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 2020

The board (the "**Board**") of directors ("**Directors**") 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 2020 as follows:

For the year ended 31 December 2020, the Group recorded revenue of approximately HK$103.8 million (2019: approximately HK$33.2 million), representing an increase of 212.5%.

The profit attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$114.6 million (2019: loss approximately HK$79.7 million).

As at 31 December 2020, the Group gearing ratio was zero (2019: approximately 0.2), which is calculated as net debt divided by total capital (which is calculated as equity plus net debt).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	2020 *HK$'000*	2019 *HK$'000*
Revenue	*4*	**103,759**	33,202
Purchases		**(32,838)**	(516)
Staff costs		**(16,623)**	(13,975)
Short-term leases expenses		**–**	(1,357)
Other tax expenses		**(10,714)**	(1,670)
Depreciation of property, plant and equipment		**(34)**	(79)
Depreciation of right-of-use assets		**(2,000)**	(1,454)
Reversal of impairment losses/(impairment losses) on amounts due from a related company		**50,069**	(49,717)
Impairment losses on loan receivables		**(43,432)**	(23,345)
Impairment losses on trade receivables		**(26)**	–
Other operating expenses		**(15,891)**	(12,495)
Other gains and losses	*5*	**(15,687)**	(1,928)
Other income		**22,851**	3,953
Profit/(loss) from operations		**39,434**	(69,381)
Finance income	*6*	**124,596**	1,681
Finance costs	*6*	**(10,994)**	(20,469)
Finance income/(costs) – net		**113,602**	(18,788)
Profit/(loss) before tax		**153,036**	(88,169)
Income tax (expense)/credit	*7*	**(29,857)**	4,764
Profit/(loss) for the year		**123,179**	(83,405)
Attributable to:			
Owners of the Company		**114,552**	(79,691)
Non-controlling interests		**8,627**	(3,714)
		123,179	(83,405)
Earnings/(loss) per share	*9*		
		HK cents	*HK cents*
Basic and diluted		**8.99**	(6.25)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Profit/(loss) for the year	**123,179**	(83,405)
Other comprehensive income/(expenses), net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**43,651**	(12,110)
Total comprehensive income/(expenses) for the year	**166,830**	(95,515)
Attributable to:		
Owners of the Company	**147,846**	(88,647)
Non-controlling interests	**18,984**	(6,868)
	166,830	(95,515)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**67**	66
Right-of-use assets		**4,178**	4,320
Investment property		**308,880**	314,999
Intangible assets		**7,096**	7,096
Goodwill		**2,049**	–
Loan receivables	*10*	**1,703**	26,192
Deferred tax assets		**33,236**	20,761
		357,209	373,434
Current assets			
Loan receivables	*10*	**502,178**	86,412
Trade receivables	*11*	**5,466**	577
Prepayments, deposits and other receivables		**9,374**	4,892
Financial assets at fair value through profit or loss		**8,712**	10,702
Amounts due from a related company	*12*	**–**	510,078
Bank and cash balances		**146,099**	39,047
		671,829	651,708
Current liabilities			
Accruals and other payables		**35,385**	15,863
Borrowings		**–**	166,974
Lease liabilities		**3,299**	2,032
Current tax liabilities		**54,316**	14,507
		93,000	199,376
Net current assets		**578,829**	452,332
Total assets less current liabilities		**936,038**	825,766

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings	**–**	22,380
Lease liabilities	**1,045**	2,469
Deferred tax liabilities	**4,338**	10,656
	5,383	35,505
NET ASSETS	**930,655**	790,261
Capital and reserves		
Share capital	**1,174,378**	1,174,378
Reserves	**(421,065)**	(568,911)
Equity attributable to owners of the Company	**753,313**	605,467
Non-controlling interests	**177,342**	184,794
TOTAL EQUITY	**930,655**	790,261

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 2206, 22nd 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**"), investment holding, sales of flowers and plants and distressed assets management.

In the opinion of the directors ("**Directors**") of the Company, as at 31 December 2020, Money Success Limited, a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate parent; Wealthy In Investments Limited, a company incorporated in the BVI, is the ultimate parent and Mr. Lo Siu Yu ("**Mr. Lo**") is the ultimate controlling party of the Company.

2 BASIS OF PREPARATION

These 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 ("**HKASs**"); and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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 these consolidated financial statements.

3 ADOPTION OF NEW AND REVISED STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

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

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 16	Covid-19 – Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to 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 four (2019: three) 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
Sales of flowers and plants	– selling of flowers, seedlings and plants
Distressed assets management	– provision of distressed assets management

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 segments of investment property holding and sales of flowers and plants.

4 SEGMENT INFORMATION (CONTINUED)

The operations of 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("**Shanghai Dongkui**")) and 東銳商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd. ("**Shanghai Dongrui**")) represent the operating and reportable segment of Dongkui business.

The operation of 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd. ("**Anxin Wanbang**")) represents the operating and reportable segment of distressed assets management.

The measure used for reporting segment profit/(loss) is "profit/(loss) after tax".

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

	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Sales of flowers and plants *HK$'000*	Distressed assets management *HK$'000*	Total *HK$'000*
Year ended 31 December 2020					
Disaggregated by timing of revenue recognition					
Point in time	–	–	31,888	–	31,888
Over time	19,664	52,207	–	–	71,871
Revenue from external customers	19,664	52,207	31,888	–	103,759
Inter-segment revenue	–	1,111	–	–	1,111
Reportable segment revenue	19,664	53,318	31,888	–	104,870
Purchases	(1,708)	–	(31,130)	–	(32,838)
Depreciation of property, plant and equipment	(4)	(29)	–	(1)	(34)
Depreciation of right-of-use assets	–	(380)	–	–	(380)
Reversal of impairment losses on amounts due from a related company	9,109	12,524	–	–	21,633
Impairment losses on loan receivables	–	(43,432)	–	–	(43,432)
Impairment losses on trade receivables	(26)	–	–	–	(26)
Fair value losses on investment property	(24,600)	–	–	–	(24,600)
Finance income	29,862	7,040	–	12	36,914
Finance costs	(2,823)	(1,309)	–	–	(4,132)
Income tax expenses	(5,296)	(4,543)	–	–	(9,839)
Reportable segment profit/(loss) after tax	16,483	16,170	197	(15)	32,835
At 31 December 2020					
Reportable segment assets	335,975	928,950	5,466	2,506	1,272,897
Reportable segment liabilities	(20,798)	(507,030)	(339)	(4,499)	(532,666)

4 SEGMENT INFORMATION (CONTINUED)

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

	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Sales of flowers and plants *HK$'000*	Total *HK$'000*
Year ended 31 December 2019				
Disaggregated by timing of revenue recognition				
Point in time	–	–	539	539
Over time	14,006	18,657	–	32,663
Revenue from external customers	14,006	18,657	539	33,202
Inter-segment revenue	–	346	–	346
Reportable segment revenue	14,006	19,003	539	33,548
Purchases	–	–	(516)	(516)
Depreciation of property, plant and equipment	(4)	(75)	–	(79)
Depreciation of right-of-use assets	–	(352)	–	(352)
Impairment losses on amounts due from a related company	(9,198)	(12,647)	–	(21,845)
Impairment losses on loan receivables	–	(23,345)	–	(23,345)
Fair value gains on investment property	1,476	–	–	1,476
Finance income	23	1,421	–	1,444
Finance costs	(3,386)	(38)	–	(3,424)
Income tax credit	812	4,683	–	5,495
Reportable segment (loss)/profit after tax	(862)	(15,442)	23	(16,281)
At 31 December 2019				
Reportable segment assets	424,894	379,458	3,375	807,727
Reportable segment liabilities	(87,221)	(11,569)	(2)	(98,792)

4 SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment revenue and profit or loss:

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**104,870**	33,548
Elimination of inter – segment revenue	**(1,111)**	(346)
Consolidated revenue	**103,759**	33,202
Profit or loss		
Total profit/(loss) of reportable segments after tax	**32,835**	(16,281)
Unallocated amounts:		
Staff costs	**(9,876)**	(8,866)
Depreciation of right-of-use assets	**(1,620)**	(1,102)
Reversal of impairment losses/(impairment losses) on amounts due from a related company	**28,436**	(27,872)
Fair value (losses)/gains on financial assets at FVTPL	**(1,990)**	2,298
Exchange gains/(losses) – net	**10,906**	(5,702)
Other income	**22,787**	3,183
Finance income	**87,682**	237
Finance costs	**(6,862)**	(17,045)
Other corporate expenses	**(39,119)**	(12,255)
Consolidated profit/(loss) after tax	**123,179**	(83,405)

4 SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment assets and liabilities:

	2020	2019
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**1,272,897**	807,727
Unallocated assets:		
Right-of-use assets	**1,912**	3,532
Intangible assets	**7,096**	7,096
Financial assets at FVTPL	**8,712**	10,702
Amounts due from a related company	**–**	285,958
Bank and cash balances	**21,758**	9,093
Other assets	**4,045**	1,709
	1,316,420	1,125,817
Elimination of inter-company assets	**(287,382)**	(100,675)
Consolidated total assets	**1,029,038**	1,025,142

	2020	2019
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**532,666**	98,792
Unallocated liabilities:		
Borrowings	**–**	144,594
Current tax liabilities	**25,894**	13,432
Other liabilities	**19,020**	10,202
	577,580	267,020
Elimination of inter-company liabilities	**(479,197)**	(32,139)
Consolidated total liabilities	**98,383**	234,881

4 SEGMENT INFORMATION (CONTINUED)

Other information:

	Investment property holding *HK$'000*	**Dongkui business** *HK$'000*	**Sales of flowers and plants** *HK$'000*	**Distressed assets management** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2020					
Additions to non-current assets *(note)*					
Allocated	**434**	**8**	**–**	**2,049**	**2,491**
Unallocated					**–**
					2,491

	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Sales of flowers and plants *HK$'000*	Distressed assets management *HK$'000*	Total *HK$'000*
Year ended 31 December 2019					
Additions to non-current assets *(note)*					
Allocated	–	1,152	–	–	1,152
Unallocated					4,634
					5,786

Note: Non-current assets excluded loan receivables and deferred tax assets.

4 SEGMENT INFORMATION (CONTINUED)

Geographical information:

All the revenue generated by the Group for the two years ended 31 December 2020 and 2019 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:

	2020	2019
	HK$'000	*HK$'000*
Dongkui business		
Customer a	**40,854**	N/A*
Customer b	**N/A***	4,108
Customer c	**N/A***	4,024
Customer d	**N/A***	3,730
Sales of flowers and plants		
Customer e	**31,888**	N/A*

* The corresponding revenue did not contribute 10% or more of the total revenue.

Those major customers represent external customers who accounts for 10% or more of the revenue of the Group.

5 OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Fair value (losses)/gains on investment property	**(24,600)**	1,476
Fair value (losses)/gains on financial assets at FVTPL	**(1,990)**	2,298
Loss on disposals of property, plant and equipment	**(3)**	–
Exchange gains/(losses) – net	**10,906**	(5,702)
	(15,687)	(1,928)

6 FINANCE INCOME AND COSTS

	2020	2019
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**1,036**	1,681
Interest income on loans to a related company	**123,560**	–
	124,596	1,681
Finance costs		
Interest on bank loans	**(1,775)**	(3,040)
Interest on other borrowings – bonds	**(8,947)**	(17,279)
Interest on other borrowings – loans	**(138)**	–
Interest on lease liabilities	**(134)**	(150)
	(10,994)	(20,469)
Finance income/(costs) – net	**113,602**	(18,788)

7 INCOME TAX EXPENSE/(CREDIT)

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

	2020	2019
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")		
Provision for the year	**27,396**	3,400
Withholding tax on distributed profits from a subsidiary	**7,617**	881
Withholding tax on interest income		
– Provision for the year	**12,034**	–
– Under-provision in prior years	**–**	90
	47,047	4,371
Deferred tax	**(17,190)**	(9,135)
Income tax expense/(credit)	**29,857**	(4,764)

No provision for Hong Kong Profits Tax is made since the Group has no assessable profits for the years ended 31 December 2020 and 2019.

7 INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

PRC EIT has been provided at a rate of 25% (2019: 25%).

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to the PRC withholding income tax of 10% (2019: 10%) 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 2020 and 2019.

9 EARNINGS/(LOSS) PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**114,552**	(79,691)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,274,039**	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the years ended 31 December 2020 and 2019 as the exercise prices of those share options and warrants were higher than the average market price for shares, and, therefore, diluted earnings per share are the same as the basic earnings per share.

10 LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loan receivables	**575,404**	136,734
Less: Impairment losses allowances	**(71,523)**	(24,130)
	503,881	112,604
Analysis as:		
Non-current portion	**1,703**	26,192
Current portion	**502,178**	86,412
	503,881	112,604

As at 31 December 2020, the Group's loans to customers of approximately HK$575,404,000 (2019: HK$136,734,000) were secured by either the plant and equipment or trade receivable of the relevant customers and repayable by instalments within three years (2019: within five years) from the draw-down dates. The effective interest rate on such loans ranged from 10.1% to 15.4% (2019: 11.0% to 12.9%) per annum.

The movements in the impairment losses allowances of loan receivables are as follows:

	Total
	HK$'000
At 1 January 2019	1,133
Impairment losses for the year, net	23,345
Exchange differences	(348)
At 31 December 2019 and at 1 January 2020	24,130
Impairment losses for the year, net	43,432
Exchange differences	3,961
At 31 December 2020	71,523

11 TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**5,493**	577
Less: Impairment losses allowances	**(27)**	–
	5,466	577

All of the trade receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade receivables, based on invoice date and net of impairment losses allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one month	**5,466**	577

Trade receivables are due within 30 days from the day of the customer accepts and takes the control of the products.

The movements in the impairment losses allowances of trade receivables are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**–**	–
Impairment losses for the year, net	**26**	–
Exchange differences	**1**	–
At 31 December	**27**	–

12 AMOUNTS DUE FROM A RELATED COMPANY

In relation to the loans advanced by the Group to 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. (the "**Chongqing Doyen**")), Chongqing Doyen agrees to reimburse the Group any tax expenses on the interest income generated from the loans advanced by the Group. In addition, Chongqing Doyen is also liable to pay in full all costs incurred by the Group in connection with any breach by Chongqing Doyen.

Pursuant to two loan agreements both dated 8 November 2016, the Company and Chongqing Baoxu advanced RMB80,000,000 each to Chongqing Doyen.

Pursuant to a loan agreement dated 11 November 2016, Shanghai Dongkui advanced a loan of RMB110,000,000 to Chongqing Doyen.

Pursuant to a loan agreement dated 6 March 2017, the Company further advanced RMB150,000,000 to Chongqing Doyen.

The aforesaid loans totalling RMB420,000,000 (the "**Loans**") were interest-bearing at 10.5% per annum and due on 18 January 2018.

During the year ended 31 December 2017, 51% of the equity interest of 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd. ("**Doyen Shell**")) (the "**Pledged Collaterals**") was charged to the Group as security for the amounts due from a related company.

Chongqing Doyen failed to repay the Loans together with the interest thereon and the relevant tax expenses as at the due date and was construed as default in repayment according to the loan agreements. Pursuant to the loan agreements, default interest is accrued on any sum payable from the due date up to the date of actual payment at a rate of 15.5% per annum.

On 28 December 2018, the Group, Chongqing Doyen and 重慶東銀碩潤石化集團有限公司 (for identification purpose, Chongqing Doyen Shuorun Petrochemical Group Ltd. ("**Shuorun Petrochemical**")), the legal owner of the Pledged Collaterals and the transferor, entered into an equity interest transfer agreement (the "**Equity Interest Transfer Agreement**"), pursuant to which, Shuorun Petrochemical has conditionally agreed to transfer the equity interest of Doyen Shell (the "**Equity Interest**"), with value equivalent to the aggregate outstanding sum of the Loans, the interest thereon and the relevant costs incurred by the Group in effecting the transactions as at the reference date, i.e. 31 October 2018, to the Group as settlement; and Shuorun Petrochemical has undertaken to, subsequent to the completion of the transfer pursuant to the terms of the Equity Interest Transfer Agreement, repurchase the Equity Interest from the Group on or before 31 December 2019 at a repurchase price. The repurchase price shall be equivalent to the sum of (a) the value of the Equity Interest to be transferred which is equivalent to the aggregate outstanding sum of the Loans, the interest thereon and the relevant costs incurred by the Group in effecting the transactions as at the reference date; (b) an amount representing a notional interest calculated at an interest rate of 15.5% per annum for the period from the reference date to the completion date; (c) an amount representing a notional interest calculated at an interest rate of 10.5% per annum for the period from the next day following the completion date to the date of payment of the repurchase price; and (d) the relevant costs incurred by the Group in relation to the repurchase, less the aggregate amount of any dividend declared and distributed by Doyen Shell to the Group.

12 AMOUNTS DUE FROM A RELATED COMPANY (CONTINUED)

On 15 February 2019, the Company, Chongqing Baoxu, Shanghai Dongkui, Chongqing Doyen and Shuorun Petrochemical entered into a supplemental agreement to the Equity Interest Transfer Agreement (the "**Supplemental Agreement**") to, among others, extend (i) the deadline of fulfillment of each of the conditions to 30 June 2019 or such later date otherwise unanimously agreed by the parties to the Equity Interest Transfer Agreement in writing and (ii) the completion deadline to 31 August 2019 or such later date otherwise unanimously agreed by the parties to the Equity Interest Transfer Agreement.

Pursuant to a second supplemental agreement dated 28 June 2019, the parties to the Equity Interest Transfer Agreement extended the deadline of fulfillment of certain conditions precedent under the Equity Interest Transfer Agreement to 30 September 2019 and the completion deadline to 30 September 2019 or such later date otherwise unanimously agreed by the parties to the Equity Interest Transfer agreement.

Pursuant to the Company's announcement dated 2 October 2019, as the conditions have not been fulfilled by 30 September 2019 and the parties to the Equity Interest Transfer Agreement have not agreed on any further extension of the deadline for fulfillment of the conditions, the Equity Interest Transfer Agreement has been lapsed on 30 September 2019.

On 2 July 2019, the Company received a notice (the "**Notice**") from Chongqing Doyen which stated that 中國華融資產管理股份有限公司重慶市分公司 (for identification purpose, China Huarong Asset Management Co., Ltd. Chongqing City Branch, ("**Huarong**")) has applied to the relevant PRC court such that the 51% equity interest in Doyen Shell owned by Shuorun Petrochemical be judicially preserved before litigation (the "**Property Preservation**").

On 9 September 2019, the Company was informed that, among others, Chongqing Doyen, Mr. Lo and Shuorun Petrochemical were served with a summons in relation to a legal claim brought by Huarong in relation to a debt of a principal amount of RMB100 million (equivalent to approximately HK$118.8 million), together with relevant interests and penalties (the "**Claim**"). According to the legal opinion issued by the Company's PRC lawyer on 10 September 2019, which opined that the Claim will not affect the Company and its subsidiaries, Chongqing Baoxu and Shanghai Dongkui, to realise their priority compensation in the Pledged Collaterals.

Pursuant to the Company's announcement dated 21 October 2020, the Group received the amount of approximately RMB665.6 million (equivalent to approximately HK$790.7 million) from Shuorun Petrochemical as settlement of the loans (inclusive of interest and other relevant expenses incurred). Afterwards, the loans have been fully repaid and settled, the Pledged Collaterals have been released accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the year ended 31 December 2020, the Group recorded revenue of approximately HK$103.8 million (2019: approximately HK$33.2 million), representing an increase of 212.5%. The Group recorded gain from operations of approximately HK$39.4 million (2019: loss approximately HK$69.4 million). The gain were mainly attributable to the Group received approximately Renminbi ("**RMB**") RMB 665.6 million (equivalent to approximately HK$790.7 million) from 重慶東銀碩潤石化集團有限公司 (for identification purpose, Chongqing Doyen Shuorun Petrochemical Group Ltd. ("**Shuorun Petrochemical**") to settle the relevant outstanding loans granted to a related company, resulting in (i) a reversal of impairment loss of approximately HK$50.1 million in respect of the amount due from a related company for the year ended 31 December 2020; and (ii) an aggregate interest income from the loans granted to the relevant related party of approximately HK$164.4 million being recognised during the year ended 31 December 2020, which resulted in an increase in profit for the year during the year ended 31 December 2020 as stated above. It should be noted that, excluding the above-mentioned one-off gains derived from the settlement of the relevant loans, the Group is expected to record a similar level of loss from operation and loss for the year during the year ended 31 December 2020 as compared with that for the year ended 31 December 2019. On the other hand, assessed fair value losses of Dong Dong Mall ("**Dong Dong Mall**") of HK$24.6 million (2019: fair value gain approximately HK1.5 million) and impairment losses on loan receivables of approximately HK$43.4 million (2019: approximately HK$23.3 million) in relation to secured loans. Such impairment represented non-cash accounting charges resulted from the adoption of the HKFRS 9. The profit attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$114.6 million (2019: loss approximately HK$79.7 million).

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).

Due to the uncertain impact of COVID-19 ("**COVID-19**") and specific policies after the adjustment of the loan financing regulatory system, multiple operations of the Company have been severely hindered. As a result, financial performance and business development plans have also been dragged down. Fortunately, the operation of Shanghai Dongkui has not been significantly affected by the COVID-19 epidemic in 2020 as customers repaid the loan on time and business remained sound and stable.

BUSINESS REVIEW (CONTINUED)

Dongkui Business (continued)

On 6 November 2020, Shanghai Dongkui received a judgment from Shanghai Pudong New District People's Court dated 26 October 2020 regarding the Legal Proceeding (the "**Judgment**") in its favour. The Judgment ordered, amongst others, that (1) 陝西太白山投資集團有限公司 (for identification purpose, Shaanxi Taibai Mountain Investment Group Company Ltd. ("**Shaanxi Taibai**")) to pay Shanghai Dongkui all the outstanding lease rent and purchase price of approximately RMB33.0 million (equivalent to approximately HK$39.2 million); (2) Shaanxi Taibai to pay Shanghai Dongkui the default interest till 10 March 2020 totaling approximately RMB0.6 million (equivalent to approximately HK$0.7 million) and the default interest from 11 March 2020 till the actual date of repayment of the default interest; (3) Shaanxi Taibai to pay for the legal fee of Shanghai Dongkui of RMB0.3 million (equivalent to approximately HK$0.4 million); and (4) Baoji City Cultural Tourism Industry Development Group Company Ltd. (the "**Guarantor**") is jointly and severally liable for the repayment obligations of Shaanxi Taibai in favour of the Shanghai Dongkui. After the Guarantor fulfilled the guarantee obligation, it has the right of recovery against Shaanxi Taibai.

Shanghai Dongkui is now providing loan financing to four hospitals, namely 祿豐縣人民醫院 (for identification purpose, Lufeng People's Hospital) with project amount of RMB12 million (equivalent to approximately HK$14.3 million); 泗縣人民醫院 (for identification purpose, Sixian People's Hospital) with project amount of RMB30 million (equivalent to approximately HK$35.6 million); an independent third hospital with project amount of RMB40 million (equivalent to approximately HK$47.5 million) and 淮安市洪澤區人民醫院 (for identification purpose, Hongze Huaian District People's Hospital) with project amount of RMB30 million (equivalent to approximately HK$35.6 million).

The effective interest rate of Shanghai Dongkui's loan financing ranged from 10.1% to 15.4% (2019: 11.0% to 12.9%). Among the loan financing of the above hospitals, three will expire in 2021 and one will expire in 2022. During the year, there was no significant impact of the COVID-19 on Dongkui's business and all the customers have excellent repayment records and each project amount and interest are collected on time. Decrease in loan financing income was mainly attributable to increasingly severe regulatory environment in the People's Republic of China ("**PRC**") financial market which resulted in difficulties of the Group in securing bank factoring finance for potential loan financing project. As such, the number of completed sizeable loan financing project reduced this year. Strict regulatory policy also led to temporary insufficient liquidity so the Group reduced its reliance on bank factoring and raised the overall market interest cost.

BUSINESS REVIEW (CONTINUED)

Short-term Loan Business

On 23 October 2020, Shanghai Dongkui entered into a loan agreement with 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd. ("**Dan Zhou Zhongcheng**")), a company established with limited liability under the laws of the PRC, an independent third party. Shanghai Dongkui has agreed to grant a loan in the amount of RMB25 million (equivalent to approximately HK$29.7 million) to Dan Zhou Zhongcheng for a term of 12 months at the interest rate of 15.4% per annum. All other terms and provisions of the loan agreement shall remain unchanged according to the announcement dated 21 October 2019.

Factoring Business

In May 2020, the Company established 東鋭商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd. ("**Shanghai Dongrui**")), a wholly owned subsidiary of Shanghai Dongkui with a registered capital of RMB50 million (equivalent to approximately HK$59.4 million). It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

On 28 December 2020, Shanghai Dongrui and 綿陽華藍建設工程有限公司 (for identification purpose, Kum Yang Wa Nan Building and Constructions Ltd. ("**Kum Yung**")) entered into a factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables of Kum Yang for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB50.5 million (equivalent to approximately HK$60 million) for a period of 90 days with an annual interest rate of 10.78%.

On 28 December 2020, Dongrui and 重慶潮豐聯物資有限公司 (for identification purpose, Chongqing Chaofung United Material Supplies Ltd. ("**Chongqing Chaofung**")) entered into a factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables of Chongqing Chaofung for a period of 182 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB55.1 million (equivalent to approximately HK$65.5 million) for a period of 182 days with an annual interest rate of 10.53%.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Factoring Business (continued)

On 28 December 2020, Dongrui and 廣東大地鋼鐵有限公司 (for identification purpose, Guangdong Dadi Iron Supplies Ltd. ("**Guangdong Iron**")) entered into a factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables of Guangdong Iron for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB44.6 million (equivalent to approximately HK$53.0 million) for a period of 182 days with an annual interest rate of 10.47%.

On 28 December 2020, Dongrui and 磐嶼商業保理有限公司 (for identification purpose, Pun Yu Commercial Factoring Ltd. ("**Pun Yu**")) entered into a re-factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables assigned to Pun Yu from the factoring customers of Pun Yu for a period of 90 days from the date of signing of the re-factoring agreement with the factoring principal amount of approximately RMB40.3 million (equivalent to approximately HK$47.9 million) for a period of 90 days with an annual interest rate of 10.25%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement, pursuant to which the Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to 國歆博業(深圳)商業保理有限公司 (for identification purpose, Guoyin Boah (Shenzhen) Commercial Factoring Ltd. "**Guoyin Boah**")) from the factoring customers of Guoyin Boah for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.9 million (equivalent to approximately HK$74.7 million) with an annual interest 10.74%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with 國昀瑞業(深圳)商業保理有限公司 (for identification purpose, Guojun Xiuer (Shenzhen) Commercial Factoring Ltd. "**Guojun Xiuer**")), pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Guojun Xiuer from the factoring customers of Guojun Xiuer for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.4 million (equivalent to approximately HK$74.1 million) with an annual interest 10.74%.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Factoring Business (continued)

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with 江蘇鵬輝融資租賃有限公司 (for identification purpose, Jiangsu Pangfei Financial Leasing Limited ("**Jiangsu Pangfei**")), pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Jiangsu Pangfei from the factoring customers of Jiangsu Pangfei for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB54.2 million (equivalent to approximately HK$64.3million) with an annual interest 10.74%.

On 30 June 2020, Shanghai Dongrui and 深圳聯合保理有限公司 (for identification purpose, Shenzhen United Factoring Company Ltd. ("**Customer A**")) entered into the refactoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A for a period of 6 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB12.4 million (equivalent to approximately HK$14.7 million) for a period of 180 days with interest rate of 6% and an annual interest rate of 12%. For further details regarding the refactoring agreement, please refer to the announcement of the Company dated 30 June 2020.

On 22 April 2020, Shanghai Dongkui and Customer A entered into a factoring agreement, pursuant to which Shanghai Dongkui agreed to provide financing being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A for a period of 12 months from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB10.3 million (equivalent to approximately HK$12.2 million) under the above factoring agreement for a period of one year with an annual interest rate of 10.09%.

For the year ended 31 December 2020, the loan financing segment contributed revenue of approximately HK$53.3 million (2019: revenue approximately HK$19.0 million) and recorded profit after tax of approximately HK$16.2 million (2019: loss after tax approximately HK$15.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

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, a shopping arcade for commercial use and located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing in the 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.

COVID-19 epidemic was raging during the first half of 2020, physical economy industries such as retail and catering services were mostly affected. In order to support the physical economy and help merchants to tide over their difficulties, the Group has offered rental concessions to the commercial tenants in Dong Dong Mall, which is owned by Chongqing Baoxu, a subsidiary of the Group. The annual rent concessions amounted to approximately RMB1.5 million, resulting in a sight decease in the occupancy rate of Dong Dong Mall.

For the year ended 31 December 2020, the Group's property investment segment has contributed revenue of approximately HK$19.7 million (2019: approximately HK$14.0 million), representing a increase of 40.4%. Meanwhile, this segment has recorded a profit after tax of approximately HK$16.5 million for the year ended 31 December 2020 (2019: loss after tax approximately HK$0.9 million).

Sales of Flowers and Plants

For the year ended 31 December 2020, Group's sales of flowers and plants segment has contributed revenue of approximately HK$31.9 million (2019: approximately 0.5 million). Meanwhile, this segment has recorded a profit after tax of approximately HK$0.2 million for the year ended 31 December 2020 (2019: profit after tax approximately HK$23.0 thousand). There was no significant impact of the COVID-19 on the sales of flowers and plants during the year.

Distressed Assets Management

On December 2020, Shanghai Dongkui, a 77.58% owned subsidiary of the Company, acquired 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd. Anxin Wanbang")) with a cash amount of RMB60 thousand (equivalent to approximately HK$71.3 thousand). On the date of acquisition, the net liabilities of **Anxin Wanbang** were RMB1.7 million (equivalent to approximately HK$2.0 million), the purchase price was RMB60 thousand (equivalent to approximately HK$71.3 thousand), and registered capital of of Anxin Wanbang was RMB50 million (equivalent to approximately HK$59.4 million). As of 31 December 2020, Anxin Wanbang's total assets were approximately RMB 2.1 million (equivalent to approximately HK$2.5 million), and its net liabilities were approximately RMB 1.68 million (equivalent to approximately HK$2.0 million). Anxin Wanbang is principally engaged in the distressed assets management.

BUSINESS REVIEW (CONTINUED)

For the year ended 31 December 2020, Group's distressed assets management segment has no contributed revenue (2019: nil). Meanwhile, this segment has recorded a loss after tax of approximately HK15.0 thousand for the year ended 31 December 2020 (2019: nil). There was no significant impact of the COVID-19 on the distressed assets management during the year.

Advancement of the Loans

On 8 November 2016, the Company granted a loan ("**Doyen Loan**") with a principal amount of RMB80 million (equivalent to approximately HK$95.0 million) to Chongqing Doyen. On the same date, Chongqing Baoxu granted a loan ("**Baoxu Loan**") with a principal amount of RMB80 million (equivalent to approximately HK$95.0 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$130.7 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$178.2 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$499.0 million).

On 21 October 2020, the Group received the amount of approximately RMB665.6 million (equivalent to approximately HK$790.7 million) from Shuorun Petrochemical as settlement of the Loans (inclusive of interest and other relevant expenses incurred). The Loans have been fully repaid and settled. Relevant pledges over the 51% of equity interest of 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd. ("**Doyen Shell**")) have been withdrawn accordingly.

PROSPECTS

The outbreak of COVID-19 pandemic causes great disruptions to the global economy. After experiencing a significant economic recession in 2020, a general recovery is expected in global economy in 2021. However, with the far-reaching effects of the pandemic, external environment remains complicated and volatile. As the first country to achieve both pandemic prevention and control and economic and social development goals, PRC has become the only major economy in the world that has achieved positive growth. In the Future, PRC will continue to deepen the supply-side structural reform with reform and innovation as the fundamental driving force and adhere to the general principle of seeking progress while working to keep performance stable so as to achieve long-term positive trend of economic development.

PROSPECTS (CONTINUED)

The Group has always been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources. Meanwhile, before finding investment opportunities with good potential, the Group will seize any opportunity to make short-term investment with low risks in order to bring higher rewards for shareholders.

DONGKUI BUSINESS

Loan Financing Business

With the changes in economic situation and regulatory environment in PRC, the development of loan financing industry in PRC is facing transformation. In 2020, the loan financing industry has entered a critical period of transformation and development with the industry gradually developing towards the mature stage. In order to promote the development of loan financing business, regulate the operating behavior of loan financing companies, and prevent risks, the government promulgated various policies.

In early January 2020, the China Banking and Insurance Regulatory Commission promulgated the Interim Rules on Financial Leasing Companies (Draft for Comments), which is the first major policy in the field of loan financing in 2020, while on 22 May 2020, the Civil Code of the PRC (Draft) was discussed and considered at the 3rd Session of the 13th National People's Congress, which has regulated the relevant contents of loan financing contracts. The Civil Code (Draft) greatly enriches the terms of loan financing contracts and reflects the State's attention and emphasis on loan financing industry.

On 9 June 2020, the China Banking and Insurance Regulatory Commission issued the Interim Measuresfor the Supervision and Management of Financial Leasing Companies (the "**Interim Measures**") to guide the industry on standardised operation, prevent and resolve risks. It is expected that in the short term, the industry will expedite the liquidation of shell companies. Due to restrictions of gearing ratio and concentration, pressure will be posed on the overall scale and earnings on business, and coupled with the macroeconomic downturn, industry will become highly fragmentated. The "Interim Measures" clarified that the "origin" of the loan financing industry is to serve small, medium and micro enterprises in the industry chain of the real economy. The "Interim Measures" adheres to the basic principles of "shoring up of weakness, strict supervision, preventing risks, and governing norms", and regulate loan financing companies in terms of operating rules, regulatory indicators, supervision and management, and legal responsibilities, which are conducive to promoting the loan financing companies to focus effort on the development of the main business and effectively prevents loan financing companies from deviating from their main business and developing disorderly. The promulgation of the "Interim Measures" responds to the expectations of loan financing industry for the early introduction of regulatory measures, reducing one of the biggest uncertainties for the recovery and development of the leasing business after the pandemic, which is a favourable news after the pandemic.

DONGKUI BUSINESS (CONTINUED)

With the on going financial reforms, the financial market in the PRC is becoming more vibrant and diversified with continuous innovation in financial products and financing instruments. And with the continuous growth of PRC economy, there will be increasing demands for financial products and services of various types. As such, the business model and product offerings under the Group's loan financing segment have also been continuously expanding and evolving along enterprises' funding needs ever since the Group first tapped into the loan financing business.

Short-term Loan Business

For short-term loan business, pursuant to the requirements by the Interim Measures issued by the PRC Banking and Insurance Regulatory Commission on 9 June 2020, adjustments were made to the short-term loan business under the requirement for professionalism upon the scope of business of loan financing companies. Thus, Shanghai Dongkui will use more capital from loan repayments to invest into loan financing projects, transfer and reception of loan financing asset, fixed income securities and the factoring business of Shanghai Dongrui for providing better service to customer enterprises. Shanghai Dongkui will strengthen capital liquidity and effectively utilize the capital so that it will have safe and adequate capital to increase lending projects (within one-year term) should any exceptional projects arise.

Factoring Business

Through engaging in the loan financial business for around five years by the Group, the management observed that during the course of the sales of medical equipment and provisions of other relevant services, it is typical for the seller of the medical equipment to offer certain credit period to the buyers. As the creditworthiness of different buyers varies, sellers may encounter difficulties and/or delay in collecting the payment from the buyers. Therefore, it creates a market for enterprises to organise their accounts receivables to fund their cash flow, which generates the market of the provision of factoring services, where a company pledges its accounts receivables to factoring services provider as security to obtain financing. Therefore, we hope to source potential customers through the development of different types of business pipeline and customer resources, and execute factoring agreement with recourse. For factoring business, it is estimated that costs paid by customers will be approximately 10% to 12% of interest and customers will also bear the actual repayment obligations. To safeguard the secured recovery of funds, a supervised account or custody account will be created during implementation.

DONGKUI BUSINESS (CONTINUED)

In May 2020, the Company established Shanghai Dongrui. It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring. General factoring business refers to the acquisition of receivables from suppliers, execution of factoring agreement with recourse and the payment of financing principal with interest upon maturity to the Company by customer in respect of the supplier with the supplier has joint and several liability; refactoring business refers to the collaboration with third party factoring company, execution of refactoring agreement with recourse with the customer bearing the actual interest repayment obligation and the third party factoring company has joint and several liability.

Distressed Assets Management Business

Anxin Wanbang is located in Beijing and is principally engaged in the disposal of distressed assets. Through building a comprehensive core competitiveness of investment capability, financing capability and management capability, creating value for shareholders, customers and employees, the Company is committed to building the Company into a leading distressed assets disposal services provider and a benchmark position in the industry.

In 2019, the four major asset management companies ("**AMC**") have played an important role in following the guidance of national policies, focusing on the main business of distressed assets, continuously increasing the disposal of distressed assets as well as improving the efficiency of disposal. While the supply of distressed assets in PRC is increasing, the buyers are gradually diversifying, the AMC industry is continuously refining its development from policy banks to commercial banks while the market-oriented disposal patter is further perfecting. The distressed assets market is expected to enter the new era of high quality development.

The Group is optimistic on the prospect of distressed assets management in the PRC and believes such business would become an increasing important field in the overall loan financing market in the PRC, which could be the next focal point of the Group's business. In view of this trend, the Group has already taken a number of preparatory steps in this connection, including conducting feasibility study and business network development.

Property Investment Holding

With the birth peak of the 80s and 90s generations as well as the stimulation of political factors such as the two-child policy, coupled with the continuous increase of disposable income per capita, the maternal market of PRC has developed rapidly. According to the data from iiMedia Research, the overall market of China's parent-child industry exceeded RMB4 trillion in 2020, and it is expected that the overall market scale will exceed RMB7 trillion by 2024. It is conservatively estimated that the market size of parent-child industry in Chongqing is in the trillions.

DONGKUI BUSINESS (CONTINUED)

Property Investment Holding (continued)

Dong Dong Mall, located at the shopping mall at No.2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC, has been positioned as a regional residential shopping arcade and offers a certain variety of shops including fashion boutiques, restaurants and a lifestyle relaxation centre which provides a one stop lifestyle shopping and leisure experience to the middle class in southern Chongqing. Since 2015, Dong Dong Mall has been characterised as the "one stop children's education and training zone". The Group carried out a massive general renovation for Dong Dong Mall in 2015 by putting in new facilities to attract tenants and their customers. After such renovation in 2016 and completion of the reform and relender works in 2017, Dong Dong Mall has designated the street level of Dong Dong Mall as a children's playground, namely 啓蒙街, and certain areas in the second and third floors as children's training zone ("**Children's Training Zone**").

In the future, Dong Don Mall will continue to focus on creating a "one-stop education and training area for children" centered on the children's training business format, and constantly optimize the business layout of the project, in order to enrich the differentiation of children's derivative businesses to create core competitiveness while increase the rental of shops.

Sales of Flowers and Plants

At present, the state is accelerating the construction of eco-livable cities, and promoting high quality development with green development. Chongqing Baoxu actively promoted the sales of flowers and plants during the year. The implementation of the project is in line with the national green industry development plan and also in live with the plan to build Chongqing into a civilized city.

With the development of the economic level and the continuous improvement of citizens' living consumption level, the demand for spiritual level is changing qualitatively. Under these backgrounds, the flower industry has developed rapidly in recent years. According to the data of the National Bureau of Statistics, from 2015 to 2019, the scale of PRC's professional flower market transactions of over RMB100 million increased year by year. In 2019, it amounted to RMB75.1 billion, representing a year-on-year increase of 16.9%. Flowers and floral art, as one of the most important spiritual needs of the general public, their demand will also be greatly increased. This will drive the Company's flower and plant sales services, and ultimately increase revenue from the sales of flowers and plants.

From the demands for flowers and plants from Dong Dong Mall for all year as well as its festive decorations and organisation of events and activities requests, the Group realises the potential demand for landscaping flowers and plants and other greenery services from different walks of life, from property development companies, companies providing greenery, gardening, landscape and plant nurseries services as well as local community organisations to individual households.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

DONGKUI BUSINESS (CONTINUED)

Sales of Flowers and Plants (continued)

As such, the Group has commenced the sales of flowers and plants segment in 2019 and has positioned itself as the landscaping flowers and plants suppliers for small to medium scale real estate developers in the PRC which seeks to provide flower and plant supply for their real estate projects at a competitive price. The Group considers that they can leverage on the existing tenants network of Dong Dong Mall and network of landscaping companies and property management companies of real estate developers originated from the Group's controlling shareholder, Chongqing Doyen and that the development of the sales of landscaping flowers and plants business by the Group would be a viable and sustainable business with sound prospects.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had bank and cash balances of approximately HK$146.1 million as at 31 December 2020 (2019: approximately HK$39.0 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As of 31 December 2020, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 7.2 (2019: approximately 3.3).

As of 31 December 2020, the Group's nil gearing ratio (2019: approximately 0.2), 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 2020, the Group's nil borrowings exceeded cash and cash equivalents (2019: total borrowings exceeded cash and cash equivalents approximately HK$150.3 million).

Capital Structure

As of 31 December 2020, the Group's nil current and non-current borrowings (2019: current borrowings approximately HK$167.0 million and non-current borrowings approximately HK$22.4 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 2020 and 2019. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

FINANCIAL REVIEW (CONTINUED)

Pledge of Assets

As at 31 December 2020, the Group has no investment properties to secure bank loans (2019: approximately HK$315.0 million), no right to receive rental income and pledged bank deposits (2019: nil), and were guaranteed by Chongqing Doyen.

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 2020 and 2019.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

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 ("**Listing Rules**") throughout the year ended 31 December 2020, 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, at each annual general meeting ("**AGM**"), 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 CG Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Code Provision E.1.2 specifies that the chairman of the Board should attend the annual general meeting. Mr. Lo Siu Yu ("**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 AGM held on 13 May 2020, Mr. Lo 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 AGM 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), Mr. Leung Kin Hong and Mr. Wang Jin Ling. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 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 BAKER TILLY 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 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly Hong Kong**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly 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 2020.

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 2020.

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 2020 is published on both websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.doyenintl.com). The annual report of the Company for the year ended 31 December 2020 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, 10 March 2021

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) and Mr. Pan Chuan, as non-executive Directors, and Mr. Chan Ying Kay, Mr. Leung Kin Hong and Mr. Wang Jin Ling as independent non-executive Directors.