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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)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of DINGYI GROUP INVESTMENT LIMITED (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

		Six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	117,777	984,784
Cost of sales		<u>(62,415)</u>	<u>(819,129)</u>
Gross profit		55,362	165,655
Other income	5	816	779
Loss on disposal of financial assets at fair value through profit or loss		(3)	–
Loss arising from financial assets at fair value through profit or loss		(879)	(12,891)
Reversal of impairment/allowance for impairment on loan and interest receivables		84,825	(2,862)
Selling and distribution costs		(4,690)	(3,714)
General and administrative expenses		(11,154)	(19,427)
Finance costs	6	<u>(3,047)</u>	<u>(53,028)</u>

		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit before tax	7	121,230	74,512
Income tax expense	8	(15,163)	(37,930)
		<hr/>	<hr/>
Profit for the period and attributable to the owners of the Company		106,067	36,582
		<hr/> <hr/>	<hr/> <hr/>
			(Restated)
Earnings per share			
Basic and diluted (<i>HK cents</i>)	9	14.42	5.00
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	106,067	36,582
Other comprehensive expenses for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translating foreign operations	<u>(135,858)</u>	<u>(318,604)</u>
Total comprehensive expenses for the period	<u>(29,791)</u>	<u>(282,022)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Note</i>	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		14,704	15,832
Property, plant and equipment		7,650	8,526
Deferred tax assets		41,359	5,680
Prepayment and deposits		1,420	1,466
Right-of-use assets		3,775	41,359
		<hr/> 68,908 <hr/>	<hr/> 72,863 <hr/>
Current asset			
Inventories		7,250	7,250
Properties under development		1,463,435	1,470,254
Completed properties held for sale		283,807	347,952
Other receivables, deposits and prepayments		20,218	22,050
Loan and interest receivables	11	784,758	1,803,871
Financial assets at fair value through profit or loss		12,941	14,695
Cash and cash equivalents		209,455	206,333
		<hr/> 2,781,864 <hr/>	<hr/> 3,872,405 <hr/>
Current liabilities			
Trade and other payables	12	16,421	55,731
Contract liabilities	12	355,826	1,032,818
Amounts due to related companies		18,480	96,947
Lease liabilities		1,706	2,972
Other bonds	14	980,000	1,259,500
Tax payables		251,399	239,980
		<hr/> 1,623,832 <hr/>	<hr/> 2,687,948 <hr/>
Net current assets		<hr/> 1,158,032 <hr/>	<hr/> 1,184,457 <hr/>
Total assets less current liabilities		<hr/> 1,226,940 <hr/> <hr/>	<hr/> 1,257,320 <hr/> <hr/>

	As at 30 September 2023 <i>Note</i> HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Capital and reserves		
Share capital	73,568	73,568
Reserves	<u>1,153,372</u>	<u>1,183,163</u>
Total equity	<u>1,226,940</u>	<u>1,256,731</u>
Non-current liabilities		
Lease liabilities	–	589
Deferred tax liabilities	<u>–</u>	<u>–</u>
	<u>1,226,940</u>	<u>1,257,320</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s condensed consolidated financial statements for the current and prior periods and/or on the disclosure set out in these condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company’s consolidated financial statements for the year ended 31 March 2023.

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

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

Assets and liabilities measured at fair value as at 30 September 2023:

	Level 1 HK\$'000
Financial assets at fair value through profit or loss ("FVTPL")	
– Listed equity investments	12,941

Assets and liabilities measured at fair value as at 31 March 2023:

	Level 1 HK\$'000
Financial assets at FVTPL	
– Listed equity investments	14,695

4. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance focuses on types of goods delivered or services rendered.

The Group has three reportable and operating segments (i) securities trading business; (ii) loan financing business; and (iii) properties development business.

Segment revenue and results

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

For the six months ended 30 September 2023 (Unaudited)

	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>
Revenue				
External revenue	–	38,517	79,260	117,777
Loss arising from financial assets at FVTPL	(931)	–	–	(931)
Reversal of impairment on loan and interest receivables	–	84,825	–	84,825
Segment (loss)/profit	(931)	123,003	3,051	125,123
Bank interest income				343
Finance costs				(3,047)
Unallocated corporate income				473
Unallocated corporate expenses				(1,662)
Profit before tax				121,230

For the six months ended 30 September 2022 (Unaudited)

	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>
Revenue				
External revenue	9	73,797	910,978	984,784
Loss arising from financial assets at FVTPL	(12,891)	–	–	(12,891)
Provision of allowance for impairment of loan and interest receivables	–	(2,862)	–	(2,862)
Segment (loss)/profit	(12,926)	69,750	81,321	138,145
Bank interest income				164
Finance costs				(53,028)
Unallocated corporate income				615
Unallocated corporate expenses				(11,384)
Profit before tax				74,512

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, certain central administration expenses and gain on modification of convertible bonds. 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:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Segment assets		
Securities trading business	12,941	14,695
Loan financing business	784,758	1,803,816
Properties development business	<u>2,000,095</u>	<u>2,071,444</u>
Total segment assets	2,797,794	3,889,955
Unallocated corporate assets	<u>45,728</u>	<u>55,313</u>
Total assets	<u>2,850,772</u>	<u>3,945,268</u>
Segment liabilities		
Securities trading business	–	–
Loan financing business	–	–
Properties development business	<u>372,614</u>	<u>1,563,479</u>
Total segment liabilities	372,614	1,563,479
Unallocated corporate liabilities	<u>1,251,218</u>	<u>1,125,058</u>
Total liabilities	<u>1,623,832</u>	<u>2,688,537</u>

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, right-of-use assets, deferred tax assets, certain deposits, prepayment and other receivables and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain other payables, amounts due to related companies, tax payables, deferred tax liabilities, certain lease liabilities and other bonds.

Other segment information

For the period ended 30 September 2023 (Unaudited)

	Securities trading business <i>HK\$'000</i>	Loan financing business <i>HK\$'000</i>	Properties development business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	-	-	1,392	-	1,392
Depreciation of investment properties	-	-	454	-	454
Depreciation of right-of-use assets	-	-	-	1,673	1,673
	<u>-</u>	<u>-</u>	<u>1,392</u>	<u>1,673</u>	<u>1,673</u>

For the period ended 30 September 2022 (Unaudited)

	Securities trading business <i>HK\$'000</i>	Loan financing business <i>HK\$'000</i>	Properties development business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	-	-	992	581	1,573
Depreciation of investment properties	-	-	425	-	425
Depreciation of right-of-use assets	-	-	-	1,480	1,480
	<u>-</u>	<u>-</u>	<u>992</u>	<u>1,480</u>	<u>1,480</u>

Geographical information

The Group's operations are located in Hong Kong (country of domicile) and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets (other than prepayments and deposits and deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers					
	30 September 2023			30 September 2022		
	Revenue from contract with customers <i>HK\$'000</i> (Unaudited)	From other sources <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Revenue from contract with customers <i>HK\$'000</i> (Unaudited)	From other sources <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
The PRC	79,260	38,517	117,777	910,978	73,797	984,775
Hong Kong	-	-	-	-	9	9
	79,260	38,517	117,777	910,978	73,806	984,784

5. OTHER INCOME

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Bank interest income	343	164
Government grants (<i>Note</i>)	-	379
Rental income	264	132
Income from forfeited deposits	209	104
	816	779

Note: The amount represents salaries and wage subsidies granted under “Anti-Epidemic Fund” and “Employment Support Scheme” by the Government of the Hong Kong Special Administrative Region.

6. FINANCE COSTS

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Effective interest expense on convertible bonds	-	43,055
Interest expenses on other bonds	3,002	9,809
Interest expenses on promissory note	-	111
Interest expenses on lease liabilities	45	53
	3,047	53,028

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amount of inventories recognised as an expense	62,415	819,129
Depreciation of property, plant and equipment	1,392	1,573
Depreciation of investment properties	454	425
Depreciation of right-of-use assets	1,673	1,480
Net exchange losses	–	18
Rental expenses (short-term leases)	–	850
	<u>62,415</u>	<u>819,129</u>

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
The PRC Enterprise Income Tax (“EIT”)	15,163	37,628
Deferred tax	–	302
	<u>15,163</u>	<u>37,930</u>
Income tax expenses	<u>15,163</u>	<u>37,930</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 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 (2022: 16.5%). No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2023 and 2022 as the assessable profits is wholly absorbed by tax losses brought forwards.

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% for both periods.

Pursuant to the laws and regulations of the British Virgin Islands (the “BVI”), Bermuda and Singapore, the Group is not subject to any income tax in the BVI, Bermuda and Singapore for both periods.

9. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company	106,067	36,582
	Number of	Number of
	shares	shares
	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	731,678	731,678
		(Restated)
Basic and diluted earnings per share (<i>HK cents</i>)	14.42	5.00

By passing an ordinary resolution at the special general meeting of the Company held on 18 August 2023, every ten ordinary shares in the issued share capital of the Company were consolidated into one consolidated ordinary share in the issued share capital of the Company. As a result of the share consolidation, the weighted average number of ordinary shares adopted in the calculation of the basic and diluted loss per share for the six months ended 30 September 2022 have been adjusted retrospectively.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 September 2023.

The basic and diluted loss per share for the six months ended 30 September 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 shares options since they would result in decrease in profit per share for the six months ended 30 September 2022.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Loan receivables	845,566	1,837,964
Interest receivables	<u>19,804</u>	<u>131,344</u>
	865,370	1,969,308
Less: Allowance for impairment on loan and interest receivables	<u>(80,612)</u>	<u>(165,437)</u>
	<u>784,758</u>	<u>1,803,871</u>

The loans and interest receivables are due from independent third parties, which are unsecured and their relevant due in June 2024 (31 March 2023: dates started from April 2023 to June 2023). The interest rates on the loans and interest receivables are fixed ranging from 6% to 15% per annum (31 March 2023: 8% to 15% per annum).

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

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Within 90 days	–	–
91 days to 180 days	–	–
181 days to 365 days	<u>784,758</u>	<u>1,803,871</u>
	<u>784,758</u>	<u>1,803,871</u>

The Group's loan financing customers included in the loan and interest receivables are due for settlement at the date specified in the respective loan agreements. The Group did not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	625	1,822
Accruals	12,584	50,709
Other payables	3,212	3,200
	<u>16,421</u>	<u>55,731</u>
Contract liabilities	<u>355,826</u>	<u>1,032,818</u>

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised ordinary shares:		
As at 1 April 2022, 31 March 2023 and 1 April 2023 of HK\$0.01 per share	10,500,000	105,000
Increase in share capital (<i>Note (i)</i>)	9,500,000	95,000
Share consolidation (<i>Note (ii)</i>)	(18,000,000)	–
	<u>2,000,000</u>	<u>200,000</u>
As at 30 September 2023 of HK\$0.1 per share	<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid ordinary shares:		
As at 1 April 2022, 31 March 2023 and 1 April 2023 of HK\$0.01 per share (Audited)	7,356,783	73,568
Share consolidation (<i>Note (ii)</i>)	(6,621,105)	–
	<u>735,678</u>	<u>73,568</u>
As at 30 September 2023 of HK\$0.1 per share (Unaudited)	<u>735,678</u>	<u>73,568</u>

Note:

On 18 August 2023, the Company passed ordinary resolutions in relation to the following by the shareholders of the Company:

- (i) an increase in authorised share capital of the Company from HK\$105,000,000 to HK\$200,000,000; and
- (ii) the consolidation of every ten (10) issued and unissued shares of HK\$0.01 each in the capital of the Company into one (1) consolidated share of HK\$0.10 (“**Share Consolidation**”).

As all the conditions of the Share Consolidation were fulfilled, the Share Consolidation became effective on 22 August 2023.

For further details of the increase in authorised share capital of the Company and the Share Consolidation, please refer to the announcements of the Company dated 23 June 2023, 5 July 2023, 21 July 2023, 27 July 2023, 18 August 2023 and 21 August 2023 and the circular of the Company dated 2 August 2023.

14. OTHER BONDS

In June 2023, the other bonds of HK\$220,000,000 and HK\$59,500,000 were entirely settled by the Group.

As at 30 September 2023, the Group's other bonds amounted to HK\$980 million (31 March 2023: approximately HK\$1,260 million).

On 23 June 2023, the Company entered into the subscription agreement with Mr. Li Kwong Yuk (“**Mr. Li**”), the controlling shareholder of the Company and accordingly a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), pursuant to which the Company has conditionally agreed to issue, and Mr. Li has conditionally agreed to subscribe for, the convertible bonds with an aggregate principal amount of HK\$980 million (the “**Convertible Bonds**”) convertible into the Company's shares at the initial conversion price of HK\$0.40 per share. The subscription of the Convertible Bonds was subject to the fulfilment of condition precedent including the passing of the resolution by the independent shareholders of the Company. The above resolution was not passed at the special general meeting held on 18 August 2023. As such, the Company was not able to utilize the proceeds of the Convertible Bonds for redemption of the 2018 CB. According to the letter dated 23 June 2023 received from Mr. Li, in the event that the above resolution was not passed at the special general meeting, Mr. Li shall withhold any demand or claims against the Company for redemption of the 2018 CB until 31 March 2024.

For further details of the Convertible Bonds, please refer to the announcements of the Company dated 23 June 2023 and 18 August 2023 and the circular of the Company dated 2 August 2023.

15. CONTINGENT LIABILITIES

As at 30 September 2023, the Group had financial guarantees of approximately HK\$12.8 million (31 March 2023: HK\$11.4 million) given to banks for mortgage facilities granted to the purchasers of the Group's 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 issuance of the real estate ownership certificate.

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 30 September 2023 and 31 March 2023, the Group had no other contingent liabilities.

16. CAPITAL COMMITMENTS

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

Contracted for but not provided in the condensed consolidated financial statements

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
For properties under development	<u>605,962</u>	<u>691,526</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue decreased from approximately HK\$985 million for the six months ended 30 September 2022 to approximately HK\$118 million for that of the period in 2023, mainly due to the decrease in the revenue from the property development business. There was a profit attributable to the Company's owners of approximately HK\$106 million for the six months ended 30 September 2023, compared to a profit of approximately HK\$37 million in last corresponding period. Such increase was mainly attributable to the combined effect of (i) the decrease in revenue of properties development business; and (ii) the increase in non-cash recognition of reversal of impairment for the expected credit loss of loan and interest receivables.

The basic and diluted earnings per share amounted to HK14.42 cents for the six months ended 30 September 2022, compared with earnings per share of HK5.00 cents (restated) for the same period in last year.

Securities trading

During the period, the Group has been involved in the securities trading business. The Group had realised loss on the disposal of these listed securities amounting to approximately HK\$3,000 during the period (2022: no disposal of these listed securities). The Group recorded approximately HK\$879,000 loss (2022: loss of approximately HK\$13 million) arising from changes in the fair value of the listed securities shares. As a result, the Group reported approximately HK\$879,000 segment loss (2022: approximately HK\$13 million) during the period. 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 30 September 2023, there was no investment held by the Group which value was more than 5% of the total assets of the Group.

Loan financing

During the period, the Group recorded a revenue of approximately HK\$39 million (2022: approximately HK\$74 million) and the segment profit was approximately HK\$123 million (2022: approximately HK\$70 million). The Group will further develop in 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 30 September 2023, loan receivables with the aggregate gross principal amount of approximately HK\$845,566,000 and gross interest receivables amount of approximately HK\$19,804,000 were recorded on the audited financial statements. The interest rates of the loan receivables ranged from 6% to 15% per annum.

As at 30 September 2023, the principal of loan receivables ranged from approximately HK\$22 million to HK\$27 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 30 September 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 six months ended 30 September 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 six months ended 30 September 2023, the economic downturn continued due to the stagnant market condition 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 six months ended 30 September 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 six months ended 30 September 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 period, the Group has recorded a revenue of approximately HK\$79 million (2022: approximately HK\$911 million) and segment profit of approximately HK\$3 million (2022: approximately HK\$81 million segment loss). The decrease in revenue was mainly due to the decrease 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.

SHARE REORGANISATION

On 18 August 2023, the Company passed ordinary resolutions in relation to the following by the shareholders of the Company:

- (i) an increase in authorised share capital of the Company from HK\$105,000,000 to HK\$200,000,000; and
- (ii) the consolidation of every ten (10) issued and unissued shares of HK\$0.01 each in the capital of the Company into one (1) consolidated share of HK\$0.10 (“**Share Consolidation**”).

As all the conditions of the Share Consolidation were fulfilled, the Share Consolidation became effective on 22 August 2023.

Adjustments to Share Options

The Share Consolidation has resulted in the following adjustments to the exercise price of the share options and the number of consolidated shares to be issued upon the exercise of the outstanding share options:

Date of grant	Immediately prior to the adjustments		Immediately after the adjustments	
	Exercise price per Existing Share <i>HK\$</i>	Number of Existing Shares to be issued upon exercise of the outstanding Share Options	Exercise price per Consolidated Share <i>HK\$</i>	Number of Consolidated Shares to be issued upon exercise of the outstanding Share Options
11 April 2019	0.456	609,500,000	4.56	60,950,000

The aforesaid adjustments in relation to the outstanding share options took effect simultaneously with the Share Consolidation on 22 August 2023. Save for the above adjustments, all other terms and conditions of the outstanding share options remain unchanged.

For further details of the increase in authorised share capital of the Company and the Share Consolidation, please refer to the announcements of the Company dated 23 June 2023, 5 July 2023, 21 July 2023, 27 July 2023, 18 August 2023 and 21 August 2023 and the circular of the Company dated 2 August 2023.

CAPITAL STRUCTURE

As at 30 September 2023, the total number of issued shares of the Company was 735,678,301 of HK\$0.10 each (31 March 2023: 7,356,783,015 of HK\$0.01 each) and its issued share capital was approximately HK\$73,567,830 (31 March 2023: approximately HK\$73,567,830).

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

STRATEGY AND OUTLOOK

Apart from the existing businesses of securities trading, loan financing and properties development, 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' value. The Group has been exploring some investment opportunities in resources and energy projects, properties development, financial technology, pharmaceutical and ocean industry.

EVENTS AFTER REPORTING PERIOD

The Group has no significant events after the reporting period.

FINANCIAL REVIEW

SHAREHOLDERS' EQUITY AND FINANCIAL RATIOS

As at 30 September 2023, the Group's net assets attributable to the owners of the Company amounted to approximately HK\$1,227 million (31 March 2023: approximately HK\$1,257 million), a decrease of approximately HK\$30 million.

As at 30 September 2023, total debt to equity ratio was 0.80 (31 March 2023: 1.00) and net debt to equity ratio was 0.63 (31 March 2023: 0.84) 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\$1,227 million (31 March 2023: approximately HK\$1,257 million).

BORROWINGS

As at 30 September 2023, the Group's other bonds amounted to HK\$980 million (31 March 2023: approximately HK\$1,260 million).

On 23 June 2023, the Company entered into the subscription agreement with Mr. Li Kwong Yuk ("**Mr. Li**"), the controlling shareholder of the Company and accordingly a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), pursuant to which the Company

has conditionally agreed to issue, and Mr. Li has conditionally agreed to subscribe for, the convertible bonds with an aggregate principal amount of HK\$980 million (the “**Convertible Bonds**”) convertible into the Company’s shares at the initial conversion price of HK\$0.40 per share. The subscription of the Convertible Bonds was subject to the fulfilment of condition precedent including the passing of the resolution by the independent shareholders of the Company. The above resolution was not passed at the special general meeting held on 18 August 2023. As such, the Company was not able to utilize the proceeds of the Convertible Bonds for redemption of the 2018 CB. According to the letter dated 23 June 2023 received from Mr. Li, in the event that the above resolution was not passed at the special general meeting, Mr. Li shall withhold any demand or claims against the Company for redemption of the 2018 CB until 31 March 2024.

For further details of the Convertible Bonds, please refer to the announcements of the Company dated 23 June 2023 and 18 August 2023 and the circular of the Company dated 2 August 2023.

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

CONTINGENT LIABILITIES

As at 30 September 2023, the Group had financial guarantees of approximately HK\$12.8 million (31 March 2023: HK\$11.4 million) given to banks for mortgage facilities granted to the purchasers of the Group’s 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 issuance of the real estate ownership certificate.

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 30 September 2023 and 31 March 2023, the Group had no other contingent liabilities.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitments of approximately HK\$606 million (31 March 2023: approximately HK\$692 million) primarily for properties under development.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2023, the Group had no charges on its assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had a total of 57 full-time staff (2022: 70) and total staff costs for the six months ended 30 September 2023 were approximately HK\$5 million (2022: approximately HK\$9 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 adopted on 21 September 2012 which expired on 20 September 2022. The Company adopted a new share option scheme (the “**New Share Option Scheme**”) on 3 November 2023 which shall be valid and effective for a period of 10 years from the adoption date.

OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

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 six months ended 30 September 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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 as set out in the Model Code throughout the six months ended 30 September 2023.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2023 except the deviations disclosed below.

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 six months ended 30 September 2023, Mr. Su Xiaonong is the Acting Chairman of the Board and the Chief Executive Officer of the Company. 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 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.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and risk management systems of the Group and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023.

APPRECIATION

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

By order of the Board
DINGYI GROUP INVESTMENT LIMITED
Su Xiaonong
Acting Chairman and Chief Executive Officer

Hong Kong, 30 November 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.