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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 2020

The board (the “**Board**”) of directors (the “**Directors**”) of DINGYI GROUP INVESTMENT LIMITED (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		Six months ended 30 September	
	Notes	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	134,147	94,450
Cost of sales		(14,509)	(3,297)
Gross profit		119,638	91,153
Other income	5	777	152
Loss on disposal of financial assets at fair value through profit or loss		—	(1,290)
Loss on early redemption of convertible bonds		—	(129)
Gain/(loss) arising from financial assets at fair value through profit or loss		14,189	(20,295)
Loss arising from derivative financial assets		—	(3,726)
Gain on modification of convertible bonds		69,321	—
Allowance for impairment of loan and interest receivables		(21,072)	—
Selling and distribution costs		(4,759)	(2,272)
General and administrative expenses		(20,959)	(179,820)
Finance costs	6	(70,633)	(69,600)

		Six months ended 30 September	
		2020	2019
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit/(loss) before tax	7	86,502	(185,827)
Income tax expenses	8	(14,541)	(16,047)
Profit/(loss) for the period		71,961	(201,874)
Attributable to:			
The owners of the Company		71,961	(201,874)
Non-controlling interests		—	—
		71,961	(201,874)
Earnings/(loss) per share			
Basic and diluted (HK cents)	9	0.98	(2.75)
Profit/(loss) for the period		71,961	(201,874)
Other comprehensive income/(expense) for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		114,285	(150,733)
Total comprehensive income/(expense) for the period		186,246	(352,607)
Total comprehensive income/(expense) for the period attributable to:			
The owners of the Company		186,246	(352,607)
Non-controlling interests		—	—
		186,246	(352,607)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	As at 30 September 2020 <i>Notes</i> HK\$'000 (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
Non-current assets		
Investment property	15,626	15,392
Property, plant and equipment	15,445	16,470
Right-of-use assets	15,272	16,041
Non-current prepayments and deposits	2,850	2,302
Deferred tax assets	48,668	43,400
	97,861	93,605
Current assets		
Inventories	7,250	7,250
Properties under development	779,616	518,557
Completed properties held for sale	106,957	115,172
Other receivables, prepayments and deposits	69,645	74,484
Loan and interest receivables	11 2,024,690	1,953,642
Financial assets at fair value through profit or loss	18,381	4,191
Cash and cash equivalents	254,501	21,367
	3,261,040	2,694,663

		As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and other payables	12	30,430	109,675
Contract liabilities	12	333,298	16,723
Amount due to a related company		88,296	7,211
Amount due to a director		750	26,479
Tax payables		98,584	83,624
Lease liabilities		10,167	8,053
Convertible bonds	14	292,571	367,591
Promissory note		5,000	5,000
		<u>859,096</u>	<u>624,356</u>
Net current assets		<u>2,401,944</u>	<u>2,070,307</u>
Total assets less current liabilities		<u><u>2,499,805</u></u>	<u><u>2,163,912</u></u>
Capital and reserves			
Share capital	13	73,570	73,570
Reserves		<u>1,328,509</u>	<u>1,142,263</u>
Total equity		<u>1,402,079</u>	<u>1,215,833</u>
Non-current liabilities			
Convertible bonds	14	776,123	740,476
Bank borrowings		313,858	197,064
Lease liabilities		2,520	5,527
Deferred tax liabilities		<u>5,225</u>	<u>5,012</u>
		<u>1,097,726</u>	<u>948,079</u>
		<u><u>2,499,805</u></u>	<u><u>2,163,912</u></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 Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRSs and the following 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 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures 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 2020.

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 Levels 1 to 3 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 2020:

	Level 1 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss ("FVTPL")		
— Listed equity investments	<u>18,381</u>	<u>18,381</u>

Assets and liabilities measured at fair value as at 31 March 2020:

	Level 1 HK\$'000	Total HK\$'000
Financial assets at FVTPL		
— Listed equity investments	<u>4,191</u>	<u>4,191</u>

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, or services delivered or provided.

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

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

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

Segment revenue and results

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

For the six months ended 30 September 2020 (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	<u>8</u>	<u>84,124</u>	<u>50,015</u>	<u>134,147</u>
Gain arising from financial assets at FVTPL	14,189	—	—	14,189
Allowance for impairment of loan and interest receivables	<u>—</u>	<u>(21,072)</u>	<u>—</u>	<u>(21,072)</u>
Segment profit	<u>14,190</u>	<u>61,701</u>	<u>26,642</u>	102,533
Bank interest income				156
Finance costs				(70,633)
Gain on modification of convertible bonds				69,321
Unallocated corporate income				621
Unallocated corporate expenses				<u>(15,496)</u>
Profit before tax				<u>86,502</u>

For the six months ended 30 September 2019 (Unaudited) (Restated)

	Securities trading business <i>HK\$'000</i>	Loan financing business <i>HK\$'000</i>	Properties development business <i>HK\$'000</i>	Other businesses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External revenue	<u>17</u>	<u>79,675</u>	<u>13,908</u>	<u>850</u>	<u>94,450</u>
Loss on disposal of financial assets at FVTPL	<u>(1,290)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,290)</u>
Loss arising from financial assets at FVTPL	<u>(20,295)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20,295)</u>
Segment (loss) profit	<u>(21,635)</u>	<u>78,636</u>	<u>5,056</u>	<u>(903)</u>	61,154
Interest income					49
Finance costs					(69,600)
Loss arising from changes in fair value of derivative financial assets					(3,726)
Unallocated corporate income					8
Unallocated corporate expenses					<u>(173,712)</u>
Loss before tax					<u>(185,827)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of other income, finance cost, certain central administration expenses, loss arising from derivative financial assets and loss on early redemption 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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Segment assets		
Securities trading business	18,381	4,191
Loan financing business	2,024,690	1,953,642
Properties development business	1,238,919	715,974
Other businesses	—	7,250
	<hr/>	<hr/>
Total segment assets	3,281,990	2,681,057
Unallocated corporate assets	76,911	107,211
	<hr/>	<hr/>
Total assets	3,358,901	2,788,268
	<hr/>	<hr/>
Segment liabilities		
Securities trading business	—	—
Loan financing business	—	—
Properties development business	756,852	216,522
Other businesses	—	—
	<hr/>	<hr/>
Total segment liabilities	756,852	216,522
Unallocated corporate liabilities	1,199,970	1,355,913
	<hr/>	<hr/>
Total liabilities	1,956,822	1,572,435
	<hr/> <hr/>	<hr/> <hr/>

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

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

5. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	156	49
Government grants (<i>note i</i>)	621	—
Rental income from investment property (<i>note ii</i>)	—	95
Others	—	8
	<u>777</u>	<u>152</u>

Notes:

- (i) The amount represents salaries and wage subsidies granted under Anti-Epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to November 2020.
- (ii) The gross and net rental income from investment property for the six months ended 30 September 2020 was amounted to approximately HK\$Nil (2019: approximately HK\$95,000).

6. FINANCE COSTS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowing	5,301	—
Less: amount capitalized in properties under development	(5,301)	—
	<u>—</u>	<u>—</u>
Interest on margin loans payable	—	4
Effective interest expense on convertible bonds (<i>note 14</i>)	70,132	68,417
Interest on short term secured loan	—	643
Interest on promissory note	125	14
Interest expenses of lease liabilities	376	522
	<u>70,633</u>	<u>69,600</u>

7. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amount of inventories recognised as an expense	14,509	3,297
Depreciation of property, plant and equipment	1,603	2,280
Depreciation of investment property	408	460
Depreciation of right-of-use assets	4,900	6,585
Share-based payments expenses granted	—	152,347
Net exchange (gains)/losses	(547)	779

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
The PRC Enterprise Income Tax (“EIT”)	19,809	16,047
Deferred tax	(5,268)	—
Income tax expenses	14,541	16,047

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 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 (2019: 16.5%). No provision for Hong Kong Profits Tax has been made during the six months ended 30 September 2020 and 2019 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% from 1 January 2008 onwards. No withholding tax was accrued as the Group did not have any assessable profit subject to EIT Law.

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.

9. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) 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	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to the owners of the Company	<u>71,961</u>	<u>(201,874)</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<u>7,357,008</u>	<u>7,345,137</u>
Basic and diluted earnings/(loss) per share (HK cents)	<u>0.98</u>	<u>(2.75)</u>

The computation of diluted earnings per share does not assume the exercise of the Company's share options and conversion of the Company's outstanding convertible bonds because the exercise price of those share options and conversion of convertible bonds were higher than the average market price for shares for the period ended 30 September 2020.

The diluted loss per share is the same as the basic loss per share for the period ended 30 September 2019 because the effect of the Company's share options and convertible bonds during the period were anti-dilutive.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Loan receivables	2,164,033	2,003,774
Interest receivables	60,167	128,306
	<u>2,224,200</u>	<u>2,132,080</u>
Less: Allowance for impairment of loan and interest receivables	(199,510)	(178,438)
	<u><u>2,024,690</u></u>	<u><u>1,953,642</u></u>

The loans and interest receivables are due from independent third parties, which are unsecured and their relevant due dates started from February 2021 to June 2021 (31 March 2020: started from April 2019 to June 2020). The interest rates on the loans and interest receivable are fixed ranging from 8% to 24% per annum (31 March 2020: 8% to 24% 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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Within 90 days	—	—
91 days to 180 days	2,024,690	—
181 days to 365 days	—	1,953,642
Over 365 days	—	—
	<u><u>2,024,690</u></u>	<u><u>1,953,642</u></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 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Trade payables	2,220	1,594
Accrual	17,970	67,329
Other payables	10,240	40,752
	<u>30,430</u>	<u>109,675</u>
Contract liabilities	<u>333,298</u>	<u>16,723</u>

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised ordinary shares:		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020 of HK\$0.01 per share	<u>10,500,000</u>	<u>105,000</u>
Issued and fully paid ordinary shares:		
As at 1 April 2019 of HK\$0.01 per share (Audited)	7,328,061	73,281
Issue of shares upon conversion of convertible bonds	54,277	543
Share repurchases and cancelled	<u>(25,330)</u>	<u>(254)</u>
As at 31 March 2020, 1 April 2020 and 30 September 2020 of HK\$0.01 per share (Unaudited)	<u>7,357,008</u>	<u>73,570</u>

14. CONVERTIBLE BONDS

	Total <i>HK\$'000</i>
Liability component at 1 April 2019 (Audited)	1,086,080
Add: Effective interest expense	140,692
Reclassification of accrued coupon interest to other creditors	(27,407)
Derecognition upon modification of convertible bonds	(314,301)
Recognition of new liability component upon modification of convertible bonds	271,974
Early redemption during the period	(9,540)
Converted into ordinary shares	(39,431)
	<hr/>
Liability component at 31 March 2020 and 1 April 2020 (Audited)	1,108,067
Add: Effective interest expense	70,132
Reclassification of accrued coupon interest to other payables	(7,570)
Derecognition upon modification of convertible bonds	(344,326)
Recognition of new liability component upon modification of convertible bonds	275,005
Repayment	(32,614)
	<hr/>
Liability component at 30 September 2020 (Unaudited)	<u><u>1,068,694</u></u>

15. CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: Nil).

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 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
For properties under development	<u><u>163,748</u></u>	<u><u>311,272</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue increased from approximately HK\$94 million during the six months ended 30 September 2019 to approximately HK\$134 million during that of the period in 2020, mainly due to the increase in the revenue from the property development business. There was a profit attributable to the Company's owners of approximately HK\$72 million for the period ended 30 September 2020, compared to a loss of approximately HK\$202 million in last corresponding period. Such turnaround from loss to profit was mainly attributable to (i) a significant decrease in general and administrative expenses as the Company need not to record any one-off accounting expense relating the grant of share options as it did in the corresponding six month period of 2019 amounting to approximately HK\$152 million; (ii) the Company accounted for a one-off gain on modification of the terms of convertible bonds amounting to approximately HK\$69 million; and (iii) the improvement in the properties development business due to the increase in revenue from sales of car parks and remaining units left over from old property projects.

The basic and diluted earnings per share amounted to HK0.98 cent during the six months ended 30 September 2020, compared with loss per share of HK2.75 cents 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 investments amounting to approximately HK\$Nil (2019: approximately HK\$1 million) during the period. The Group recorded approximately HK\$14 million gain (2019: approximately HK\$20 million loss) arising from changes in the fair value of the listed securities shares. As a result, the Group reported approximately HK\$14 million segment profit (2019: approximately HK\$22 million segment loss) 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 2020, there was no investment held by the Group which value was more than 5% of the total assets of the Group.

LOAN FINANCING

During the period, the Group recorded a revenue of approximately HK\$84 million (2019: approximately HK\$80 million) and the segment profit was approximately HK\$62 million (2019: approximately HK\$79 million). The Group will further develop in this segment in order to earn a higher interest income.

PROPERTIES DEVELOPMENT

During the period, the Group has recorded a revenue of approximately HK\$50 million (2019: approximately HK\$14 million) and segment profit of approximately HK\$27 million (2019: approximately HK\$5 million). The increase in revenue was mainly due to the increase from sales of car parks and remaining units left over from old property projects. The Group has obtained pre-sales permits for certain blocks of the Phase III of One Parkview project and is commencing the pre-sales under the pre-sales permits. 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.

OTHER BUSINESSES

Other businesses mainly include trading of wine and food and beverages.

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 30 September 2020, the total number of issued shares of the Company was 7,357,008,015 (31 March 2020: 7,357,008,015) of HK\$0.01 each (the “**Shares**”) and its issued share capital was approximately HK\$73,570,080 (31 March 2020: approximately HK\$73,570,080).

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

NON-LEGALLY BINDING FRAMEWORK AGREEMENTS

On 23 April 2019, 鼎億金匯(深圳)投資諮詢有限公司 (Dingyi Jinhui (Shenzhen) Investment Consultancy Co., Ltd*) (“**Jinhui**”), an indirect wholly-owned subsidiary of Company, entered into a non-legally binding framework agreement (“**Agreement I**”) with 深圳微言科技有限責任公司 (Shenzhen Weiyan Technology Co., Ltd*) (“**Weiyan**”). Pursuant to Agreement I, Jinhui would subscribe an aggregate of 8.99% of the enlarged share capital of Weiyan with an aggregate subscription price of RMB78 million in phases (“**Strategic Investment**”). After completion of the Strategic Investment, it is the intention of the parties that (i) Jinhui and Weiyan will establish a joint venture entity in connection with the provision of innovative technology-oriented retail finance solutions to clients in the PRC; and (ii) Weiyan will also grant an option to Jinhui to subscribe for additional new shares of Weiyan.

* For identification purpose only

As at the date of this report, the parties to the Agreement I are still in negotiation on the terms of the definitive agreements and documents for the Strategic Investment and the joint venture entity in relation to the above proposed transactions. Further details are set out in the announcement of the Company dated 23 April 2019.

On 28 May 2019, the Company entered into a non-legally binding framework agreement (“**Agreement II**”) with 神州聯合能源控股(北京)有限公司 (China United Energy Holding Co., Ltd.*) and Stillwater Investment Limited in relation to the proposed establishment of a joint venture entity for the exploration and development of certain oil and gas assets in the Republic of Niger. As at the date of this report, the parties to the Agreement II are still in negotiation on the terms of the relevant definitive agreements and documents in relation to the above proposed transaction. Further details are set out in the announcement of the Company dated 28 May 2019.

STRATEGY AND OUTLOOK

Apart from the existing businesses of securities trading, food and beverages, wine trading, loan financing, properties development and financial leasing, the Group will continue to explore other potential investment opportunities with reasonable returns that meet the Company’s criteria. This will not only strengthen our core business but also increase the shareholders’ 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 period.

FINANCIAL REVIEW

SHAREHOLDERS’ EQUITY AND FINANCIAL RATIOS

As at 30 September 2020, the Group’s net assets attributable to the owners of the Company amounted to approximately HK\$1,402 million (31 March 2020: approximately HK\$1,216 million), an increase of approximately HK\$186 million.

As at 30 September 2020, total debt to equity ratio was 0.99 (31 March 2020: 1.08) and net debt to equity ratio was 0.81 (31 March 2020: 1.06) 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\$1,402 million (31 March 2020: approximately HK\$1,216 million).

* For identification purpose only

BANK BORROWINGS

As at 30 September 2020, bank borrowings with carrying amounts of approximately HK\$314 million bearing interest at floating rates, were secured by certain properties under development and were due over one year. The bank borrowings carried interest rates at Loan Prime Rate plus 0.45% during the six months ended 30 September 2020.

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 2020 and 30 September 2019, the Group had no contingent liabilities.

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had total capital commitments of approximately HK\$164 million (31 March 2020: approximately HK\$311 million) primarily for properties under development.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2020, the Group's properties under development with a carrying amount of approximately HK\$780 million (2019: approximately HK\$519 million) and bank deposits with a carrying amount of approximately HK\$251 million (2019: Nil) were pledged to the banks for bank borrowings.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a total of 72 full-time staff and total staff costs for the six months ended 30 September 2020 was approximately HK\$8 million (2019: 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

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 (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its code of conduct for securities transactions by Directors during the six months ended 30 September 2020. 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 2020.

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 contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2020.

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 Company for the six months ended 30 September 2020.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The interim results announcement of the Company for the six months ended 30 September 2020 is published on the websites of the Stock Exchange and the Company at <http://www.hkexnews.hk> and <http://www.dingyi.hk> respectively. The interim report of the Company for the six months ended 30 September 2020 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites on or before 31 December 2020.

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
LI Kwong Yuk
Chairman and Executive Director

Hong Kong, 30 November 2020

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