DOYEN INTERNATIONAL HOLDINGS LIMITED
東銀國際控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors ("Director") of Doyen International Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 as follows:

For the year ended 31 December 2017, the Group recorded revenue of HK$34.9 million (2016: HK$33.6 million); representing an increase of 3.88%.

The profit attributable to owners of the Company for the year ended 31 December 2017 was HK$24.4 million (2016: loss HK$59.9 million).

As at 31 December 2017, the gearing ratio of the Group was 0.20 (2016: 0.17), which is calculated as net debt divided by total capital (is calculated as equity plus net debt), which represented a strong and stable financial position.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*4*	**34,920**	33,615
Staff costs		**(13,778)**	(17,620)
Operating lease rentals		**(2,619)**	(2,593)
Other tax expenses		**(4,162)**	(3,818)
Depreciation		**(516)**	(489)
Other operating expenses		**(10,054)**	(13,090)
Other gains and losses	*5*	**20,668**	(36,798)
Other income		**4,866**	5,047
Profit/(Loss) from operations		**29,325**	(35,746)
Finance income	*6*	**45,947**	43,731
Finance costs	*6*	**(31,691)**	(34,333)
Finance income – net	*6*	**14,256**	9,398
Share of loss of an associate		**–**	(16,518)
Provision for impairment loss of an associate		**–**	(13,348)
Profit/(Loss) before tax		**43,581**	(56,214)
Income tax expense	*7*	**(12,863)**	(5,140)
Profit/(Loss) for the year		**30,718**	(61,354)
Attributable to:			
Owners of the Company		**24,432**	(59,888)
Non-controlling interests		**6,286**	(1,466)
		30,718	(61,354)
Earnings/(Loss) per share	*9*		
		HK cents	*HK cents*
Basic		**1.92**	(4.70)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Profit/(Loss) for the year	**30,718**	(61,354)
Other comprehensive income, net of tax		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**55,750**	(47,599)
Total comprehensive income for the year	**86,468**	(108,953)
Attributable to:		
Owners of the Company	**66,500**	(95,125)
Non-controlling interests	**19,968**	(13,828)
	86,468	(108,953)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**559**	805
Investment property		**333,600**	309,409
Intangible assets		**7,096**	7,096
Investment in an associate		**–**	–
Loan receivables	*10*	**57,586**	98,313
Deferred tax assets		**10,883**	13,170
		409,724	428,793
Current assets			
Loan receivables	*10*	**108,032**	133,110
Prepayments, deposits and other receivables		**3,728**	3,571
Financial assets at fair value through profit or loss		**131,959**	55,472
Amounts due from a related company		**507,263**	383,939
Pledged bank deposits		**6,265**	18,443
Bank and cash balances		**96,135**	196,533
		853,382	791,068
Current liabilities			
Accruals and other payables		**15,011**	15,140
Borrowings		**52,794**	250,238
Current tax liabilities		**13,518**	12,564
		81,323	277,942
Net current assets		**772,059**	513,126
Total assets less current liabilities		**1,181,783**	941,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings	**268,591**	114,609
Deferred tax liabilities	**3,867**	4,453
	272,458	119,062
NET ASSETS	**909,325**	822,857
Capital and reserves		
Share capital	**1,174,378**	1,174,378
Deficit	**(465,705)**	(532,205)
Equity attributable to owners of the Company	**708,673**	642,173
Non-controlling interests	**200,652**	180,684
TOTAL EQUITY	**909,325**	822,857

NOTES

1. GENERAL INFORMATION

Doyen International Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Suites 2009-2010, 20th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company together with its subsidiaries (collectively referred to as the "Group") are principally engaged in investment property holding in the People's Republic of China (the "PRC"), provision of financing to customers in the PRC (the "Dongkui business") and investment holding.

In the opinion of the directors of the Company, as at 31 December 2017, Money Success Limited, a company incorporated in the British Virgin Islands (the "BVI"), is the immediate parent; Wealthy In Investments Limited, a company incorporated in the BVI, is the ultimate parent and Mr. Lo Siu Yu is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise individual Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2017. Of these, the following amendment is relevant to the Group.

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

Operating segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision-maker (the "CODM") in order to assess performance and allocate resources. The CODM, has been defined as the executive directors who assess the performance of the operating segments based on the profit and loss generated.

The CODM reviews the business principally from an industry perspective and has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments:

Investment property holding	– property investment and rental activities
Dongkui business	– provision of loan financing

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The operation of 重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Ltd. ("Chongqing Baoxu")) represents the operating and reportable segment of investment property holding.

4. SEGMENT INFORMATION (CONTINUED)

The operation of 東葵融資租賃（上海）有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui")) represents the operating and reportable segment of Dongkui business.

The measure used for reporting segment profit is "profit after tax".

Information about operating segment profit or loss, assets and liabilities:

	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Total *HK$'000*
Year ended 31 December 2017			
Revenue from external customers	**11,516**	**23,404**	**34,920**
Depreciation	**(7)**	**(62)**	**(69)**
Loss on disposals of property, plant and equipment	**–**	**(1)**	**(1)**
Fair value loss on investment property	**(888)**	**–**	**(888)**
Fair value gain on financial assets at fair value through profit or loss	**–**	**306**	**306**
Exchange loss – net	**–**	**(1)**	**(1)**
Finance income	**10,179**	**12,485**	**22,664**
Finance costs	**(8,343)**	**(1,961)**	**(10,304)**
Income tax expense	**(2,314)**	**(7,658)**	**(9,972)**
Segment profit after tax	**3,836**	**22,905**	**26,741**
At 31 December 2017			
Segment assets	**476,846**	**461,264**	**938,110**
Segment liabilities	**(127,116)**	**(34,264)**	**(161,380)**

4. SEGMENT INFORMATION (CONTINUED)

Information about operating segment profit or loss, assets and liabilities: (continued)

	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Total *HK$'000*
Year ended 31 December 2016			
Revenue from external customers	7,632	25,983	33,615
Depreciation	(8)	(12)	(20)
Fair value loss on investment property	(22,505)	–	(22,505)
Fair value gain on financial assets at fair value through profit or loss	–	3,776	3,776
Exchange gain-net	–	1	1
Finance income	10,539	1,365	11,904
Finance costs	(10,878)	(3,045)	(13,923)
Income tax credit/(expense)	3,433	(5,750)	(2,317)
Segment (loss)/profit after tax	(17,619)	17,032	(587)
At 31 December 2016			
Segment assets	453,609	442,157	895,766
Segment liabilities	(131,785)	(66,880)	(198,665)

Reconciliations of segment revenue and profit or loss:

	2017 ***HK$'000***	2016 *HK$'000*
Revenue		
Total revenue of reportable segments	**34,920**	33,615
Profit or loss		
Total profit/(loss) of reportable segments after tax	**26,741**	(587)
Share of loss of an associate	**–**	(16,518)
Provision for impairment loss of an associate	**–**	(13,348)
Unallocated amounts:		
Staff costs	**(8,209)**	(10,620)
Depreciation	**(447)**	(469)
Fair value gain on financial assets at fair value through profit or loss	**3,204**	2,490
Exchange gain/(loss) – net	**18,048**	(20,560)
Other income	**3,575**	2,709
Finance income	**23,283**	31,827
Finance costs	**(21,387)**	(20,410)
Other corporate expenses	**(14,090)**	(15,868)
Consolidated profit/(loss) after tax	**30,718**	(61,354)

4. SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment assets and liabilities:

	2017	2016
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**938,110**	895,766
Unallocated assets:		
Property, plant and equipment	**300**	747
Intangible assets	**7,096**	7,096
Financial assets at fair value through profit or loss	**11,959**	8,755
Amounts due from a related company	**279,263**	288,966
Bank and cash balances	**24,123**	17,171
Other assets	**2,255**	1,360
	324,996	324,095
Consolidated total assets	**1,263,106**	1,219,861

	2017	2016
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**161,380**	198,665
Unallocated liabilities:		
Borrowings	**198,259**	194,909
Current tax liabilities	**11,040**	11,498
Other liabilities	**6,501**	5,890
	215,800	212,297
Elimination of inter-company liabilities	**(23,399)**	(13,958)
Consolidated total liabilities	**353,781**	397,004

4. **SEGMENT INFORMATION (CONTINUED)**

Geographical information:

All the revenue generated by the Group for the two years ended 31 December 2017 and 2016 were attributable to customers based in the PRC. In addition, the majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

Revenue from major customers:

	2017	2016
	HK$'000	*HK$'000*
Dongkui business		
Customer a	**6,066**	960
Customer b	**3,225**	3,818
Customer c	**1,645**	4,183

Each major customer represents a single external customer who accounts for 10% or more of the revenue of the Group.

5. **OTHER GAINS AND LOSSES**

	2017	2016
	HK$'000	*HK$'000*
Loss on disposals of property, plant and equipment	**(1)**	–
Fair value loss on investment property	**(888)**	(22,505)
Fair value gain on financial assets at fair value through profit or loss	**3,510**	6,266
Exchange gain/(loss) – net	**18,047**	(20,559)
	20,668	(36,798)

6. **FINANCE INCOME AND COSTS**

	2017	2016
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**1,400**	1,897
Interest income on loans to a related company	**44,547**	41,834
	45,947	43,731
Finance costs		
Finance lease charges	**–**	(2)
Interest on bank loans	**(10,304)**	(13,923)
Interest on other borrowings – bonds	**(21,387)**	(20,408)
	(31,691)	(34,333)
Finance income – net	**14,256**	9,398

7. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2017	2016
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**9,012**	4,342
Withholding tax on distributed earnings from a subsidiary	**–**	599
Withholding tax on interest income		
– Provision for the year	**1,594**	2,221
– Over-provision in prior years	**–**	(1,886)
	10,606	5,276
Deferred tax	**2,257**	(136)
	12,863	5,140

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the years ended 31 December 2017 and 2016.

PRC EIT has been provided at a rate of 25% (2016: 25%).

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 7% (2016: 7%) on the gross interest income from a related party.

Under the PRC EIT law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 5% to 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of PRC subsidiaries at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the years ended 31 December 2017 and 2016.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following:

	2017	2016
	HK$'000	*HK$'000*
Earnings/(Loss)		
Earnings/(Loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attribute to owners of the Company)	**24,432**	(59,888)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share calculation	**1,274,039**	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the years ended 31 December 2017 and 2016 as the exercise prices of those share options and warrants were higher than the average market price for shares. Accordingly, diluted earnings/(loss) per share for the years ended 31 December 2017 and 2016 have not been presented.

10. LOAN RECEIVABLES

(a) For sales and lease back transactions with repurchase options which are almost certain to be exercised and do not convey a right to use of the underlying assets, management judges that in substance these transactions are not in the scope of HKAS 17 Leases, which instead are accounted for as financial instruments under HKAS 39 Financial Instruments: Recognition and Measurement.

(b) As at 31 December 2017, the Group's loan receivables were neither past due nor impaired. These relate to a number of independent customers for whom there is no recent history of default.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2017:

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Qualified Opinion

As disclosed in note 25 to the consolidated financial statements, as at 31 December 2017, the amounts due from a related company, Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen") of approximately HK$507,263,000 included several loans to Chongqing Doyen totalling RMB420,000,000 (equivalent to approximately HK$504,000,000) (the "Loans") and reimbursement of tax expenses of approximately RMB2,720,000 (equivalent to approximately HK$3,263,000). The Loans were secured by 51% equity interest of Chongqing Doyen Shell Petrochemical Co., Ltd. (the "Collaterals").

Pursuant to the loan agreements signed between the Group and Chongqing Doyen dated 8 November 2016, 11 November 2016 and 6 March 2017 respectively (the "Loan Agreements"), the Loans of RMB420,000,000 were interest-bearing at 10.5% per annum and due on 18 January 2018. Chongqing Doyen failed to repay the principal amount and the interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the Loan Agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses up to the date of this report for the period.

The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. As at the date of this report, no repayment schedule has been agreed with Chongqing Doyen.

Taking into consideration the financial conditions of Chongqing Doyen and the value of the Collaterals, the directors are of the view that the Group is able to recover the outstanding balances due in full from Chongqing Doyen, and therefore no impairment has been provided for the aforesaid amounts in the year ended 31 December 2017. However, the directors were not able to provide us with sufficient information about the financial capability of the borrower or the value of the Collaterals to support their impairment assessment. Hence, we were unable to obtain sufficient appropriate audit evidence regarding the recoverability of the amounts due from Chongqing Doyen of approximately HK$507,263,000. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether any impairment loss on these amounts was necessary and the amounts due from Chongqing Doyen as at the year end date were fairly stated. Any provision for impairment of these amounts would reduce the net assets of the Group as at 31 December 2017 and decrease the Group's net profit for the year ended 31 December 2017, and would have a consequential impact on the disclosure related to impairment loss in the consolidated financial statements. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the year ended 31 December 2017, the Group recorded revenue of approximately HK$34.9 million (2016: HK$33.6 million), representing an increase of 3.88%. The profit attributable to owners of the Company for the year ended 31 December 2017 was approximately HK$24.4 million (2016: loss HK$59.9 million).

The gain was mainly attributable to the appreciation of Renminbi ("RMB") in 2017.

Dongkui Business

東葵融資租賃（上海）有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui")), a subsidiary of which 77.58% equity interest is owned by the Company, is mainly engaged in provision of loan financing. Shanghai Dongkui will continue to select projects with relatively reliable grading, sufficient security and controllable risks through assessment of profit, financial and credit status of enterprises. The registered capital of Shanghai Dongkui amounted to US$51.3 million (equivalent to approximately HK$400.1 million).

In June 2017, Shanghai Dongkui entered into a loan agreement with 上海興灣貿易有限公司 (for identification purpose, Shanghai Xingwan Trade Co., Ltd.), pursuant to which Shanghai Dongkui has agreed to grant a loan in the amount of RMB20 million (equivalent to approximately HK$23.1 million) for a term of 18 months at the interest rate of 11% per annum. On 20 December 2017, the loan principle amount and interest were fully repaid. Also, in October 2017, Shanghai Dongkui entered into a supplemental agreement with an asset management company and the guarantor, pursuant to which Shanghai Dongkui has agreed to extend the repayment date of the loan amounted to RMB 50 million (equivalent to approximately HK$60.0 million) bearing at interest rate of 11% per annum from October 2017 to October 2018.

For the year ended 31 December 2017, the Group's loan financing segment recorded revenue of approximately HK$23.4 million (2016: HK$26.0 million) and profit after tax of approximately HK$22.9 million (2016: HK$17.0 million).

Property Investment Holding

重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Ltd. ("Chongqing Baoxu")), a subsidiary of which 70% equity interest is owned by the Company, is principally engaged in the investment holding of Dong Dong Mall ("Dong Dong Mall"), a shopping arcade for commercial use and located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing in the People's Republic of China ("PRC") with a total gross floor area of 18,043.45 square meters. Dong Dong Mall is adjacent to a main pedestrian street and a number of shopping malls, where is a hot-spot of fashion, shopping, entertainment and business for residents around south Chongqing due to its convenient public transportation.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

For the year ended 31 December 2017, the Group's property investment segment has contributed revenue of approximately HK$11.5 million (2016: HK$7.6 million), representing an increase of 50.89%. Meanwhile, this segment has recorded a profit after tax of approximately HK$3.8 million for the year ended 31 December 2017 (2016: loss HK$17.6 million).

Investment in an associate

The Company holds 29.80% equity interest in Sol Chip Limited ("Sol Chip"), which is an Israeli solar energy technology company with extensive experience in the semiconductor industry. It is also a provider of systems for the Internet of Things ("IoT") and energy access programs, and is mainly engaged in sales of sustainable solar batteries and relevant systematic solution plans.

Other

On 8 November 2016, the Company granted a loan ("Doyen Loan") with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen")). On the same date, Chongqing Baoxu granted a loan ("Baoxu Loan") with a principal amount of RMB80 million (equivalent to approximately HK$96.0 million) to Chongqing Doyen.

On 11 November 2016, Shanghai Dongkui granted a loan ("Shanghai Dongkui Loan") with a principal amount of RMB110 million (equivalent to approximately HK$132.0 million) to Chongqing Doyen.

On 6 March 2017, the Company granted a loan ("Doyen 2nd Loan") with a principal amount of RMB150 million (equivalent to approximately HK$180.0 million) to Chongqing Doyen.

The aggregate amount of the Doyen Loan, the Baoxu Loan, the Shanghai Dongkui Loan and the Doyen 2nd Loan (collectively, the "Loans") granted to Chongqing Doyen amount to RMB420 million (equivalent to approximately HK$504.0 million).

Pursuant to the terms of relevant loan agreements, the maturity date of the Loans falls on 18 January 2018 (or such later date as shall be agreed by Chongqing Doyen and the respective lenders prior to the maturity date). The maturity date of the Loans has not been extended and accordingly, on 18 January 2018, each of the Loans has become due and payable by Chongqing Doyen. For further details of the status of the Loans, please refer to the announcement of the Company dated 18 January 2018.

The Directors have communicated with Chongqing Doyen regarding the financial difficulties of Chongqing Doyen group and understand that Chongqing Doyen was actively resorting to various ways to resolve the financial difficulties of its group companies and repay the Loans. The Directors were given to understand that the government of Chongqing City had been engaged in resolving the financial difficulties of Chongqing Doyen group. A coordination conference was organised by Chongqing Municipal government on 7 December 2017 and it was concluded that the government of Chongqing City would coordinate the debt restructuring of Chongqing Doyen group.

Taking into account the above and coupled with (i) Chongqing Doyen had duly paid interest on each of the Loans quarterly according to the relevant loan agreements since the relevant loans were advanced; (ii) the value (estimated based on its net assets value) of the security being 51% equity interest in 重慶東銀殼牌石化有限公司(for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd ("Doyen Shell")) can largely cover the principal amounts of the Loans, the Directors consider that the default of the Loans would not have any material impact to the operation and financial conditions of the Group. Based on the communication with Chongqing Doyen, Chongqing Doyen expected the creditors' approval for the debt restructuring plan could be obtained before 30 June 2018 and Chongqing Doyen could repay the principal and interest of the Loans by installment in the second half of 2018. Accordingly, the Directors consider that no provision in relation to the Loans was required in the financial statements of our Group for the year ended 31 December 2017.

Based on the information available to the Company, Doyen Shell is a company established with limited liability under the laws of the PRC and indirectly owned by Chongqing Doyen through as to 51%. Its principal business is the operation and management of gas stations in Chongqing province of the PRC. Doyen Shell's net profit after tax for the year ended 31 December 2017 as shown in its PRC audited financial statements was about RMB155.0 million (equivalent to approximately HK$178.7 million); and its net assets value as at 31 December 2017 was about RMB668.8 million (equivalent to approximately HK$802.6 million).

PROSPECTS

The Company has always been identifying suitable investment or business opportunities so as to diversify the business of the Group and broaden the Group's income sources. Meanwhile, before securing potential investment opportunities, the Company will seize any opportunity to make short-term investment with lower risks for the sake of greater returns for shareholders.

Dongkui Business

According to the Report on the Development of Financial Leasing Industry in China 2017 released by China Leasing Union, China has maintained a relatively speedy growth in infrastructure investment in 2017 to actively pursue the implementation of the "One Belt, One Road" strategy and the upgrade of economic structure. With the essential features of "capital and commodity finance" in lease, there is a huge market opportunity in leasing infrastructure facilities and relevant equipment.

Looking forward, the Group will continue to pursue the hospital loan financing business and strive for the development of asset scale in industry that related to hospital loan financing, and meanwhile, explore sub-industry with big market capacity, strong facilities leasing commonality and high value protection rate as well as look for transformation development in new and appropriate leasing sector and subject. Besides, the Group will appropriately involve in new strategic industry of Made in China 2025 to regularly pay attention to the loan financing business in small-medium enterprises equipment. In respect of financing, the Group will actively develop the financing model of asset securitization such as ABS, ABN etc. while improving the Company's risk control system to gradually realize a comprehensive fundamental risk management of the Company.

Property Investment Holding

Given various influential factors including the unceasing rise of operational costs, the structural adjustment of consumption demand and the rapid development of online retailing, the development of physical retailing is confronted with unprecedented challenges. The current jam of physical retailing is resulted from external challenges, such as the diminished market demand, the increase in costs and the impact from the e-commerce sector, as well as other internal causes, including the lack of timely adjustment adapting to the change of consumption market. Despite the prevailing crisis, the prospect of physical retailing is still promising once the innovation of the sector speeds up.

In order to alleviate external factors' impact on physical retailing, the Group carried out a massive general renovation for Dong Dong Mall in 2015. After the renovation, the new look attracted the attention of a number of new customers, thus increasing the foot traffic and the number of tenants, which contributed to the continuous boost in the rental income from Dong Dong Mall. The Group expects that there will be a sustainable increase in return in 2018.

Investment in an Associate

The Group holds 29.80% equity interest in Sol Chip, an Israeli solar energy technology company. Sol Chip is still at loss position so far. As there is no profit contribution to the Group, the investment in this associate was fully impaired in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

FINANCIAL REVIEW

Liquidity and Financial Resources

Taking loans of RMB270 million advanced to Chongqing Doyen in January 2017 and a loan of RMB150 million Doyen 2nd Loan to Chongqing Doyen in May 2017 into account, the Group had bank and cash balances of approximately HK$96.1 million as at 31 December 2017 (2016: HK$196.5 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As of 31 December 2017, the current ratio of the Group, representing current assets divided by current liabilities, was 10.49 (2016: 2.85).

As of 31 December 2017, the gearing ratio of the Group was 0.20 (2016: 0.17), which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position, plus net debt. As of 31 December 2017, the Group's total borrowings exceeded cash and cash equivalents by approximately HK$225.3 million (2016: HK$168.3 million).

Capital Structure

As of 31 December 2017, the Group's current and non-current borrowings amounted to approximately HK$52.8 million (2016: HK$250.2 million) and approximately HK$268.6 million (2016: HK$114.6 million) respectively. All the bank borrowings bore interest at floating rates while the bond bore interest at fixed rate.

The Group did not use any derivative to hedge its exposure to interest rate risks for the years ended 31 December 2017 and 2016. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of Assets

As at 31 December 2017, the Group's bank loans of approximately HK$96.0 million (2016: HK$111.7 million) were secured by the Group's investment property amounted to approximately HK$333.6 million (2016: HK$309.4 million), its right to receive rental income and pledged bank deposits of approximately HK$1.2 million (2016: nil).

The remaining bank loans of approximately HK$27.1 million (2016: HK$58.2 million) were secured by the Group's loan receivables of approximately HK$82.2 million (2016: HK$118.1 million) and pledged bank deposits of approximately HK$5.1 million (2016: HK$18.4 million), and were guaranteed by Chongqing Doyen. Such bank loans have been early repaid on 17 January 2018 without any penalty.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies except certain amounts due from a related company denominated in RMB other than the functional currency of the respective group entity expose the Group to foreign exchange exposure.

Currently, the Group does not use any derivative financial instrument to hedge its exposure to foreign exchange risks.

Contingent Liabilities

The Group had no significant contingent liability as at 31 December 2017 and 2016.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: nil).

Events after the reporting period

(a) Pursuant to the loan agreements signed between the Group and Chongqing Doyen dated 8 November 2016, 11 November 2016 and 6 March 2017 respectively (the "Loan Agreements"), the Group advanced the Loans totalling RMB420 million (equivalent to approximately HK$504.0 million) to Chongqing Doyen. Chongqing Doyen is a company established in the PRC and wholly owned by Mr. Lo Siu Yu ("Mr. Lo"), a Director and the ultimate controlling party of the Company, and its spouse. The Loans were interest-bearing at 10.5% per annum and due on 18 January 2018. Chongqing Doyen failed to repay the principal amount and interest for the period from 1 January 2018 to 18 January 2018 as at the due date and was construed as default in repayment according to the Loan Agreements. Chongqing Doyen also failed to settle the reimbursement of tax expenses of approximately RMB2.7 million (equivalent to approximately HK$3.3 million) to the Group up to the date of this results announcement. The Group is still under negotiation with Chongqing Doyen for the settlement of the outstanding balances. As at the date of this results announcement, no repayment schedule has been agreed with Chongqing Doyen. For details, please refer to the Company's announcement dated 18 January 2018.

(b) Pursuant to a supplemental deed dated 20 January 2017 (the "Supplemental Deed") in relation to the bonds issued by the Group in January 2015 ("Bonds"), an email and a written notice were issued by the Group to Haitong International Finance Company Limited ("Haitong"), the bondholder, on 17 January 2018 and 7 February 2018 respectively in respect of the extension of the maturity date of the Bonds to 18 January 2019. Haitong acknowledged receipt of the aforesaid email and written notice on 7 February 2018; accordingly, the maturity date of the Bonds has been extended to 18 January 2019.

(c) On 7 February 2018, Haitong transferred the Bonds to a transferee (the "New Bondholder"), whose intermediate holding company indirectly holds 9.42% equity interest of the Company and 30% equity interest of the Company's subsidiary, Chongqing Baoxu.

Purusant to a confirmation letter dated 7 February 2018, the New Bondholder confirmed, among others, the following:

(i) The maturity date of the Bonds has been extended to 18 January 2019.

(ii) The failure by the Company to pay interest between 7 February 2018 to 17 January 2019, both dates inclusive (the "Period") shall not constitute a breach of the bond instrument dated 19 January 2015 (the "Bond Instrument") and the Supplemental Deed or an event of default under the Bond Instrument (the "Event of Default").

(iii) Any interest due but remain unpaid during the Period (the "Accrued Interest") shall become immediately payable by the Company on the first business day (excluding Saturday, Sunday and public holidays on which banks in Hong Kong are open for business) immediately after the Period.

(iv) No interest shall accrue on the Accrued Interest itself and the default interest pursuant to the Bond Instrument shall not be applicable to any Accrued Interest.

(v) If any Event of Default (except for the non-payment of interest during the Period) should occur, the New Bondholder shall have the right to revoke the effect of any or all of the paragraphs (i) to (iii) above, any right exercisable by the New Bondholder pursuant to the Bond Instrument may be exercised in respect of the Accrued Interest and the Bond Instrument shall apply to the Accrued Interest from the date of any demand by the New Bondholder to pay the Accrued Interest accordingly.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to enhance shareholders' value and safeguard shareholders' interests. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2017, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the Articles of Association of the Company (the "Articles of Association"), at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

Code Provision E.1.2 specifies that the chairman of the Board should attend the annual general meeting. Mr. Lo, the chairman of the Board, has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's annual general meeting held on 18 May 2017, he was unable to attend the said meeting due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future annual general meetings of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") currently consists of three independent non-executive Directors, namely Mr. Chan Ying Kay (Chairman of the Committee), Dr. Zhu Wenhui and Mr. Wang Jin Ling, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and other financial reporting matters.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Hong Kong 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 HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the consolidated financial performance and consolidated cash flows for each financial periods.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2017.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the year ended 31 December 2017 is published on both websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.doyenintl.com). The annual report of the Company for the year ended 31 December 2017 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support.

By Order of the Board
Doyen International Holdings Limited
Lo Siu Yu
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises Mr. Lo Siu Yu (Chairman), Mr. Tai Xing (Chief Executive Officer) and Mr. Cho Chun Wai, as executive Directors, Ms. Luo Shaoying (Vice Chairman), Mr. Wang Xiaobo and Mr. Qin Hong, as non-executive Directors, and Mr. Chan Ying Kay, Dr. Zhu Wenhui and Mr. Wang Jin Ling as independent non-executive Directors.