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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 2023**

#### **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 2023, together with the comparative figures for the year ended 31 March 2022:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

		<b>2023</b>	2022
	<i>NOTES</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue	4	<b>1,216,573</b>	154,984
Cost of sales		<b>(982,658)</b>	(1,866)
Gross profit		<b>233,915</b>	153,118
Other income		<b>1,017</b>	1,486
Loss on disposal of financial assets at fair value through profit or loss		–	(60)
Loss arising from financial assets at fair value through profit or loss		<b>(18,348)</b>	(670)
Reversal/(provision) of allowance for impairment of loan and interest receivables		<b>53,728</b>	(60,423)
Selling and distribution costs		<b>(8,050)</b>	(11,228)
General and administrative expenses		<b>(34,331)</b>	(42,624)
Finance costs		<b>(106,475)</b>	(121,327)
Profit/(loss) before tax	6	<b>121,456</b>	(81,728)
Income tax expense	7	<b>(116,790)</b>	(19,598)
Profit/(loss) for the year attributable to the owners of the Company		<b>4,666</b>	(101,326)
<b>Earnings/(loss) per share</b>			
Basic and diluted ( <i>HK cents</i> )	9	<b>0.06</b>	(1.38)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 MARCH 2023*

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit/(loss) for the year</b>	<u><b>4,666</b></u>	<u>(101,326)</u>
<b>Other comprehensive (expenses)/income for the year</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translating foreign operations	<u>(222,530)</u>	<u>102,069</u>
Total other comprehensive (expenses)/income for the year	<u>(222,530)</u>	<u>102,069</u>
Total comprehensive (expenses)/income for the year attributable to the owners of the Company	<u><u><b>(217,864)</b></u></u>	<u><u>743</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2023

		2023	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		15,832	15,523
Property, plant and equipment		8,526	11,485
Right-of-use assets		5,680	6,360
Prepayments and deposits		1,466	1,231
Deferred tax assets		41,359	54,791
		<u>72,863</u>	<u>89,390</u>
<b>Current assets</b>			
Inventories		7,250	7,250
Properties under development	10	1,470,254	2,145,681
Completed properties held for sale		347,952	108,828
Other receivables, prepayments and deposits		22,050	61,995
Loan and interest receivables	11	1,803,871	1,817,875
Financial assets at fair value through profit or loss		14,695	33,043
Cash and cash equivalents		206,333	152,120
		<u>3,872,405</u>	<u>4,326,792</u>
<b>Current liabilities</b>			
Trade and other payables	12	55,731	36,664
Contract liabilities		1,032,818	1,522,042
Amounts due to related companies		96,947	41,091
Tax payables		239,980	156,282
Lease liabilities		2,972	2,418
Convertible bonds		–	893,329
Other bonds		1,259,500	279,500
Promissory note		–	5,639
		<u>2,687,948</u>	<u>2,936,965</u>
<b>Net current assets</b>		<u>1,184,457</u>	<u>1,389,827</u>
<b>Total assets less current liabilities</b>		<u>1,257,320</u>	<u>1,479,217</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AS AT 31 MARCH 2023*

	<i>NOTE</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital	13	<b>73,568</b>	73,568
Reserves		<b>1,183,163</b>	1,401,027
<b>Total equity</b>		<b>1,256,731</b>	1,474,595
<b>Non-current liabilities</b>			
Lease liabilities		<b>589</b>	1,357
Deferred tax liabilities		<b>–</b>	3,265
		<b>589</b>	4,622
		<b>1,257,320</b>	1,479,217

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 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. Its ultimate controlling party is Mr. Li Kwong Yuk.

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### **Going concern assessment**

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### **3. 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 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <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 HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.  
<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

#### 4. 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>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customer within the scope of HKFRS 15</b>		
Sales of properties – at point of time	<u>1,075,503</u>	<u>6,512</u>
	<b>1,075,503</b>	<b>6,512</b>
<b>Revenue from other sources</b>		
Interest income from provision of loan financing services	<b>141,061</b>	148,432
Dividend income	<u>9</u>	<u>40</u>
	<b>141,070</b>	<b>148,472</b>
	<b><u>1,216,573</u></b>	<b><u>154,984</u></b>

#### 5. 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 2023

	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	9	141,061	1,075,503	1,216,573
Loss arising from financial assets at fair value through profit or loss	(18,348)	–	–	(18,348)
Reversal of allowance for impairment of loan and interest receivables	–	53,728	–	53,728
<b>Segment (loss)/profit</b>	<b>(18,339)</b>	<b>194,789</b>	<b>75,188</b>	<b>251,638</b>
Bank interest income				332
Finance costs				(106,475)
Unallocated corporate income				301
Unallocated corporate expenses				(24,340)
<b>Profit before tax</b>				<b>121,456</b>

### 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 fair value through profit or loss	(60)	–	–	(60)
Loss arising from financial assets at fair value through profit or loss	(670)	–	–	(670)
Provision of allowance for impairment of loan and interest receivables	–	(60,423)	–	(60,423)
<b>Segment (loss)/profit</b>	<b>(690)</b>	<b>88,009</b>	<b>(14,776)</b>	<b>72,543</b>
Bank interest income				722
Finance costs				(121,327)
Unallocated corporate income				218
Unallocated corporate expenses				(33,884)
<b>Loss before tax</b>				<b>(81,728)</b>

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 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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Segment assets</b>		
Securities trading business	<b>14,695</b>	33,043
Loan financing business	<b>1,803,816</b>	1,817,875
Properties development business	<b>2,071,444</b>	2,329,284
	<hr/>	<hr/>
Total segment assets	<b>3,889,955</b>	4,180,202
Unallocated corporate assets	<b>55,313</b>	235,980
	<hr/>	<hr/>
<b>Total consolidated assets</b>	<b>3,945,268</b>	4,416,182
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Securities trading business	–	–
Loan financing business	–	–
Properties development business	<b>1,563,479</b>	1,528,653
	<hr/>	<hr/>
Total segment liabilities	<b>1,563,479</b>	1,528,653
Unallocated corporate liabilities	<b>1,125,058</b>	1,412,934
	<hr/>	<hr/>
<b>Total consolidated liabilities</b>	<b>2,688,537</b>	2,941,587
	<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 properties, certain right-of-use assets, deferred tax assets, certain other receivables, prepayments and deposits and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain other payables, tax payables, deferred tax liabilities, amounts due to related companies, promissory note, convertible bonds, other bonds and lease liabilities.

## 6. PROFIT/(LOSS) BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' and chief executive's emoluments	4,500	5,422
Other staff costs (excluding directors' and chief executive's emoluments)	11,728	13,820
Retirement benefit schemes contribution (excluding directors' and chief executive's emoluments)	325	315
	<u>16,553</u>	<u>19,557</u>
Total staff costs		
	<u>16,553</u>	<u>19,557</u>
Amount of inventories recognised as an expense	982,658	1,866
Auditors' remuneration		
– Audit services	1,330	1,280
– Non-audit services	–	300
Depreciation of property, plant and equipment	2,204	3,317
Depreciation of investment properties	837	892
Depreciation of right-of-use assets	3,240	9,186
	<u>3,240</u>	<u>9,186</u>

## 7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
The PRC Enterprise Income Tax	36,528	35,339
The PRC Land Appreciation Tax	69,855	194
Over provision in prior years	–	(911)
Deferred tax	10,407	(15,024)
	<u>116,790</u>	<u>19,598</u>
Income tax expense		
	<u>116,790</u>	<u>19,598</u>

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 9. EARNINGS/(LOSS) PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit/(loss)</b>		
Profit/(loss) for the year attributable to the owners of the Company	<u>4,666</u>	<u>(101,326)</u>
<b>Number of shares</b>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>7,356,861</u>	<u>7,356,861</u>

The computation of diluted earnings per share for the year ended 31 March 2023 does not assume the exercise of the Company's share options because the exercise price of the share options were higher than the average market price for shares for 2023.

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 and share options since they would result in decrease in loss per share for 2022.

## 10. PROPERTIES UNDER DEVELOPMENT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the financial year	2,145,681	1,001,215
Additions	715,143	1,102,149
Transfers to completed properties held for sale	(1,231,464)	–
Exchange difference	<u>(159,106)</u>	<u>42,317</u>
At the end of the financial year	<u>1,470,254</u>	<u>2,145,681</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.

## 11. LOAN AND INTEREST RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loan receivables	1,837,964	1,910,003
Interest receivables	<u>131,344</u>	<u>127,037</u>
	1,969,308	2,037,040
Less: Allowance for impairment of loan and interest receivables	<u>(165,437)</u>	<u>(219,165)</u>
	<u>1,803,871</u>	<u>1,817,875</u>

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

## 12. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	1,822	5,854
Accruals	50,709	27,587
Other payables	3,200	3,223
	<u>55,731</u>	<u>36,664</u>

## 13. SHARE CAPITAL

	Number of shares		Share capital	
	2023 <i>'000</i>	2022 <i>'000</i>	2023 <i>HK\$'000</i>	2022 <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	7,356,783	7,357,008	73,568	73,570
– Shares repurchased and cancelled (Note)	<u>–</u>	<u>(225)</u>	<u>–</u>	<u>(2)</u>
At the end of the financial year	<u>7,356,783</u>	<u>7,356,783</u>	<u>73,568</u>	<u>73,568</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 2023 (2022: 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\$1,217 million or HK\$1,062 million more than that for the previous year. There was a profit for the year attributable to the Company's owners of approximately HK\$5 million (2022: loss of approximately HK\$101 million). Such turnaround from loss to profit was mainly attributable to (i) the increase in revenue of properties development business; and (ii) the reversal of allowance for impairment loss of loan and interest receivables.

The basic and diluted earnings per share was HK0.06 cents as compared with loss per share of HK1.38 cents last year.

### **Securities trading**

During the year, the Group has been involved in the securities trading business. The Group had not realised any loss on the disposal of these listed securities investments during the year (2022: approximately HK\$60,000). The Group recorded a loss of approximately HK\$18 million (2022: gain of approximately HK\$1 million) arising from changes in the fair value of the listed securities. As a result, the Group reported a segment loss of approximately HK\$18 million (2022: loss of approximately HK\$1 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\$141 million (2022: approximately HK\$148 million) from loan financing segment. The Group recorded a reversal of allowance for impairment of loan and interest receivables of approximately HK\$54 million (2022: allowance for impairment of approximately HK\$60 million). As a result, the Group reported a segment profit of approximately HK\$195 million (2022: approximately HK\$88 million). The Group will further develop this segment in order to earn a higher interest income.

### ***Business model***

In respect of the loan financing business, the Group targeted on variety of corporate clients by providing interest bearing short-term loans in order to meet their liquidity needs. The sources of customers are mainly referral from former and/or existing customers and third parties.

### ***Source of funding***

Currently, the loan financing business finances its operation primarily from (i) funding from the Group; and (ii) operating cash flow generated from the loan financing business segment. Since commencement of the business, the loan financing business did not obtain any bank borrowing and/or financing facility from third party to finance its loan financing activities.

### ***Scale of business, loan portfolio and customer base***

The loan financing business solicits its customers by referral from former and/or existing customers and third parties.

As at 31 March 2023, loan receivables with the aggregate gross principal amount of approximately HK\$1,837,964,000 and gross interest receivables amount of approximately HK\$131,344,000 were recorded on the audited financial statements. The interest rates of the loan receivables ranged from 8% to 15% per annum.

As at 31 March 2023, the principal of loan receivables ranged from approximately HK\$19 million to HK\$24 million. The borrowers are from different industries mainly engaged in innovation of IT technology; property management; E-commerce; accommodation and catering; import and export business; trading of building materials; agricultural products processing; and logistics business. As at 31 March 2023, all of the loan receivables are unsecured and repayable within twelve months from the drawdown date with no loan renewal occurred and booked in our records.

### ***Financial business structure and credit risk assessment***

The loan financing business of the Group is operated by two tiers of structure, being the Loan Approval Committee (the “**Committee**”) as the overseeing team and the Loan Financing Management Team (the “**Loan Team**”) as the administrative team responsible to the Committee. The Committee comprises three senior management of the Company and is headed by Mr. Wang Xiaohua, an executive director of the Company. The Loan Team comprises two divisions namely the Loan Financing Unit and the Credit Risk Management Unit, each headed by a manager (the “**Manager**”/“**Managers**”). The Committee and the Managers of the Loan Team together constitute the core management of the loan financial business of the Group.

The primary duties of the Loan Financing Unit are to collect and review borrowing applicants’ background information and preparing summary of due diligence on the borrowing applicants, resulting in a Loan Investigation Report confirmed by the Manager of the unit.

The primary duties of the Credit Risk Management Unit are to carry out credit risk assessment on the borrowing applicants and propose the post-loan management, resulting in a Project Risk Report confirmed by the Manager of the unit.

The Committee is responsible for considering the loan applications, Loan Investigation Report and the Project Risk Report presented by the Managers.

To achieve a sustainable and balanced development of the Group's loan financing business, the core management of the loan financing business possesses comprehensive range of experience and skill and expertise covering, inter alia, (i) risk management; (ii) legal and compliance, (iii) project evaluation; and (iv) corporate management. The Company is of the view that the loan financing management team's diversified abilities are adequate to run the Group's loan financing business in the sustainable manner.

The loan financing business processes undertaken by the Committee and the Loan Team involve a series of internal compliance and control procedures: (i) acceptance of loan applications and Know-Your-Client assessment; (ii) conducting due diligence; (iii) credit risk assessments and loan approvals; (iv) granting of loans; and (v) post-loan grant review and collections.

In the key internal control perspective, the core management of the loan financing business also considers (i) credit risk; (ii) operational risk; and (iii) legal and compliance risk, when conducting the loan financing business activities.

Credit risk in particular is considered to be the principal risk inherent in the loan financing business. Therefore, the loan financing business has developed a credit risk management system in order to effectively identify, manage and minimize credit risks in connection with each loan it grants.

A series of credit risk assessment procedures, such as identity checks, financial position assessment and public searches, were performed by the Group before each loan was approved and advanced to the borrowing customers. In credit assessment, the Company will take into consideration factors including but not limited to the borrower's financial soundness, internal and external credit checking results, and, where applicable, the availability of any guarantee, collateral and/or other forms of security. According to the aforesaid credit policies, the head of the risk management department carries out the credit assessment procedures with reference to the loan investigation report and the project risk report.

Subsequent to the drawdown, the Group will regularly review on a quarterly basis or any time the Committee finds necessary when there is change of policy or economic climate and update the information we obtained during the credit assessment procedures. The Group also actively reviews and monitors the loan repayment status to ensure all the interests and principal payments made by the borrowers through bank transfers are punctual and the past due amounts, if any, are closely followed up.



In the event that the loan repayments are not made on schedule, the Company would communicate with the borrowers to understand the reason for default and their latest situation. Based on the situation and the re-assessment of risk of the loan, the Company would consider whether a loan re-schedule arrangement or a legal action against the borrowers would be the best choices for the Company in order to protect the interest of the Company and its shareholders as a whole.

The credit policy is reviewed and revised on a regular basis to incorporate changes in the prevailing market and economic conditions, legal and regulatory requirements, and other factors the Committee considers as important.

Operational risk is the risk resulting from inadequate or failed internal controls and systems, human errors or external events. The loan financing business has adopted and implemented adequate operational policies and procedures to cope with the operational risk as follows:

- established adequate corporate governance structure with clearly defined duties of the Committee and senior management;
- established the Committee under the Board and collective decision making procedures to mitigate the risk relating to personal judgment or prejudice of a single decision maker in a loan approval procedure;
- adopted and strictly implemented measures to prevent and detect potential employee frauds, such as dual investigation and due diligence process, the policy of separating the investigation and evaluation of loan applications or risk assessment process from the approval of loans, multilevel assessments and approval procedure, on-site visits and inspection, and interviews conducted by our senior management with the owner or management of the customers;
- implementing a performance-based compensation scheme for staff; and
- providing staff with professional training, especially to those who are responsible for assessment and approval process.

The loan financing business operate in a highly regulated industry that is subject to continually evolving laws, regulations and policies, and the loan financing business may be required to make significant changes to its operations from time to time in order to comply with changes in these laws, regulations and policies. The Committee together with other departments involved, advises on legal and regulatory requirements applicable to the loan financing business as well as the application restrictions, and initiate legal proceedings against any defaulting customers.

The Company considers that the loan financing business has put in place adequate loan approval and assessment and monitoring procedures. During the year ended 31 March 2023, all loan receivables are assessed as low risk of default or there has not been a significant increase in credit risk since drawdown, nor there was credit impaired. The Board considers it has put in place adequate and tight policies towards its loan financing business. The effectiveness of these policies is reflected by the fact that all the loans due have been fully settled and no past due has occurred as of the reporting date.

### ***Loan impairment***

Despite that there was no repayment defaults as above mentioned, the loan impairment was recognised with reference to the expected credit losses in accordance with the Hong Kong Financial Reporting Standard 9 Financial Instruments issued by the Hong Kong Institute of Certified Public Accountants.

During the year ended 31 March 2023, the economic downturn continued due to the continuation of the epidemic which affected the repayment ability of the borrowers, thus affecting the Group's expectation on the borrowers' repayment ability. Therefore, when estimating the default rate of loan receivables according to the accounting standards, the Group would prudently consider a default rate of each borrower during the year ended 31 March 2023.

Besides, the Group based on the borrowers' current financial status by communicating with the borrowers, referring to their past and current repayment records, loan terms, and the value of the collaterals, and will make further additional independent adjustments, to calculate the loan impairment.

During the year ended 31 March 2023, no loan receivables were identified as credit impaired nor written off. The Board considers that the impairment ratio is insignificant, given that the Company has put in place adequate and tight policies towards its loan financing business.

### **Properties development**

During the year, the Group has recorded a revenue of approximately HK\$1,076 million (2022: approximately HK\$7 million) and segment profit of approximately HK\$75 million (2022: loss of approximately HK\$15 million segment loss). The increase in revenue was mainly due to the increase in revenue of properties development business recognised upon the customers obtaining control of the completed property for sales of which the sales proceeds were recognised as contract liabilities (i.e. deposits received from customers) in previous financial year. The Group has completed the construction of certain blocks of the Phase III of One Parkview project and is commencing the sales of residential buildings and retail shops. The payment received in advance from customers for properties sales were recognized in contract liabilities. 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.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within a period of two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The Directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

As at 31 March 2023, guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties amounted to approximately HK\$11,394,000 in total (31 March 2022: Nil).

#### **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.

#### **Strategic cooperation**

On 19 April 2022, the Company entered into a strategic cooperation framework agreement (the “**Framework Agreement**”) with State Power Investment Group Overseas Investment Co., Ltd.\* (國家電力投資集團海外投資有限公司) in respect of developing a long-term cooperation in the fields of energy trade, new energy projects, financial investment, based on the principles of complementarity of advantages, mutual benefit and common development (the “**Strategic Cooperation**”). During the year ended 31 March 2023, the activities contemplated under the Strategic Cooperation have not achieved significant progress because of the global stagnant market condition. For more details about the Framework Agreement, please refer to the announcement of the Company dated 19 April 2022.

#### **CAPITAL STRUCTURE**

As at 31 March 2023, the total number of issued shares of the Company was 7,356,783,015 (31 March 2022: 7,356,783,015) of HK\$0.01 each and its issued share capital was HK\$73,567,830 (31 March 2022: HK\$73,567,830).

There was no change in the capital structure of the Company during the year.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased from approximately HK\$155 million in 2022 to approximately HK\$1,217 million in 2023, mainly because of a increase of revenue in properties development segment.

### **Gross Profit**

The gross profit increased by approximately HK\$81 million, or 52.8%, from approximately HK\$153 million in 2022 to approximately HK\$234 million in 2023. The gross profit margin decreased from approximately 98.8% in 2022 to approximately 19.2% in 2023.

### **Other Income**

Other income decreased to approximately HK\$1.0 million this year (2022: approximately HK\$1.5 million). The decrease was mainly due to decrease in bank interest income for the year ended 31 March 2023.

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

Selling and distribution costs decreased to approximately HK\$8 million (2022: approximately HK\$11 million) which was mainly due to the decrease in marketing expenses. General and administrative expenses decreased to approximately HK\$33 million (2022: approximately HK\$43 million) which was mainly due to the cost saving resulted by an implementation of cost control during the year ended 31 March 2023.

### **Property, Plant and Equipment**

Property, plant and equipment decreased to approximately HK\$9 million in this review year (2022: approximately HK\$11 million).

### **Significant Investment**

As at 31 March 2023, 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\$15 million (2022: approximately HK\$33 million). The Group recorded a loss of approximately HK\$18 million (2022: loss of approximately HK\$1 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 2023, there were no significant investments held by the Group.

## **Cash and Bank Balances**

Cash and bank balances decreased from approximately HK\$152 million in last year to approximately HK\$206 million this year.

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

As at 31 March 2023, the Group's net assets attributable to the owners of the Company amounted to approximately HK\$1,257 million (2022: HK\$1,475 million), an decrease of approximately HK\$218 million when compared with that of 2022.

As at 31 March 2023, total debt to equity ratio was 1.00 (2022: 0.61) and net debt to equity ratio was 0.84 (2022: 0.51), 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\$1,257 million (2022: HK\$1,475 million).

## **Convertible Bonds, Other Bonds and Promissory Note**

As at 31 March 2023, the Group's convertible bonds, other bonds and promissory note amounted to approximately Nil, HK\$1,260 million and Nil respectively (31 March 2022: approximately HK\$893 million, HK\$279 million and HK\$6 million respectively). The increase in the other bonds was because the conversion rights attached to the convertible bonds in the principal amount of HK\$980,000,000 issued by the Company to a former director (Mr. Li Kwong Yuk) on 26 March 2018 at the initial conversion price of HK\$0.80 per conversion share expired on 26 March 2023, and as such the relevant convertible bonds have become a straight debt and no longer been classified as convertible debt securities but other bonds.

## **Charge on Assets**

As at 31 March 2023 and 2022, the Group had no charge on assets.

## **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 2023 and 2022, the Group had no contingent liabilities.

## Capital Commitments

As at 31 March 2023, the Group had capital commitments of approximately HK\$691,526,000 (2022: approximately HK\$262,578,000).

## 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

On 23 June 2023, the Company entered into a subscription agreement with a subscriber (the "**Subscriber**"), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible bonds with an aggregate principal amount of HK\$980,000,000 (the "**Convertible Bonds**") convertible into the Company's shares at the initial conversion price of HK\$0.4 (the "**Conversion Price**") per conversion share (the "**Conversion Share**").

Assuming the exercise in full of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.4 per Conversion Share, a total of 2,450,000,000 Conversion Shares will be issued, representing approximately 33.30% of the existing issued share capital of the Company and approximately 24.98% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued under a specific mandate (the "**Specific Mandate**") to be approved by the independent shareholders at a special general meeting.

The subscription price of the Convertible Bonds in sum of HK\$980,000,000 shall be settled by the Subscriber by setting it off against the redemption money payable by the Company to the Subscriber in the equivalent sum of HK\$980,000,000 for redemption of the convertible bonds expired on 26 March 2023.

The Convertible Bonds are subject to conditions precedents including but not limited to independent shareholders' approval at general meeting.

For further details of the Convertible Bonds, please refer to the announcement of the Company dated 23 June 2023.

## **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 2023. 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 65 full-time staff under its subsidiaries globally as at 31 March 2023 (2022: 88). Total staff costs amounted to approximately HK\$17 million for the year ended 31 March 2023 (2022: approximately HK\$20 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 2023 except for the deviations set out below.

1. Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2023, Mr. Li Kwong Yuk was the Chairman of the Board until he resigned from that position on 30 December 2022 while Mr. Su Xiaonong was the Chief Executive Officer throughout the year under review. On 30 December 2022 Mr. Su Xiaonong was appointed the Acting Chairman of the Board. Hence, the roles of the Acting Chairman and the Chief Executive Officer have been held by Mr. Su Xiaonong since that time. The Group has plans to diversify the long term development of its business activities for more income streams. The Board believes that vesting the roles of the Acting Chairman of the Board and the Chief Executive Officer in Mr. Su Xiaonong will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies for the aforesaid goal. The Board considers that such structure is in the best interests of the Company and its shareholders at this stage.
2. Under code provision C.5.3 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 2023, a regular Board meeting was 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 C.5.3 of the CG Code in future.
3. Code provision D.3.3 stipulates that the audit committee must meet, at least twice a year, with the Company's auditor. Since the Company did not engage its auditor to review the financial information in its interim report for the six months ended 30 September 2022, the audit committee has met the Company's auditor once during the review year to discuss matters arising from the audit of the Company's annual results and other matters the auditor may wish to raise.
4. Due to travel restrictions as a result of the COVID-19 pandemic, Mr. Li Kwong Yuk, the former Chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 September 2022 (the "2022 AGM") as required by code provision F.2.2 of the CG Code. The 2022 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**

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 2023.

## **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 2023.

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 2023.

## **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 2023.

## **AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in this announcement have been agreed by the Company’s external auditor, Elite Partners CPA Limited (“**Elite Partners**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2023. The work performed by Elite Partners in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Elite Partners on this announcement.

Elite Partners shall retire at the forthcoming annual general meeting, at which a resolution will be proposed for the re-appointment of Elite Partners as the auditor of the Company for a term of office until the conclusion of the annual general meeting of the Company in 2024.

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

The annual results announcement of the Group for the year ended 31 March 2023 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 2023 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 2023.

## **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**  
**SU Xiaonong**  
*Acting Chairman and Chief Executive Officer*

Hong Kong, 30 June 2023

*As at the date of this announcement, the Board comprises Mr. SU Xiaonong (Acting Chairman and Chief Executive Officer), Mr. WANG Xiaohua and Mr. HO Cheong Hang Edmond 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*