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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 2024

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 2024, together with the comparative figures for the year ended 31 March 2023:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
Revenue	4	862,189	1,216,573
Cost of sales		<u>(754,171)</u>	<u>(982,658)</u>
Gross profit		108,018	233,915
Other income		1,127	1,017
Loss arising from financial assets at fair value through profit or loss		(4,470)	(18,348)
Reversal of allowance for impairment of loan and interest receivables		81,727	53,728
Selling and marketing expenses		(45,165)	(8,050)
General and administrative expenses		(21,590)	(34,331)
Finance costs		<u>(3,100)</u>	<u>(106,475)</u>
Profit before tax	6	116,547	121,456
Income tax expense	7	<u>(76,563)</u>	<u>(116,790)</u>
Profit for the year attributable to the owners of the Company		<u>39,984</u>	<u>4,666</u>
			(Restated)
Earnings per share			
Basic and diluted (<i>HK cents</i>)	9	<u>5.43</u>	<u>0.63</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	39,984	4,666
Other comprehensive expenses for the year		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translating foreign operations	<u>(100,850)</u>	<u>(222,530)</u>
Total comprehensive expenses for the year attributable to the owners of the Company	<u>(60,866)</u>	<u>(217,864)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	<i>NOTES</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Investment properties		14,378	15,832
Property, plant and equipment		7,318	8,526
Right-of-use assets		5,375	5,680
Prepayments and deposits		1,379	1,466
Deferred tax assets		25,624	41,359
		54,074	72,863
Current assets			
Inventories		7,250	7,250
Properties under development	10	275,807	1,470,254
Completed properties held for sale		1,095,947	347,952
Other receivables, prepayments and deposits		262,917	22,050
Loan and interest receivables	11	824,899	1,803,871
Financial assets at fair value through profit or loss		9,353	14,695
Cash and cash equivalents		113,981	206,333
		2,590,154	3,872,405
Current liabilities			
Trade and other payables	12	21,383	55,731
Contract liabilities		105,226	1,032,818
Amounts due to related companies		62,699	96,947
Tax payables		275,797	239,980
Lease liabilities		2,157	2,972
Other bonds		980,000	1,259,500
		1,447,262	2,687,948
Net current assets		1,142,892	1,184,457
Total assets less current liabilities		1,196,966	1,257,320

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 31 MARCH 2024*

	<i>NOTE</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Capital and reserves			
Share capital	13	73,568	73,568
Reserves		1,122,297	1,183,163
Total equity		1,195,865	1,256,731
Non-current liabilities			
Lease liabilities		1,101	589
		1,196,966	1,257,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. GENERAL INFORMATION

DINGYI GROUP INVESTMENT LIMITED (the “**Company**”) was incorporated in Bermuda with limited liability and its shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The directors of the Company regard Wincon Capital Investment Limited (“**Wincon Capital**”), a private limited liability company incorporated in the British Virgin Islands, as the immediate and ultimate holding company of the Company. 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 Hong Kong dollar (“**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 basis

The Group continued to record a profit for the year of approximately HK\$39,984,000 during the year ended 31 March 2024 (year ended 31 March 2023: HK\$4,666,000). The Group's revenue decreased from approximately HK\$1,216,573,000 for the year ended 31 March 2023 to approximately HK\$862,189,000 for the year ended 31 March 2024. As at 31 March 2024, the Group recorded net current assets of approximately HK\$1,142,892,000, and the Group's other bonds payable to the ultimate controlling party amounted to approximately HK\$980,000,000, while its cash and cash equivalents amounted to approximately HK\$113,981,000.

In view of the abovementioned, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and performance of the Group and the available and new sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern.

The Directors have reviewed the Group's cash flow projections prepared by management which cover a period of not less than twelve months from 31 March 2024, on the basis of an undertaking given by the ultimate controlling party who irrevocably and unconditionally undertake and covenant to the Company and shall withhold any demand or claims against the Company for the other bonds payable to him until 31 March 2025. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 March 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatory for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17	Insurance Contracts and the related Amendments
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules

Except as stated below, new and amendments to HKFRSs listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “Significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

Amendments to HKFRSs that are not mandatory for the current year

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of assessing the potential impact of the amendments to HKFRSs but are not yet in a position to determine whether the amendments to HKFRSs will have a material impact on the Group’s performance and financial position and on the disclosures. The amendments to HKFRSs may result in changes to how the Group’s performance and financial position are prepared and presented in the 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customer		
Sales of properties – at point of time	<u>791,386</u>	<u>1,075,503</u>
	<u>791,386</u>	<u>1,075,503</u>
Revenue from other sources		
Interest income from provision of loan financing services	70,803	141,061
Dividend income	<u>–</u>	<u>9</u>
	<u>70,803</u>	<u>141,070</u>
	<u><u>862,189</u></u>	<u><u>1,216,573</u></u>

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 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 2024

	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	–	70,803	791,386	862,189
Loss arising from financial assets at fair value through profit or loss	(4,470)	–	–	(4,470)
Reversal of allowance for impairment of loan and interest receivables	–	81,727	–	81,727
Segment (loss)/profit	(4,470)	152,530	(12,211)	135,849
Bank interest income				420
Finance costs				(3,100)
Unallocated corporate income				706
Unallocated corporate expenses				(17,328)
Profit before tax				116,547

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>
Revenue				
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
Segment (loss)/profit	(18,339)	194,789	75,188	251,638
Bank interest income				332
Finance costs				(106,475)
Unallocated corporate income				301
Unallocated corporate expenses				(24,340)
Profit before tax				121,456

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 certain other income, bank interest income, finance costs, and certain general and administrative 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
Securities trading business	9,353	14,695
Loan financing business	824,899	1,803,816
Properties development business	<u>1,771,127</u>	<u>2,071,444</u>
Total segment assets	2,605,379	3,889,955
Unallocated corporate assets	<u>38,849</u>	<u>55,313</u>
Total consolidated assets	<u><u>2,644,228</u></u>	<u><u>3,945,268</u></u>
Segment liabilities		
Securities trading business	–	–
Loan financing business	–	–
Properties development business	<u>199,531</u>	<u>1,563,479</u>
Total segment liabilities	199,531	1,563,479
Unallocated corporate liabilities	<u>1,248,832</u>	<u>1,125,058</u>
Total consolidated liabilities	<u><u>1,448,363</u></u>	<u><u>2,688,537</u></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, certain right-of-use assets, deferred tax assets, certain other receivables, prepayments and deposits and certain cash and cash equivalents; and
- all liabilities are allocated to operating segments other than certain other payables, tax payables, amounts due to related companies, other bonds and lease liabilities.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' and chief executive's emoluments	1,645	4,501
Other staff costs (excluding directors' and chief executive's emoluments)	7,518	11,728
Retirement benefit schemes contribution (excluding directors' and chief executive's emoluments)	255	325
	<u>9,418</u>	<u>16,554</u>
Total staff costs		
	<u>9,418</u>	<u>16,554</u>
Amount of inventories recognised as an expense	754,171	982,658
Auditors' remuneration		
– Audit services	1,427	1,330
– Non-audit services	–	–
Advertising and promotion expenses	43,028	6,146
Depreciation of property, plant and equipment	973	2,204
Depreciation of investment properties	907	837
Depreciation of right-of-use assets	3,362	3,240
Legal and professional fees	2,109	1,385
	<u>2,109</u>	<u>1,385</u>

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– The PRC Enterprise Income Tax	16,988	36,528
– The PRC Land Appreciation Tax	43,840	69,855
Deferred tax	15,735	10,407
	<u>15,735</u>	<u>10,407</u>
Income tax expense	<u>76,563</u>	<u>116,790</u>

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

9. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit		
Profit for the year attributable to the owners of the Company	<u>39,984</u>	<u>4,666</u>
Number of shares	<i>'000</i>	<i>'000</i> (Restated)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>735,678</u>	<u>735,678</u>
Earnings per share	<i>HK cents</i>	<i>HK cents</i> (Restated)
Basic and diluted	<u>5.43</u>	<u>0.63</u>

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 (the “Share Consolidation”). As a result of the Share Consolidation, the weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the year ended 31 March 2023 have been adjusted retrospectively, assuming the Share Consolidation has been effective as of 1 April 2022.

The computation of diluted earnings per share for the years ended 31 March 2024 and 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 2024 and 2023.

10. PROPERTIES UNDER DEVELOPMENT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the financial year	1,470,254	2,145,681
Additions	220,096	715,143
Transfers to completed properties held for sale	(1,360,770)	(1,231,464)
Exchange difference	<u>(53,773)</u>	<u>(159,106)</u>
At the end of the financial year	<u>275,807</u>	<u>1,470,254</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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loan receivables	853,983	1,837,964
Interest receivables	54,626	131,344
	<u>908,609</u>	<u>1,969,308</u>
Less: allowance for impairment of loan and interest receivables	(83,710)	(165,437)
	<u><u>824,899</u></u>	<u><u>1,803,871</u></u>

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

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	2,950	1,822
Accruals	15,051	50,709
Other payables	3,382	3,200
	<u>21,383</u>	<u>55,731</u>

13. SHARE CAPITAL

	Number of shares '000	Share capital <i>HK\$'000</i>
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>)	9,500,000	95,000
Share Consolidation (<i>Note</i>)	(18,000,000)	–
	<u>2,000,000</u>	<u>200,000</u>
As at 31 March 2024 of HK\$0.1 per share	<u><u>2,000,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid ordinary shares:		
As at 1 April 2022, 31 March 2023 and 1 April 2023 of HK0.01 per share	7,356,783	73,568
Share Consolidation (<i>Note</i>)	(6,621,105)	–
	<u>735,678</u>	<u>73,568</u>
As at 31 March 2024 of HK\$0.1 per share	<u><u>735,678</u></u>	<u><u>73,568</u></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.

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

DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 March 2024 (2023: 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\$862 million or HK\$354 million less than that of the previous year. There was a profit for the year attributable to the Company's owners of approximately HK\$40 million (2023: HK\$5 million). Such increase in profit for the year was mainly attributable to (i) the decrease in finance costs as a result of repayment of other bonds; and (ii) the reversal of allowance for impairment loss of loan and interest receivables.

The basic and diluted earnings per share was HK5.43 cents as compared with HK0.63 cents (restated) last year.

Securities trading

During the year, the Group was involved in the securities trading business. The Group recorded a loss of approximately HK\$4 million (2023: loss of approximately HK\$18 million) arising from changes in the fair value of the listed securities. As a result, the Group reported a segment loss of approximately HK\$4 million (2023: loss of approximately HK\$18 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 of the investment portfolio from time to time.

Loan financing

During the year, the Group recorded a revenue of approximately HK\$71 million (2023: approximately HK\$141 million) from loan financing segment. The Group recorded a reversal of allowance for impairment of loan and interest receivables of approximately HK\$82 million (2023: approximately HK\$54 million). As a result, the Group reported a segment profit of approximately HK\$152 million (2023: approximately HK\$195 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 a variety of corporate clients by providing interest bearing short-term loans in order to meet their liquidity needs. The sources of customers are mainly referrals 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 has not obtained any bank borrowing and/or financing facility from any 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 2024, loan receivables with the aggregate gross principal amount of approximately HK\$854 million (2023: HK\$1,838 million) and gross interest receivables amount of approximately HK\$55 million (2023: HK\$131 million) were recorded on the audited financial statements. The interest rates of the loan receivables ranged from 6% to 15% per annum.

As at 31 March 2024, the principal of loan receivables ranged from approximately HK\$16 million to HK\$25 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 2024, all of the loan receivables were 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 a two tiered 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 members of 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 prepare a 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 of 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 reviewing 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 skills and expertise covering, *inter alia*, (i) risk management; (ii) legal and compliance, (iii) project evaluation; and (iv) corporate management. The Company is of the opinion 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.

From the key internal control's 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, are performed by the Group before each loan is 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 a change of policy or economic climate and an update on 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 to be important.

Operational risk is the risk resulting from inadequate or failure of 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 in the following ways:

- 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 the process of loan approval;
- 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;
- implemented a performance-based compensation scheme for staff; and
- provided staff with professional training, especially to those who are responsible for assessment and approval of loans.

The loan financing business operates 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 2024, all loan receivables were assessed as low risk of default or there had not been a significant increase in credit risk since drawdown, nor was there 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 the fact that there was no repayment default 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 2024, 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 of 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 2024.

Besides, 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, the Group will make further additional independent adjustments when calculating the loan impairment.

During the year ended 31 March 2024, 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\$791 million (2023: approximately HK\$1,076 million) and segment loss of approximately HK\$12 million (2023: segment profit of approximately HK\$75 million). 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 sale of which the sales proceeds were recognised as contract liabilities (i.e. deposits received from customers) in the previous financial year. The Group has completed the construction of certain blocks of the Phase III of One Parkview project and has commenced the sale 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 sale 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 2024, guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties amounted to approximately HK\$11.2 million in total (31 March 2023: HK\$11.4 million).

Other businesses – trading of wine

The Group has kept certain quantities of fine wines. The stocks will be offered to sell when the market prices are favorable such that the Group can obtain a good return on the trading. At present, the stocks are kept in the wine cellar situated in Hong Kong.

CAPITAL STRUCTURE

As at 31 March 2024, 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 in the above paragraph and Note 13 to the consolidated financial statements on pages 14 and 15 of this announcement, there was no change in the capital structure of the Company during the year ended 31 March 2024.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately HK\$1,217 million in 2023 to approximately HK\$862 million in 2024, mainly because of a decrease of revenue in properties development segment.

Gross Profit

The gross profit decreased by approximately HK\$126 million, or 54%, from approximately HK\$234 million in 2023 to approximately HK\$108 million in 2024. The gross profit margin decreased from approximately 19.2% in 2023 to approximately 12.5% in 2024.

Other Income

Other income increased to approximately HK\$1.1 million this year (2023: approximately HK\$1.0 million). The increase was mainly due to increase in rental income for the year ended 31 March 2024.

Selling and Marketing Costs and General and Administrative Expenses

Selling and marketing costs increased to approximately HK\$45 million (2023: approximately HK\$8 million) which was mainly due to the significant increase in marketing expenses under the prevailing slow-down of the property market. General and administrative expenses decreased to approximately HK\$22 million (2023: approximately HK\$34 million) which was mainly due to the cost saving resulting from the implementation of cost control during the year ended 31 March 2024.

Property, Plant and Equipment

Property, plant and equipment decreased to approximately HK\$7 million in this review year (2023: approximately HK\$9 million).

Significant Investment

As at 31 March 2024, 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\$9 million (2023: approximately HK\$15 million). The Group recorded a loss of approximately HK\$4 million (2023: loss of approximately HK\$18 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 2024, there were no significant investments held by the Group.

Cash and Bank Balances

Cash and bank balances decreased from approximately HK\$206 million in last year to approximately HK\$114 million this year.

Shareholders' Funds and Financial Ratios

As at 31 March 2024, the Group's net assets attributable to the owners of the Company amounted to approximately HK\$1,196 million (2023: HK\$1,257 million), a decrease of approximately HK\$61 million when compared with that of 2023.

As at 31 March 2024, total debt to equity ratio was 0.82 (2023: 1.00) and net debt to equity ratio was 0.72 (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\$1,197 million (2023: HK\$1,257 million).

Convertible Bonds, Other Bonds and Promissory Note

As at 31 March 2024, the Group's other bonds amounted to approximately HK\$980 million (31 March 2023: approximately HK\$1,260 million). 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. The decrease in the other bonds was due to the repayment of HK\$279.5 million during the year.

Charge on Assets

As at 31 March 2024 and 2023, 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 2024 and 2023, the Group had no contingent liabilities.

Capital Commitments

As at 31 March 2024, the Group had capital commitments of approximately HK\$536 million (2023: approximately HK\$691 million).

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 THE REPORTING PERIOD

On 21 June 2024, the Company entered into the subscription agreements separately with each of the subscribers for the subscription of an aggregate of 115,000,000 subscription shares at the subscription price of HK\$0.47 per share (“**Subscription**”). The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the subscription shares. Details of the subscription agreements are disclosed in the announcement of the Company dated 21 June 2024.

The Board considered that the Subscription represented an opportunity to raise additional funding for the Group's business operation, investment and acquisitions, and also to strengthen the capital base and financial position for the Group's future business developments and broaden the shareholder base of the Company. Furthermore, the Board considered that the Subscription was a preferred method of fund raising as compared with other equity fund raising or loan borrowing exercises based on time and costs involved.

STRATEGY AND OUTLOOK

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 49 full-time staff under its subsidiaries globally as at 31 March 2024 (2023: 65). Total staff costs amounted to approximately HK\$9 million for the year ended 31 March 2024 (2023: approximately HK\$17 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 rewarded 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 C1 to 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 complied with all code provisions of the CG Code during the year ended 31 March 2024 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 2024, 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 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 2024, two regular Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Bye-laws of the Company. The Board will use reasonable endeavour to meet the requirement of code provision C.5.3 of the CG Code in the 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 2023, the audit committee 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2024.

AUDIT COMMITTEE

The audit committee of the Company 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 2024.

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 2024 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 2024. 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 2024 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 2024 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 2024.

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, 27 June 2024

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.