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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 2024

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 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

		Six months ended 30 September	
	<i>Notes</i>	2024	2023
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
Revenue	4	174,448	117,777
Cost of sales		(142,352)	(62,415)
Gross profit		32,096	55,362
Other income	5	534	816
Loss on disposal of financial assets at fair value through profit or loss		–	(3)
Gain/(loss) arising from financial assets at fair value through profit or loss		51,202	(879)
(Allowance for impairment)/reversal of impairment on loan and interest receivables		(12,483)	84,825
Selling and distribution costs		(20,700)	(4,690)
General and administrative expenses		(9,479)	(11,154)
Finance costs	6	(59)	(3,047)

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit before tax	7	41,111	121,230
Income tax expense	8	(13,822)	(15,163)
		<hr/>	<hr/>
Profit for the period and attributable to the owners of the Company		27,289	106,067
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted (<i>HK cents</i>)	9	3.54	14.42
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	27,289	106,067
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>14,312</u>	<u>(135,858)</u>
Total comprehensive expenses for the period	<u>41,601</u>	<u>(29,791)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Non-current assets			
Investment properties		14,404	14,378
Property, plant and equipment		6,427	7,318
Deferred tax assets		24,048	25,624
Prepayment and deposits		1,341	1,379
Right-of-use assets		4,052	5,375
		50,272	54,074
Current asset			
Inventories		7,250	7,250
Properties under development		277,257	275,807
Completed properties held for sale		1,080,646	1,095,947
Other receivables, deposits and prepayments		262,554	262,917
Loan and interest receivables	11	844,553	824,899
Financial assets at fair value through profit or loss		60,556	9,353
Cash and cash equivalents		73,823	113,981
		2,606,639	2,590,154
Current liabilities			
Trade and other payables	12	23,604	21,383
Contract liabilities	12	71,152	105,226
Amounts due to related companies		39,685	62,699
Lease liabilities		1,626	2,157
Other bonds	14	980,000	980,000
Tax payables		249,786	275,797
		1,365,853	1,447,262
Net current assets		1,240,786	1,142,892
Total assets less current liabilities		1,291,058	1,196,966

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Capital and reserves		
Share capital	85,068	73,568
Reserves	<u>1,205,712</u>	<u>1,122,297</u>
Total equity	<u>1,290,780</u>	<u>1,195,865</u>
Non-current liabilities		
Lease liabilities	<u>278</u>	<u>1,101</u>
	<u>278</u>	<u>1,101</u>
	<u>1,291,058</u>	<u>1,196,966</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 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2024.

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 2024 for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to HK-int 5, *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
- Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

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 2024.

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 2024:

	Level 1 HK\$'000
Financial assets at fair value through profit or loss ("FVTPL")	
– Listed equity investments	60,556

Assets and liabilities measured at fair value as at 31 March 2024:

	Level 1 HK\$'000
Financial assets at FVTPL	
– Listed equity investments	9,353

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 2024 (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	–	29,441	145,007	174,448
Gain arising from financial assets at FVTPL	51,202	–	–	51,202
Allowance for impairment on loan and interest receivables	–	(12,483)	–	(12,483)
Segment (loss)/profit	51,143	16,496	(20,230)	47,409
Bank interest income				75
Finance costs				(59)
Unallocated corporate income				247
Unallocated corporate expenses				(6,561)
Profit before tax				41,111

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

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 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Segment assets		
Securities trading business	60,556	9,353
Loan financing business	844,553	824,899
Properties development business	1,715,123	1,771,127
	<hr/>	<hr/>
Total segment assets	2,620,232	2,605,379
Unallocated corporate assets	36,679	38,849
	<hr/>	<hr/>
Total assets	2,656,911	2,644,228
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Securities trading business	–	–
Loan financing business	–	–
Properties development business	70,022	199,531
	<hr/>	<hr/>
Total segment liabilities	70,022	199,531
Unallocated corporate liabilities	1,296,109	1,248,832
	<hr/>	<hr/>
Total liabilities	1,366,131	1,448,363
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than certain property, plant and equipment, investment properties, 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 2024 (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	-	-	486	-	486
Depreciation of investment properties	-	-	453	-	453
Depreciation of right-of-use assets	-	-	-	1,681	1,681
	<u>-</u>	<u>-</u>	<u>486</u>	<u>1,681</u>	<u>1,681</u>

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>

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 2024			30 September 2023		
	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	145,007	29,441	174,448	79,260	38,517	117,777
Hong Kong	-	-	-	-	-	-
	<u>145,007</u>	<u>29,441</u>	<u>174,448</u>	<u>79,260</u>	<u>38,517</u>	<u>117,777</u>

	Non-current assets	
	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
The PRC	23,007	24,391
Hong Kong	1,876	2,680
	<u>24,883</u>	<u>27,071</u>

5. OTHER INCOME

	Six months ended	
	30 September 2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Bank interest income	75	343
Rental income	229	264
Income from forfeited deposits	230	209
	<u>534</u>	<u>816</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on other bonds	–	3,002
Interest expenses on lease liabilities	<u>59</u>	<u>45</u>
	<u>59</u>	<u>3,047</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Amount of inventories recognised as an expense	142,352	62,415
Depreciation of property, plant and equipment	486	1,392
Depreciation of investment properties	453	454
Depreciation of right-of-use assets	<u>1,681</u>	<u>1,673</u>

8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
The PRC Enterprise Income Tax (“EIT”)	13,822	15,163
Deferred tax	<u>–</u>	<u>–</u>
Income tax expenses	<u>13,822</u>	<u>15,163</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 (2023: 16.5%). No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2024 and 2023 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company	27,289	106,067
	Number of	Number of
	shares	shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	770,870	731,678
Basic and diluted earnings per share (<i>HK cents</i>)	3.54	14.42

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of those share options were higher than the average market price for shares for the six months ended 30 September 2024 and 2023.

10. DIVIDENDS

No dividend was paid or proposed during the six months ended 30 September 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Loan receivables	899,749	853,983
Interest receivables	<u>40,997</u>	<u>54,626</u>
	940,746	908,609
Less: Allowance for impairment on loan and interest receivables	<u>(96,193)</u>	<u>(83,710)</u>
	<u>844,553</u>	<u>824,899</u>

The loans and interest receivables are due from independent third parties, which are unsecured and their relevant due in June 2025 (31 March 2024: dates started from April 2024 to June 2024). The interest rates on the loans and interest receivables are fixed ranging from 6% to 8% per annum (31 March 2024: 6% 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 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Within 90 days	–	–
91 days to 180 days	844,553	–
181 days to 365 days	<u>–</u>	<u>824,899</u>
	<u>844,553</u>	<u>824,899</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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade payables	2,788	2,950
Accruals	17,576	15,051
Other payables	3,240	3,382
	<u>23,604</u>	<u>21,383</u>
Contract liabilities	<u>71,152</u>	<u>105,266</u>

13. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised ordinary shares:		
As at 1 April 2023 of HK\$0.01 per share	10,500,000	105,000
Increase in share capital (<i>Note (a)(i)</i>)	9,500,000	95,000
Share consolidation (<i>Note (a)(ii)</i>)	<u>(18,000,000)</u>	<u>–</u>
As at 31 March 2024, 1 April 2024 and 30 September 2024 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 2023 of HK\$0.01 per share (Audited)	7,356,783	73,568
Share consolidation (<i>Note (a)(ii)</i>)	<u>(6,621,105)</u>	<u>–</u>
As at 31 March 2024 and 1 April 2024 of HK\$0.1 per share (Audited)	735,678	73,568
Issue of shares (<i>Note (b)</i>)	<u>115,000</u>	<u>11,500</u>
As at 30 September 2024 of HK\$0.1 per share (Unaudited)	<u>850,678</u>	<u>85,068</u>

Notes:

- (a) 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.

- (b) On 3 July 2024, arrangements were made for a private placement to independent third parties of 115,000,000 shares of HK\$0.47 each, which represents a discount of approximately 11.3% to the closing market price of the Company's shares on 3 July 2024. As all the conditions of the placement were fulfilled, the placing became effective on 5 August 2024.

14. OTHER BONDS

On 25 June 2024, Mr. Li, as the Company's controlling shareholder and the other bond holder, with a view to providing it additional comfort and support to the Company, has signed a supporting letter and hereby irrevocably and unconditionally undertakes and covenants to the Company that he shall withhold any demand or claims against the Company until 31 March 2025 provided that the Company will continue to negotiate with him on alternative proposal in settlement of the other bond in good faith.

15. CONTINGENT LIABILITIES

As at 30 September 2024, the Group had financial guarantees of approximately HK\$13.0 million (31 March 2024: HK\$11.2 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.

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 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
For properties under development	<u>283,090</u>	<u>281,610</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue increased from approximately HK\$118 million for the six months ended 30 September 2023 to approximately HK\$174 million for that of the period in 2024, 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\$27 million for the six months ended 30 September 2024, compared to a profit of approximately HK\$106 million in the last corresponding period. The significant decrease in the net profit for the six months ended 30 September 2024 was mainly attributable to the combined effect of (1) the fallback in the gross profit margin by almost 30 percentage points; (2) the provision for impairment loss on loan and interest receivables for approximately HK\$12.5 million (versus the reversal of impairment loss for approximately HK\$84.8 million in the last corresponding period); (3) the increase in selling and distribution costs by approximately HK\$16.0 million; and (4) being partially offset by gain arising from changes in fair value of financial assets by approximately HK\$51.2 million.

The basic and diluted earnings per share amounted to HK3.54 cents for the six months ended 30 September 2024, compared with earnings per share of HK14.42 cents (restated) for the same period last year.

Securities trading

During the period under review, the Group was involved in the securities trading business. The Group recorded a gain of approximately HK\$51 million (2023: loss of approximately HK\$931 thousand) arising from changes in the fair value of the listed securities shares. As a result, the Group reported a segment profit of approximately HK\$51 million (2023: loss of approximately HK\$931 thousand) during the period under review. 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 2024, there was no investment held by the Group whose value was more than 5% of the total assets of the Group.

Loan financing

During the period under review, the Group recorded a revenue of approximately HK\$29 million (2023: approximately HK\$39 million) and the segment profit was approximately HK\$16 million (2023: approximately HK\$123 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 at 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 30 September 2024, loan receivables with the aggregate gross principal amount of approximately HK\$900 million and gross interest receivables amount of approximately HK\$41 million were recorded in the financial statements. The interest rates of the loan receivables ranged from 6% to 8% per annum.

As at 30 September 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 30 September 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. Zeng Shan, 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 a 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 approval; (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 have 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 choice for the Company in order to protect the interests 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 initiates 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 2024, all loan receivables were assessed as low risk of default or there has 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 six months ended 30 September 2024, the economic downturn continued due to the stagnant market condition 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 six months ended 30 September 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 six months ended 30 September 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 period under review, the Group has recorded a revenue of approximately HK\$145 million (2023: approximately HK\$79 million) and a segment loss of approximately HK\$20 million (2023: approximately HK\$3 million segment profit). The increase in revenue was mainly due to the increase in revenue of properties development business recognised upon the customers obtaining control of the completed property for 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.

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 granted under the share option scheme of the Company (the “**Old Share Option Scheme**”), which expired on 20 September 2022, and the number of consolidated shares to be issued upon the exercise of these 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 above share options took effect simultaneously with the Share Consolidation on 22 August 2023. Save for the above adjustments, all other terms and conditions of these share options remain unchanged. These share options lapsed on 11 April 2024.

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 2024, the total number of issued shares of the Company was 850,678,301 of HK\$0.10 each (31 March 2024: 735,678,301 of HK\$0.10 each) and its issued share capital was approximately HK\$85,067,830 (31 March 2024: approximately HK\$73,567,830). During the period under review, the details of changes of the capital structure of the Company were set out below.

On 21 June 2024, the Company entered into the subscription agreements (“**Subscription Agreements**”) separately with each of the subscribers (“**Subscribers**”) for the subscription of an aggregate of 115,000,000 shares in the Company (“**Subscription Shares**”) at the subscription price of HK\$0.47 per Subscription Share subject to the terms and conditions set out in the Subscription Agreements (“**Subscription**”). On 3 July 2024, the Board announced that, after further negotiation and discussion, the Company and each of the Subscribers decided not to proceed with the Subscription, and on the same date, the Company entered into a deed of termination with each of the Subscribers, pursuant to which the Company and each of the Subscribers agreed that the relevant Subscription Agreement be terminated and ceased to be of any further force or effect immediately and each of the Company and the relevant Subscribers released and discharged each other from its present and future obligations, liabilities, losses, damages, demands, claims, suits or actions of whatsoever nature arising from or in any way relating to each of the relevant Subscription Agreements.

On 3 July 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) with Emperor Securities Limited (the “**Placing Agent**”), pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best efforts basis, up to 115,000,000 new shares in the Company (the “**Placing Shares**”) to the placee(s) (“**Placee(s)**”), who and whose ultimate beneficial owners are independent third parties at the price of HK\$0.47 (“**Placing Price**”) per Placing Share (the “**Placing**”).

As additional time was required for the fulfilment of the conditions precedent to the Placing, the Company entered into a supplemental agreement (the “**Supplemental Placing Agreement**”) to the Placing Agreement with the Placing Agent on 24 July 2024, whereby the parties agreed to extend the long stop date of the Placing from 24 July 2024 to on or before 31 July 2024 (or such later date as may be agreed between the Company and the Placing Agent in writing).

The conditions set out in the Placing Agreement (as supplemented by the Supplemental Placing Agreement) were satisfied on 31 July 2024 and completion of the Placing took place on 5 August 2024 in accordance with the terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement). An aggregate of 115,000,000 Placing Shares, representing approximately 13.5% of the issued share capital of the Company immediately after completion of the Placing, were successfully placed to not less than six Placees at the Placing Price of HK\$0.47 per Placing Share. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, (i) each of the Placees and,

where appropriate, their respective ultimate beneficial owners are independent third parties; and (ii) none of the Placees has become a substantial shareholder (within the meaning of the Listing Rules) upon completion of the Placing. The gross proceeds and net proceeds from the Placing are approximately HK\$54.1 million and HK\$53.1 million (representing a net issue price of approximately HK\$0.46 per Placing Share) respectively, which was intended to be used for general working capital of the Group and for funding investment opportunities as may be identified from time to time.

As at the date of this announcement, the Company had fully utilised the net proceeds of HK\$53.1 million for general working capital of the Group. None of the net proceeds was utilized for funding investment opportunities as mentioned in the abovementioned announcement of 3 July 2024 and 5 August 2024 because since the completion of the Placing, the management has not been able to identify any suitable investment projects with expected return, given the challenging market conditions caused by the recently escalating geopolitical risks.

Details of the Subscription and the Placing were respectively set out in the announcements of the Company dated 21 June 2024, 3 July 2024, 24 July 2024 and 5 August 2024.

Save as disclosed above and in the section headed “SHARE REORGANISATION” on page 22 of this announcement, there was no change in the capital structure of the Company during the period under review.

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 event after the reporting period.

CHANGES SINCE THE PUBLICATION OF 2024 ANNUAL REPORT

Save as disclosed in this announcement, there were no other significant changes in the Group’s development and financial position since the publication of the annual report of the Company for the year ended 31 March 2024.

FINANCIAL REVIEW

Shareholders' equity and financial ratios

As at 30 September 2024, the Group's net assets attributable to the owners of the Company amounted to approximately HK\$1,291 million (31 March 2024: approximately HK\$1,196 million), an increase of approximately HK\$95 million.

As at 30 September 2024, total debt to equity ratio was 0.76 (31 March 2024: 0.82) and net debt to equity ratio was 0.70 (31 March 2024: 0.72) 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\$1,291 million (31 March 2024: approximately HK\$1,196 million).

Borrowings

As at 30 September 2024, the Group's other bonds amounted to HK\$980 million (31 March 2024: approximately HK\$980 million).

With a view to providing additional comfort and support to the Company, on 25 June 2024, Mr. Li Kwong Yuk, the Company's controlling shareholder and the other bond holder, signed a supporting letter whereby he irrevocably and unconditionally undertakes and covenants to the Company that he shall withhold any demand from or claims against the Company until 31 March 2025 provided that the Company will continue to negotiate with him for an alternative proposal in settlement of the other bond in good faith.

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 that the exchange rates between these currencies are relatively stable, the Group believes that the corresponding exposure to RMB, USD and AUD exchange rate fluctuations is 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 on 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, 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.

Contingent liabilities

As at 30 September 2024, the Group had financial guarantees of approximately HK\$13.0 million (31 March 2024: HK\$11.2 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 defaulting 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 2024 and 31 March 2024, the Group had no other contingent liabilities.

Capital commitments

As at 30 September 2024, the Group had capital commitments of approximately HK\$283 million (31 March 2024: approximately HK\$282 million) primarily for properties under development.

Charge on the Group's assets

As at 30 September 2024, the Group had no charge on its assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2024, the Group had a total of 50 full-time staff (31 March 2024: 49) and total staff costs for the six months ended 30 September 2024 were approximately HK\$5 million (2023: approximately HK\$5 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 Old Share Option Scheme. The Company adopted a 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 2024 (2023: Nil).

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 six months ended 30 September 2024.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company complied with the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules throughout the six months ended 30 September 2024 except the deviation 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 2024, Mr. Su Xiaonong was the Acting Chairman of the Board and the Chief Executive Officer (“**CEO**”) of the Company. Following the resignation of Mr. Su Xiaonong as the Acting Chairman of the Board and the appointment of Mr. Yue Ying as a Non-executive Director and the Chairman of the Board, both effective on 15 October 2024, the roles of the Chairman and the CEO are performed by Mr. Yue Ying and Mr. Su Xiaonong, respectively. Mr. Yue Ying is responsible for overseeing the functions of the Board and providing leadership for the Board while Mr. Su Xiaonong is responsible for managing the businesses of the Group. As such, the Company is in full compliance with code provision C.2.1 of the CG Code. The Company has clearly established the division of responsibilities between the Chairman and the CEO, so that the balance of power and authorization between the Board and the management of the Company can be maintained.

AUDIT COMMITTEE

The Audit Committee of the Company 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 2024.

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
YUE Ying
Chairman

Hong Kong, 27 November 2024

As at the date of this announcement, the Board comprises Mr. SU Xiaonong (Chief Executive Officer) and Mr. ZENG Shan as Executive Directors; Mr. YUE Ying (Chairman) as Non-executive Director; and Mr. CHOW Shiu Ki, Mr. CAO Kuangyu and Mr. IP Chi Wai as Independent Non-executive Directors.