>	1,400,299
<b>Total equity</b>		<b>1,474,595</b>	1,473,869
<b>Non-current liabilities</b>			
Convertible bonds		–	813,277
Bank borrowing		–	383,884
Lease liabilities		<b>1,357</b>	–
Deferred tax liabilities		<b>3,265</b>	2,943
		<b>4,622</b>	1,200,104
		<b>1,479,217</b>	2,673,973

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2022

### 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, 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 (collectively referred to as the “**Group**”) are principally engaged in loan financing, securities trading and properties development.

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

## New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE

Revenue represents the amount received and receivable arising from 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customer within the scope of HKFRS 15</b>		
Sales of properties	<u>6,512</u>	<u>55,017</u>
	<u>6,512</u>	<u>55,017</u>
<b>Revenue from other sources</b>		
Interest income from provision of loan financing services	<u>148,432</u>	171,044
Dividend income	<u>40</u>	<u>8</u>
	<u>148,472</u>	<u>171,052</u>
	<u><u>154,984</u></u>	<u><u>226,069</u></u>

### 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.

The Group has three reportable and operating segments (i) securities trading business; (ii) loan and financing business; and (iii) properties development business. Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss.



## 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 2022

	Securities trading business <i>HK\$'000</i>	Loan financing business <i>HK\$'000</i>	Properties development business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
External revenue	40	148,432	6,512	154,984
Loss on disposal of financial assets at FVTPL	<u>(60)</u>	<u>–</u>	<u>–</u>	<u>(60)</u>
Loss arising from financial assets at FVTPL	<u>(670)</u>	<u>–</u>	<u>–</u>	<u>(670)</u>
Provision of allowance for impairment of loan and interest receivables	<u>–</u>	<u>(60,423)</u>	<u>–</u>	<u>(60,423)</u>
<b>Segment (loss)/profit</b>	<u>(690)</u>	<u>87,919</u>	<u>(14,686)</u>	<u>72,543</u>
Bank interest income				722
Finance costs				(121,327)
Unallocated corporate income				218
Unallocated corporate expenses				<u>(33,884)</u>
Loss before tax				<u><u>(81,728)</u></u>

Year ended 31 March 2021

	Securities trading business <i>HK\$'000</i>	Loan financing business <i>HK\$'000</i>	Properties development business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>				
External revenue	8	171,044	55,017	226,069
Loss on disposal of financial assets at fair value through profit or loss	<u>(993)</u>	<u>–</u>	<u>–</u>	<u>(993)</u>
Gain arising from financial assets at fair value through profit or loss	<u>32,688</u>	<u>–</u>	<u>–</u>	<u>32,688</u>
Reversal of allowance for impairment of loan and interest receivables	<u>–</u>	<u>19,696</u>	<u>–</u>	<u>19,696</u>
<b>Segment profit</b>	<u>31,703</u>	<u>190,740</u>	<u>11,201</u>	233,644
Bank interest income				624
Finance costs				(156,475)
Gain on modification of convertible bonds				69,321
Unallocated corporate income				1,882
Unallocated corporate expenses				<u>(33,720)</u>
Profit before tax				<u><u>115,276</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of other income, finance costs, gain on modification of convertible bonds, 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Segment assets</b>		
Securities trading business	33,043	34,222
Loan financing business	1,817,875	2,195,162
Properties development business	2,329,284	1,340,269
	<hr/>	<hr/>
Total segment assets	4,180,202	3,569,653
Unallocated corporate assets	235,980	386,449
	<hr/>	<hr/>
<b>Total consolidated assets</b>	<b>4,416,182</b>	<b>3,956,102</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Securities trading business	–	–
Loan financing business	–	–
Properties development business	1,528,653	1,128,836
	<hr/>	<hr/>
Total segment liabilities	1,528,653	1,128,836
Unallocated corporate liabilities	1,412,934	1,353,397
	<hr/>	<hr/>
<b>Total consolidated liabilities</b>	<b>2,941,587</b>	<b>2,482,233</b>
	<hr/> <hr/>	<hr/> <hr/>

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, certain right-of-use assets, deferred tax assets, certain deposits, prepayments and other receivables 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, promissory note, convertible bonds, other bonds and lease liabilities.

## 5. (LOSS)/PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Directors' and chief executive's emoluments	5,422	5,843
Other staff costs (excluding directors' and chief executive's emoluments)	13,820	8,396
Retirement benefit schemes contribution (excluding directors' and chief executive's emoluments)	<u>315</u>	<u>299</u>
Total staff costs	<u>19,557</u>	<u>14,538</u>
Amount of inventories recognised as an expense	1,866	17,681
Auditors' remuneration		
– Audit services	1,280	1,250
– Non-audit services	300	459
Depreciation of property, plant and equipment	3,155	3,269
Depreciation of investment property	892	843
Depreciation of right-of-use assets	<u>9,186</u>	<u>9,800</u>

## 6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax:		
– The PRC Enterprise Income Tax (“EIT”)	35,533	40,922
– Land appreciation tax (“LAT”)	–	29,991
Over provision in prior years		
– Hong Kong	(911)	–
Deferred tax	<u>(15,024)</u>	<u>1,428</u>
Income tax expense	<u>19,598</u>	<u>72,341</u>

## 7. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit for the year attributable to the owners of the Company	<u>(101,326)</u>	<u>42,935</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>7,356,861</u>	<u>7,357,008</u>

The basic and diluted loss per share for the year ended 31 March 2022 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 2022.

The computation of diluted earnings per share does not assume the exercise of the Company's share options and the conversion of the Company's convertible bonds because both of the exercise price of the share options and the conversion price of those convertible bonds were higher than the average market price for shares for 2021.

## 9. PROPERTIES UNDER DEVELOPMENT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of the financial year	1,001,215	518,557
Additions	1,102,149	427,875
Exchange difference	<u>42,317</u>	<u>54,783</u>
At the end of the financial year	<u>2,145,681</u>	<u>1,001,215</u>

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.

## 10. LOAN AND INTEREST RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables	1,910,003	2,203,570
Interest receivables	<u>127,037</u>	<u>150,334</u>
	2,037,040	2,353,904
Less: Allowance for impairment of loan and interest receivables	<u>(219,165)</u>	<u>(158,742)</u>
	<u>1,817,875</u>	<u>2,195,162</u>

The loans and interest receivables are due from independent third parties, which are unsecured and their relevant due dates started from April 2022 to March 2023 (2021: started from May 2021 to March 2022). The interest rates on the loan and interest receivables are fixed ranging from 8% to 15% per annum (2021: 8% to 24% per annum).

## 11. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	5,854	3,526
Accruals	27,587	33,749
Other payables	3,223	9,758
	<u>36,664</u>	<u>47,033</u>

## 12. SHARE CAPITAL

	Number of shares		Share capital	
	2022 <i>'000</i>	2021 <i>'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised ordinary shares of HK\$0.01 each:				
At the beginning and the end of the financial year	<u>10,500,000</u>	<u>10,500,000</u>	<u>105,000</u>	<u>105,000</u>
Issued and fully paid ordinary shares of HK\$0.01 each:				
At the beginning of the financial year	7,357,008	7,357,008	73,570	73,570
– Shares repurchased and cancelled (Note)	<u>(225)</u>	<u>–</u>	<u>(2)</u>	<u>–</u>
At the end of the financial year	<u>7,356,783</u>	<u>7,357,008</u>	<u>73,568</u>	<u>73,570</u>

Note:

During the year ended 31 March 2022, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.01 each <i>'000</i>	Price per share		Aggregate consideration paid <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
April 2021	<u>225</u>	<u>0.079</u>	<u>0.079</u>	<u>17</u>

The above shares were cancelled upon repurchase.

## **DIVIDEND**

The Board has resolved not to recommend any final dividend for the year ended 31 March 2022 (2021: 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\$155 million or HK\$71 million less than that for the previous year. There was a loss for the year attributable to the Company's owners of approximately HK\$101 million (2021: profit of approximately HK\$43 million). Such turnaround from profit to loss was mainly attributable to (i) the decrease in revenue of properties development business, (ii) the non-recurrence of a one-off gain on modification of the terms of convertible bonds in the amount of approximately HK\$69 million for the year ended 31 March 2021 whereas such gain was not recognised for the year ended 31 March 2022, and (iii) the increase in non-cash recognition of impairment loss for the expected credit losses of loan and interest receivables.

The basic and diluted loss per share was HK1.38 cents as compared with earnings per share of HK0.58 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\$60,000 during the year (2021: approximately HK\$1 million). The Group recorded a loss of approximately HK\$1 million (2021: gain of approximately HK\$33 million) arising from changes in the fair value of the listed securities. As a result, the Group reported a segment loss of approximately HK\$1 million (2021: gain of approximately HK\$32 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.

## **Loan Financing**

During the year, the Group recorded a revenue of approximately HK\$148 million (2021: approximately HK\$171 million) from loan financing segment. The Group recorded an allowance for impairment of loan and interest receivables of approximately HK\$60 million (2021: reversal of approximately HK\$20 million). As a result, the Group reported a segment profit of approximately HK\$88 million (2021: approximately HK\$191 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\$7 million (2021: approximately HK\$55 million) and segment loss of approximately HK\$15 million (2021: profit of approximately HK\$11 million). The decrease in revenue was mainly due to the decrease from sales of car parks and remaining units left over from old property projects. The Group has obtained pre-sales permit for certain blocks of the Phase III of One Parkview project starting from June 2020 and is commencing the pre-sales under the pre-sales permits. 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 – 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 2022, the total number of issued shares of the Company was 7,356,783,015 (31 March 2021: 7,357,008,015) of HK\$0.01 each and its issued share capital was HK\$73,567,830 (31 March 2021: HK\$73,570,080).

During the year ended 31 March 2022, a total of 225,000 repurchased shares were cancelled.

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



## OUTSTANDING CONVERTIBLE BONDS

As at 31 March 2022, the Company has outstanding convertible bonds in the aggregate principal amount of HK\$980,000,000 (the “**Outstanding Convertible Bonds**”) at the conversion price of HK\$0.80 per share. The number of shares that would be issued upon full conversion of the Outstanding Convertible Bonds is 1,225,000,000 shares (representing approximately 16.65% of the issued share capital of the Company as at 31 March 2022 and approximately 14.27% of the issued share capital of the Company as enlarged by such outstanding conversion shares).

Assuming that the Outstanding Convertible Bonds were converted in full as at 31 March 2022, the respective shareholdings of the substantial shareholders of the Company would have been changed as follows:

Name of Substantial Shareholders	Before conversion of Outstanding Convertible Bonds		Immediately after conversion of Outstanding Convertible Bonds	
	Number of shares held	% of total issued shares	Number of shares held	% of total issued shares
Mr. LI Kwong Yuk	3,288,685,405 (Note 1)	44.70%	4,513,685,405 (Note 1)	52.60%
中國船舶集團有限公司 (China State Shipbuilding Corporation Limited*) (Note 2)	908,685,000	12.35%	908,685,000	10.59%
China Shipbuilding Capital Limited (Note 2)	908,685,000	12.35%	908,685,000	10.59%
<b>Total issued shares</b>	<b>7,356,783,015</b>		<b>8,581,783,015</b>	

*Notes:*

- Including shares held by Mr. Li Kwong Yuk, Wincon Capital Investment Limited (“**WCIL**”), Wincon Asset Management Limited (“**WAML**”) and Win Master Group Limited (“**WMGL**”). WCIL, WAML and WMGL are wholly and beneficially owned by Mr. Li. To the best of the Directors’ knowledge, as at the date of this announcement, Mr. Li has no present intention to exercise the conversion rights attached to the Outstanding Convertible Bonds to an extent which would render him obliged to make a mandatory offer under Rule 26 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.
- China Shipbuilding Capital Limited was wholly owned by 中國船舶集團有限公司 (China State Shipbuilding Corporation Limited\*). By virtue of the SFO, 中國船舶集團有限公司 (China State Shipbuilding Corporation Limited\*) was deemed to be interested in the shares of the Company held by China Shipbuilding Capital Limited.

The dilutive impact on the loss per share of the Group for the year ended 31 March 2022 is not applicable as conversion of the Outstanding Convertible Bonds (if any) would have resulted in decrease in loss per share.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased from approximately HK\$226 million in 2021 to approximately HK\$155 million in 2022, mainly because of a decrease of revenue in properties development segment.

### **Gross Profit**

The gross profit decreased by approximately HK\$55 million, or 26.5%, from approximately HK\$208 million in 2021 to approximately HK\$153 million in 2022. The gross profit margin increased from approximately 92.2% in 2021 to approximately 98.8% in 2022.

### **Other Income**

Other income decreased to approximately HK\$1 million this year (2021: approximately HK\$3 million). The decrease was mainly because no government grant was received for the year ended 31 March 2022.

### **Selling and Distribution Costs and General and Administrative Expenses**

Selling and distribution costs decreased to approximately HK\$11 million (2021: approximately HK\$14 million) which was mainly due to the decrease of marketing expenses. General and administrative expenses decreased to approximately HK\$43 million (2021: approximately HK\$45 million) which was mainly due to 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\$11 million in this year (2021: approximately HK\$14 million).

### **Significant Investment**

As at 31 March 2022, the Group had financial assets at fair value through profit or loss, representing equity securities listed in Hong Kong, Shanghai and London, of approximately HK\$33 million (2021: approximately HK\$34 million). The Group recorded a loss of approximately HK\$1 million (2021: gain of approximately HK\$33 million) arising from changes in fair value of listed securities. Since there was no financial assets at fair value through profit or loss held by the Group valued more than 5% of the total assets of the Group as at 31 March 2022, there were no significant investments held by the Group.

## **Cash and Bank Balances**

Cash and bank balances decreased from approximately HK\$307 million in last year to approximately HK\$152 million this year.

## **Shareholders' Funds and Financial Ratios**

As at 31 March 2022, the Group's net assets attributable to the owners of the Company amounted to approximately HK\$1,475 million (2021: HK\$1,474 million), an increase of approximately HK\$1 million when compared with that of 2021.

As at 31 March 2022, total debt to equity ratio was 0.61 (2021: 1.04) and net debt to equity ratio was 0.51 (2021: 0.83), 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\$1,475 million (2021: HK\$1,474 million).

## **Bank Borrowing, Promissory Note and Convertible Bonds**

As at 31 March 2022, the Group's bank borrowing, promissory note and convertible bonds amounted to approximately Nil, HK\$6 million and HK\$893 million respectively (31 March 2021: approximately HK\$384 million, HK\$5 million and HK\$1,141 million respectively).

## **Charge on Assets**

As at 31 March 2022, the Group had no charge on assets.

As at 31 March 2021, the Group's properties under development with a carrying amount of approximately HK\$980 million was pledged to a bank for bank borrowing.

## **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 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, and continues to actively monitor foreign exchange exposure to minimise the impact of any adverse currency movement.

## **Contingent Liabilities**

As at 31 March 2022 and 2021, the Group had no contingent liabilities.

## **Capital Commitments**

As at 31 March 2022, the Group had capital commitments of approximately HK\$262,578,000 (2021: approximately HK\$132,279,000).

## **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.

## **EVENTS AFTER REPORTING PERIOD**

### **Subsequent amendments to the terms and conditions of the other bonds**

On 24 June 2022, the Company entered into the fourth deed of amendments to further extend the maturity date of the other bonds in the principal amounts of HK\$220,000,000 and HK\$59,500,000 to 31 May 2023.

### **Cancellation of Mandatory Provident Fund (“MPF”) offsetting mechanism**

On 9 June 2022, the third reading of a bill for cancelling the MPF offsetting mechanism (the “**Bill**”) was passed in the Legislative Council. After the Bill takes effect, employers can no longer offset employees' severance payments or long-service payments against the MPF derived from the employer's mandatory and voluntary contributions. The offsetting mechanism will be cancelled starting from 2025.

The matter mentioned above will have impact to the Group's provision for long service payments (“**LSP**”). Upon the MPF offsetting mechanism is cancelled, the Group can no longer deduct LSP from their portion of MPF contributions. The abolition of the offsetting arrangement has no retrospective effect.

As at the date of the issue of the financial statements, the exact effective date of the abolition is yet to be determined and the details arrangement is yet to be announced by the government. This is a non-adjusting event after the reporting period as the event did not relate to the obligation of the LSP at the end of the reporting period, but reflects the circumstances (i.e. the law) that have arisen subsequently.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in a substantial change to the Group's financial statements.

Other than the abovementioned, no other material subsequent event is noted.

## **STRATEGY AND OUTLOOK**

The COVID-19 outbreak has resulted in an extremely complicated external environment with lots of uncertainties. However, the Group's business and operation were not adversely impacted or disrupted by COVID-19 pandemic for the year ended 31 March 2022. The Group will implement proactive epidemic prevention measures to ensure the health and safety of its employees and customers. The Group will continue to monitor the developments of the COVID-19 outbreak closely, assess and react actively to its impacts on the financial position and operating results of the Group.

Apart from the existing businesses of securities trading, loan financing, properties development and other businesses, 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.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employed 88 full-time staff under its subsidiaries globally as at 31 March 2022 (2021: 75). Total staff costs amounted to approximately HK\$20 million for the year ended 31 March 2022 (2021: approximately HK\$15 million). 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 of the Company.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **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 Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In the opinion of the Directors, the Company has complied with all code provisions of the CG Code during the year ended 31 March 2022 except for the deviations set out below.

1. 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 2022, 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.
2. Due to travel restrictions as a result of the COVID-19 pandemic, Mr. Li Kwong Yuk, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 29 September 2021 (the "2021 AGM") as required by code provision E.1.2 of the CG Code. The 2021 AGM was chaired by the independent non-executive Director, Mr. Chow Shiu Ki. The annual general meeting provides a channel for communication between the Board and the shareholders. Other than the annual general meeting, the shareholders may communicate with the Company through the contact methods listed on the Company's website.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 March 2022, the Company repurchased 225,000 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$17,000. All these repurchased shares were cancelled during the year.

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 2022.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by Directors during the year ended 31 March 2022.

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 2022.

## **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 2022.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

The annual results announcement of the Group for the year ended 31 March 2022 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 2022 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 2022.

## **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 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, 30 June 2022

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

\* *For identification purpose only*