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 2021

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 2021 as follows:

For the year ended 31 December 2021, the Group recorded revenue of approximately HK$141.0 million (2020: approximately HK$103.8 million), representing an increase of 35.84%.

The profit attributable to owners of the Company for the year ended 31 December 2021 was approximately HK$54.2 million (2020: profit of approximately HK$114.6 million).

As at 31 December 2021, the Group's gearing ratio was zero (2020: zero), 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 2021

	Note	**2021** **HK$'000**	2020 *HK$'000*
Revenue	*4*	**140,974**	103,759
Purchases		**(68,531)**	(32,838)
Staff costs		**(18,444)**	(16,623)
Other tax expenses		**(2,551)**	(10,714)
Depreciation of property, plant and equipment		**(44)**	(34)
Depreciation of right-of-use assets		**(3,264)**	(2,000)
Reversal of impairment losses on amounts due from a related company		**–**	50,069
Reversal of impairment losses/(impairment losses) on loan receivables		**22,137**	(43,432)
Impairment losses on trade receivables		**(27)**	(26)
Impairment losses on goodwill		**(2,078)**	–
Other operating expenses		**(13,084)**	(15,891)
Other gains and losses	*5*	**24,131**	(15,687)
Other income		**3,763**	22,851
Profit from operations		**82,982**	39,434
Finance income	*6*	**474**	124,596
Finance costs	*6*	**(105)**	(10,994)
Finance income – net		**369**	113,602
Profit before tax		**83,351**	153,036
Income tax expense	*7*	**(14,377)**	(29,857)
Profit for the year		**68,974**	123,179
Attributable to:			
Owners of the Company		**54,185**	114,552
Non-controlling interests		**14,789**	8,627
		68,974	123,179
Earnings per share	*9*		
		HK cents	*HK cents*
Basic and diluted		**4.25**	8.99

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 *HK$'000*	2020 *HK$'000*
Profit for the year	**68,974**	123,179
Other comprehensive income, net of nil tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**23,494**	43,651
Total comprehensive income for the year	**92,468**	166,830
Attributable to:		
Owners of the Company	**71,563**	147,846
Non-controlling interests	**20,905**	18,984
	92,468	166,830

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**70**	67
Right-of-use assets		**1,401**	4,178
Investment property		**335,364**	308,880
Intangible assets		**7,096**	7,096
Goodwill		**–**	2,049
Loan receivables	*10*	**–**	1,703
Deferred tax assets		**20,721**	33,236
		364,652	357,209
Current assets			
Loan receivables	*10*	**657,678**	502,178
Trade receivables	*11*	**11,019**	5,466
Prepayments, deposits and other receivables		**6,740**	9,374
Financial assets at fair value through profit or loss		**7,262**	8,712
Bank and cash balances		**40,204**	146,099
		722,903	671,829
Current liabilities			
Accruals and other payables		**29,712**	35,385
Amounts due to related companies		**1,035**	–
Lease liabilities		**1,284**	3,299
Current tax liabilities		**28,222**	54,316
		60,253	93,000
Net current assets		**662,650**	578,829
Total assets less current liabilities		**1,027,302**	936,038

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	2021 *HK$'000*	2020 *HK$'000*
Non-current liabilities		
Lease liabilities	**172**	1,045
Deferred tax liabilities	**4,007**	4,338
	4,179	5,383
NET ASSETS	**1,023,123**	930,655
Capital and reserves		
Share capital	**1,174,378**	1,174,378
Reserves	**(349,502)**	(421,065)
Equity attributable to owners of the Company	**824,876**	753,313
Non-controlling interests	**198,247**	177,342
TOTAL EQUITY	**1,023,123**	930,655

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 Suite 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 of the Company, as at 31 December 2021, 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. Significant accounting policies adopted by the Group are disclosed below.

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 AMENDED STANDARDS

(a) Application of amendments to HKFRSs

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

– Amendments to HKFRS 16, Covid-19 – Related Rent Concessions

– Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform – Phase 2

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 AMENDED STANDARDS (CONTINUED)

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

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
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 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for annual periods beginning on or after a date to be determined.

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 (2020: four) 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.

4 SEGMENT INFORMATION (CONTINUED)

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.

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 2021					
Disaggregated by timing of revenue recognition					
Point in time	–	–	70,284	–	70,284
Over time	12,042	58,288	–	360	70,690
Reportable segment revenue	12,042	58,288	70,284	360	140,974
Purchases	–	–	(68,531)	–	(68,531)
Staff costs	(1,830)	(2,711)	(24)	(4,409)	(8,974)
Depreciation of property, plant and equipment	(4)	(15)	–	(25)	(44)
Depreciation of right-of-use assets	–	(408)	–	(1,238)	(1,646)
Reversal of impairment losses on loan receivables	–	22,137	–	–	22,137
Impairment losses on trade receivables	(27)	–	–	–	(27)
Impairment losses on goodwill	–	–	–	(2,078)	(2,078)
Fair value gains on investment property	15,822	–	–	–	15,822
Written off of property, plant and equipment	–	(7)	–	–	(7)
Other income	151	3,395	–	–	3,546
Finance income	84	286	–	58	428
Finance costs	–	(10)	–	(46)	(56)
Income tax expenses	(2,529)	(13,266)	–	–	(15,795)
Reportable segment profit/(loss) after tax	19,262	65,323	1,185	(9,046)	76,724
At 31 December 2021					
Reportable segment assets	363,199	683,535	11,019	4,323	1,062,076
Reportable segment liabilities	(13,990)	(5,542)	–	(1,196)	(20,728)

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$'000*	Distressed assets management *HK$'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)
Staff costs	(1,828)	(4,919)	–	–	(6,747)
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)
Loss on disposal of property, plant and equipment	–	(3)	–	–	(3)
Other income	35	29	–	–	64
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	641,568	5,466	2,506	985,515
Reportable segment liabilities	(20,798)	(27,833)	(338)	(4,499)	(53,468)

4 SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment revenue and profit or loss:

	2021 *HK$'000*	2020 *HK$'000*
Revenue		
Total revenue of reportable segments	**140,974**	104,870
Elimination of inter-segment revenue	**–**	(1,111)
Consolidated revenue	**140,974**	103,759
Profit or loss		
Total profit of reportable segments after tax	**76,724**	32,835
Unallocated amounts:		
Staff costs	**(9,470)**	(9,876)
Depreciation of right-of-use assets	**(1,618)**	(1,620)
Reversal of impairment losses on amounts due from a related company	**–**	28,436
Fair value losses on financial assets at FVTPL	**(2,424)**	(1,990)
Gain on disposals of financial assets at FVTPL	**3,341**	–
Exchange gains, net	**7,399**	10,906
Other income	**217**	22,787
Finance income	**46**	87,682
Finance costs	**(49)**	(6,862)
Other corporate expenses	**(5,192)**	(39,119)
Consolidated profit after tax	**68,974**	123,179

Reconciliations of segment assets and liabilities:

	2021 *HK$'000*	2020 *HK$'000*
Assets		
Total assets of reportable segments	**1,062,076**	985,515
Unallocated assets:		
Right-of-use assets	**736**	1,912
Intangible assets	**7,096**	7,096
Financial assets at FVTPL	**7,262**	8,712
Bank and cash balances	**8,433**	21,758
Other assets	**1,952**	4,045
Consolidated total assets	**1,087,555**	1,029,038

4 SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment assets and liabilities: (Continued)

	2021	2020
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**20,728**	53,468
Unallocated liabilities:		
Current tax liabilities	**26,436**	25,894
Other liabilities	**17,268**	19,021
Consolidated total liabilities	**64,432**	98,383

Other information:

	Investment property holding	**Dongkui business**	**Sales of flowers and plants**	**Distressed assets management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2021					
Additions to non-current assets *(note)*					
Allocated	**235**	**–**	**–**	**46**	**281**
Unallocated					**443**
					724

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

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 2021 and 2020 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:

	2021	2020
	HK$'000	*HK$'000*
Dongkui business		
Customer a	**N/A***	40,854
Sales of flowers and plants		
Customer b	**70,284**	31,888

* 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

	2021	2020
	HK$'000	*HK$'000*
Fair value gains/(losses) on investment property	**15,822**	(24,600)
Fair value losses on financial assets at FVTPL	**(2,424)**	(1,990)
Gain on disposals of financial assets at FVTPL	**3,341**	–
Loss on disposals of property, plant and equipment	**–**	(3)
Written off of property, plant and equipment	**(7)**	–
Exchange gains, net	**7,399**	10,906
	24,131	(15,687)

6 FINANCE INCOME AND COSTS

	2021	2020
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**474**	1,036
Interest income on loans to a related company	**–**	123,560
	474	124,596
Finance costs		
Interest on bank loans	**–**	(1,775)
Interest on other borrowings – bonds	**–**	(8,947)
Interest on other borrowings – loans	**–**	(138)
Interest on lease liabilities	**(105)**	(134)
	(105)	(10,994)
Finance income – net	**369**	113,602

7 INCOME TAX EXPENSE

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

	2021	2020
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")		
Provision for the year	**5,329**	27,396
Over-provision in prior years	**(2,042)**	–
Withholding tax on distributed profits from a subsidiary		
– Provision for the year	**–**	7,617
– Over-provision in prior years	**(1,807)**	–
Withholding tax on interest income	**–**	12,034
	1,480	47,047
Deferred tax	**12,897**	(17,190)
Income tax expense	**14,377**	29,857

No provision for Hong Kong Profits Tax is made since the Group has no assessable profits for the years ended 31 December 2021 and 2020.

7 INCOME TAX EXPENSE (CONTINUED)

PRC EIT has been provided at a rate of 25% (2020: 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% on the gross interest income from a related party for the year ended 31 December 2020.

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.

The reconciliation between the income tax expense and the accounting profit before tax at the applicable tax rates is as follows:

	2021	2020
	HK$'000	*HK$'000*
Profit before tax	**83,351**	153,036
Tax at the applicable tax rates in the jurisdictions concerned	**20,298**	28,878
Tax effect of income that is not taxable	**(15,388)**	(25,660)
Tax effect of expenses that are not deductible	**6,091**	7,473
Tax effect of temporary differences not recognised	**6,836**	(852)
Over-provision in prior years	**(3,849)**	–
Deferred tax on undistributed profits of a PRC subsidiary	**389**	367
Withholding tax on distributed profits and interest income	**–**	19,651
Income tax expense	**14,377**	29,857

8 DIVIDENDS

The Directors do not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following:

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**54,185**	114,552

	2021	2020
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,274,039**	1,274,039

No diluted earnings per share for the year ended 31 December 2021 was presented as there was no potential ordinary shares in issue for 2021. The Company's outstanding share options and warrants had no dilutive effect for the year ended 31 December 2020 as the exercise prices of those share options and warrants were higher than the average market price for shares, therefore, diluted earnings per share are the same as the basic earnings per share.

10 LOAN RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Loan receivables	**668,242**	575,404
Less: Loss allowances	**(10,564)**	(71,523)
	657,678	503,881
Analysis as:		
Non-current portion	**–**	1,703
Current portion	**657,678**	502,178
	657,678	503,881

As at 31 December 2021, the Group's loans to customers of approximately HK$668,242,000 (2020: approximately HK$575,404,000) were secured by either the plant and equipment or trade receivables of the relevant customers and repayable by instalments within three years (2020: within three years) from the draw-down dates. The effective interest rate on such loans ranged from 10.0% to 15.4% (2020: 10.1% to 15.4%) per annum.

10 LOAN RECEIVABLES (CONTINUED)

Ageing analysis is prepared based on contractual due date:

	2021			2020		
	Loan portion	**Interest portion**	**Total**	Loan portion	Interest portion	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Current (not past due)	**624,331**	**11,150**	**635,481**	500,249	3,632	503,881
Less than 3 months past due	**21,897**	**300**	**22,197**	–	–	–
	646,228	**11,450**	**657,678**	500,249	3,632	503,881

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

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**71,523**	24,130
Amounts written off	**(40,034)**	–
(Reversal of impairment losses)/impairment losses for the year, net	**(22,137)**	43,432
Exchange differences	**1,212**	3,961
At 31 December	**10,564**	71,523

11 TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**11,074**	5,493
Less: Loss allowances	**(55)**	(27)
	11,019	5,466

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 loss allowance, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within one month	**11,019**	5,466

11 TRADE RECEIVABLES (CONTINUED)

Trade receivables are due within 30 (2020: 30) days from the day of the customer accepts and takes the control of the products.

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

	2021	2020
	HK$'000	*HK$'000*
At 1 January	**27**	–
Loss allowances for the year, net	**27**	26
Exchange differences	**1**	1
At 31 December	**55**	27

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the year ended 31 December 2021, Doyen International Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") recorded revenue of approximately HK$141.0 million (2020: approximately HK$103.8 million), representing an increase of 35.84%. The Group recorded gains from operations of approximately HK$83.0 million (2020: gains of approximately HK$39.4 million). The gains were mainly attributable to the factoring and re-factoring business and the sales of flowers and plants business. After the Company's recovery of the principal and interest on a loan receivable from a related company in October 2020, the Group invested the funds in the factoring and re-factoring business and the sales of flowers and plants business. With sufficient capital and our staff's efforts in exploring customers, the factoring and re-factoring business and the sales of flowers and plants business recorded a significant increase in revenue in 2021.

The profit for the period attributable to owners of the Group for the year ended 31 December 2021 was approximately HK$54.2 million (2020: approximately HK$114.6 million), representing a decrease of 52.71%. As the Group still had a loan receivable from a related company with a principal amount of Renminbi ("**RMB**") 420 million (equivalent to approximately HK$515.3 million), which bears an interest rate of 15.50% (including 5.00% as the default interest rate) in 2020, the principal and interest receivable of such loan receivable was settled in October 2020, and the amount of such interest receivable generated unusual financial income in the first half of 2020, therefore, a higher profit was attained in the first half of last year. In addition, it was attributable to the assessed fair value gains of Dong Dong Mall ("**Dong Dong Mall**") of HK$15.8 million (2020: fair value losses of approximately HK$24.6 million) and net reversal of impairment losses on loan receivables of approximately HK$22.1 million (2020: impairment losses of approximately HK$43.4 million). Such impairment represented non-cash accounting charges resulted from the adoption of the HKFRS 9.

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 77.58% owned subsidiary of the Company, is mainly engaged in provision of loan financing. The registered capital of Shanghai Dongkui amounted to US$51.3 million (equivalent to approximately HK$400.1 million).

BUSINESS REVIEW (CONTINUED)

For the year ended 31 December 2021, the Dongkui business segment, being the Loan Financing Segment (as defined below) of the Group, contributed revenue of approximately HK$58.3 million (2020: revenue of approximately HK$53.3 million), representing an increase of approximately 9.38%. This segment has recorded profit after tax of approximately HK$65.3 million (2020: profit after tax of approximately HK$16.2 million).

The operating environment of the Loan Financing Segment has become volatile due to the uncertain impacts of the COVID-19 ("**COVID-19**") pandemic and the specific policies after the adjustment of the loan financing regulatory system. After the Company's due consideration of the risk assessment of the business environment, the principal amount and interest on a loan recovered from a related company in October 2020 was mainly put into the factoring and re-factoring business of the Dongkui business. At the same time, in view of the current financial environment and cost considerations, the Group has reduced its reliance and limit of external funding and has chosen to operate with its own funds as the main source of funding. In 2021, as the customers repaid their loans on time and its business remained sound and stable, the business operation of Shanghai Dongkui has not been significantly affected by the COVID-19 pandemic. The Group will maintain a cautious approach in its business development planning to deliver a solid growth in the long run.

The loan financing segment of the Group (the "**Loan Financing Segment**") is categorized into the loan financing business, short-term loan business and factoring and re-factoring business.

Below sets out the major agreements entered into between the Group and its customers in the Loan Financing Segment for the year ended 31 December 2021:

Loan Financing Business

The Group's loan financing business is referred to a sale-leaseback in the People's Republic of China ("**PRC**").

On 1 December 2021, Shanghai Dongkui entered into a loan financing agreement with 重慶隆雅特金屬材料有限公司 (for identification purpose, Chongqing Longyate Metal Materials Ltd. ("**Chongqing Longyate**")), pursuant to which, Shanghai Dongkui agreed to provide a loan in an amount of RMB4.5 million (equivalent to approximately HK$5.5 million) to Chongqing Longyate for a term of 1 year. The loan is secured by the machinery and equipment of Chongqing Longyate at an interest rate of 10.00% per annum.

During the year, the COVID-19 pandemic did not have any obvious impact on the loan financing business, and all customers had excellent repayment records as the amounts and interest of each project were collected on time. The decrease in loan financing income was mainly due to the Group's operating strategy: The uncertainty of the current economy has increased the risk of the finance lease business, which has an average repayment term of 3 years. As a result, the Group has reduced its distribution in the business in the short term and increased its resources and distribution in the factoring business, which has a shorter repayment term. As such, the number of completed sizeable loan financing projects reduced in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Short-term Loan Business

Shanghai Dongkui is now providing short-term loan business for a company, namely 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd. ("**Dan Zhou Zhongcheng**")) with a project amount of RMB25.0 million (equivalent to approximately HK$30.7 million).

As at 20 September 2021, Dan Zhou Zhongcheng has paid interest of approximately RMB0.98 million (equivalent to approximately HK$1.2 million) to Shanghai Dongkui as an installment of payment. However, as at 22 October 2021, Dan Zhou Zhongcheng has not repaid the loan of RMB25.0 million (equivalent to approximately HK$30.7 million) together with the accrued interest (i.e. interest of approximately RMB0.34 million (equivalent to approximately HK$0.42 million) on the last instalment of payment), totalling approximately RMB25.3 million (equivalent to approximately HK$31.0 million). Since the Company expects that there is significant uncertainty regarding Dan Zhou Zhongcheng's obligations of repaying the loan and all accrued interest under these agreements, the Company has sought legal advice and has been considering appropriate legal remedies, including (but not limited to) enforcing the corporate guarantee and security contract dated 21 October 2019 against the guarantor. For further details, please refer to the announcement of the Company dated 25 October 2021.

Factoring/Re-factoring Business

In May 2020, the Company established 東銳商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd. ("**Shanghai Dongrui**"),with a registered capital of RMB50.0 million (equivalent to approximately HK$61.4 million). It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

On 26 March 2021, Shanghai Dongrui entered into a supplemental agreement to the factoring agreement with 綿陽華藍建設工程有限公司 (for identification purpose, Kum Yang Wa Nan Building and Constructions Ltd. ("**Kum Yang**")) to amend certain terms of the factoring agreement entered into between them in 2020, such that the expiry date of the financing term was revised from 27 March 2021 to 27 September 2021. While the accounts receivables of approximately RMB51.9 million (equivalent to approximately HK$63.7 million) and the interest rate of 10.78% per annum remain unchanged, Shanghai Dongrui and Kum Yang have confirmed that the consideration should be reduced from approximately RMB50.5 million (equivalent to approximately HK$62.0 million) to approximately RMB48.0 million (equivalent to approximately HK$58.9 million) for the assignment of all the accounts receivables. For further details, please refer to the announcement of the Company dated 26 March 2021. As at 27 September 2021, Shanghai Dongrui has recovered all the principal amount and interest from Kum Yang.

BUSINESS REVIEW (CONTINUED)

Factoring/Re-factoring Business (continued)

On 26 March 2021, Shanghai Dongrui entered into a supplemental agreement with 磐嶼商業保理有限公司 (for identification purpose, Pun Yu Commercial Factoring Ltd. ("**Pun Yu**")) to amend certain terms of the re-factoring agreement entered into between them in 2020, such that the expiry date of the financing term was revised from 27 March 2021 to 27 September 2021. While the accounts receivables of approximately RMB41.3 million (equivalent to approximately HK$50.7 million) and the interest rate of 10.25% per annum remain unchanged, Shanghai Dongrui and Pun Yu have confirmed that the consideration should be reduced from approximately RMB40.3 million (equivalent to approximately HK$49.4 million) to approximately RMB38.3 million (equivalent to approximately HK$47.0 million) for the assignment of all the accounts receivables. For further details, please refer to the announcement of the Company dated 26 March 2021. As at 27 September 2021, Shanghai Dongrui has recovered all the principal amount and interest from Pun Yu.

On 26 March 2021, Shanghai Dongrui entered into a re-factoring agreement, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB19.8 million (equivalent to approximately HK$24.3 million) assigned to Pun Yu from the factoring customers of Pun Yu for a term of 200 calendar days from the date of execution of the re-factoring agreement, with the factoring principal amount of approximately RMB18.7 million (equivalent to approximately HK$22.9 million) and an interest rate of 10.10% per annum. For further details, please refer to the announcement of the Company dated 26 March 2021. As at 11 October 2021, Shanghai Dongrui has recovered all the principal amount and interest from Pun Yu.

On 26 March 2021, Shanghai Dongrui entered into a re-factoring agreement with 中豪商業保理有限公司 (for identification purpose, Chung Ho Commercial Factoring Ltd. ("**Chung Ho**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB22.7 million (equivalent to approximately HK$27.9 million) assigned to Chung Ho from the factoring customers of Chung Ho for a term of 200 calendar days from the date of execution of the re-factoring agreement, with the factoring principal amount of approximately RMB21.5 million (equivalent to approximately HK$26.4 million) and an interest rate of 10.10% per annum. For further details, please refer to the announcement of the Company dated 26 March 2021. As at 11 October 2021, Shanghai Dongrui has recovered all the principal amount and interest from Chung Ho.

BUSINESS REVIEW (CONTINUED)

Factoring/Re-factoring Business (continued)

On 15 April 2021, Shanghai Dongrui entered into a factoring agreement with 重慶嘉望商貿有限公司 (for identification purpose, Chongqing Jia Wang Trading Ltd. ("**Chongqing Jia Wang**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the consideration for the accounts receivables of approximately RMB23.0 million (equivalent to approximately HK$28.2 million) assigned to Chongqing Jia Wang from the factoring customers of Chongqing Jia Wang for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of approximately RMB20.5 million (equivalent to approximately HK$25.2 million) and an interest rate of 12.00% per annum. For further details, please refer to the announcement of the Company dated 15 April 2021.

On 31 May 2021, Shanghai Dongrui entered into a factoring agreement with Chongqing Jia Wang, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the consideration for the accounts receivables of approximately RMB18.5 million (equivalent to approximately HK$22.7 million) assigned to Chongqing Jia Wang from the factoring customers of Chongqing Jia Wang for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of approximately RMB16.5 million (equivalent to approximately HK$20.2 million) and an interest rate of 11.99% per annum. For further details, please refer to the announcement of the Company dated 31 May 2021.

On 25 June 2021, Shanghai Dongrui entered into a supplemental agreement to the factoring agreement with 重慶潮豐聯物資有限公司 (for identification purpose, Chongqing Chaofung United Material Supplies Ltd. ("**Chongqing Chaofung**")) to amend certain terms of the factoring agreement entered into between them in 2020, such that the expiry date of the financing term was revised from 27 June 2021 to 27 November 2021. While the accounts receivables of approximately RMB58.0 million (equivalent to approximately HK$71.2 million) and the interest rate of 10.53% per annum remain unchanged, Shanghai Dongrui and Chongqing Chaofung have confirmed that the consideration should be reduced from approximately RMB55.1 million (equivalent to approximately HK$67.6 million) to approximately RMB52.8 million (equivalent to approximately HK$64.8 million) for the assignment of all the accounts receivables. For further details, please refer to the announcement of the Company dated 25 June 2021. As at 27 November 2021, Shanghai Dongrui has recovered all the principal amount and interest from Chongqing Chaofung.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Factoring/Re-factoring Business (continued)

On 25 June 2021, Shanghai Dongrui entered into a supplemental agreement to the factoring agreement with 廣東大地鋼鐵有限公司 (for identification purpose, Guangdong Dadi Iron Supplies Ltd. ("**Guangdong Iron**")) to amend certain terms of the factoring agreement entered into between them in 2020, such that the expiry date of the financing term was revised from 27 June 2021 to 27 November 2021. While the accounts receivables of approximately RMB47.0 million (equivalent to approximately HK$57.7 million) and the interest rate of 10.47% per annum remain unchanged, Shanghai Dongrui and Guangdong Iron have confirmed that the consideration should be reduced from approximately RMB44.6 million (equivalent to approximately HK$54.7 million) to approximately RMB42.8 million (equivalent to approximately HK$52.5 million) for the assignment of all the accounts receivables. For further details, please refer to the announcement of the Company dated 25 June 2021. As at 27 November 2021, Shanghai Dongrui has recovered all the principal amount and interest from Guangdong Iron.

On 29 September 2021, Shanghai Dongrui entered into a factoring agreement with Chongqing Longyate, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB32.0 million (equivalent to approximately HK$39.3 million) assigned to Chongqing Longyate from the factoring customers of Chongqing Longyate for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB28.6 million (equivalent to approximately HK$35.1 million) and an interest rate of 12.00% per annum. For further details, please refer to the announcement of the Company dated 29 September 2021.

On 29 September 2021, Shanghai Dongrui entered into a factoring agreement with 重慶泛海建築勞務有限責任公司 (for identification purpose, Chongqing Fanhai Construction Labor Service Company Ltd. ("**Chongqing Fanhai**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB33.0 million (equivalent to approximately HK$40.5 million) assigned to Chongqing Fanhai from the factoring customers of Chongqing Fanhai for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB29.5 million (equivalent to approximately HK$36.2 million) and an interest rate of 12.00% per annum. For further details, please refer to the announcement of the Company dated 29 September 2021.

On 30 September 2021, Shanghai Dongrui entered into a factoring agreement with Chongqing Jia Wang, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the consideration for the accounts receivables of approximately RMB18.0 million (equivalent to approximately HK$22.1 million) assigned to Chongqing Jia Wang from the factoring customers of Chongqing Jia Wang for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of approximately RMB16.1 million (equivalent to approximately HK$19.8 million) and an interest rate of 12.00% per annum.

BUSINESS REVIEW (CONTINUED)

Factoring/Re-factoring Business (continued)

On 29 October 2021, Shanghai Dongrui entered into a re-factoring agreement with Chung Ho, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB31.6 million (equivalent to approximately HK$38.8 million) assigned to Chung Ho from the factoring customers of Chung Ho for a term of 1 year from the date of execution of the re-factoring agreement, with the factoring principal amount of RMB28.5 million (equivalent to approximately HK$35.0 million) and an interest rate of 10.63% per annum. For further details, please refer to the announcement of the Company dated 29 October 2021.

On 29 October 2021, Shanghai Dongrui entered into a re-factoring agreement with 深圳盛世嘉誠保理有限公司 (for identification purpose, Shenzhen Sheng Shi Jia Cheng Factoring Company Ltd. ("**Sheng Shi**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB56.0 million (equivalent to approximately HK$68.7 million) assigned to Sheng Shi from the factoring customers of Sheng Shi for a term of 1 year from the date of execution of the re-factoring agreement, with the factoring principal amount of RMB50.7 million (equivalent to approximately HK$62.2 million) and an interest rate of 10.63% per annum. For further details, please refer to the announcement of the Company dated 29 October 2021.

On 10 November 2021, Shanghai Dongrui entered into a re-factoring agreement with Pun Yu, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB58.5 million (equivalent to approximately HK$71.8 million) assigned to Pun Yu from the factoring customers of Pun Yu for a term of 1 year from the date of execution of the re-factoring agreement, with the factoring principal amount of RMB52.9 million (equivalent to approximately HK$64.9 million) and an interest rate of 10.63% per annum. For further details, please refer to the announcement of the Company dated 10 November 2021.

On 10 November 2021, Shanghai Dongrui entered into a factoring agreement with 重慶柏翠苗木有限公司 (for identification purpose, Chongqing Baicui Tree Nurseries Company Ltd. ("**Chongqing Baicui**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB58.2 million (equivalent to approximately HK$71.4 million) assigned to Chongqing Baicui from the factoring customers of Chongqing Baicui for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB52.0 million (equivalent to approximately HK$63.8 million) and an interest rate of 12.00% per annum. For further details, please refer to the announcement of the Company dated 10 November 2021.

On 12 November 2021, Shanghai Dongrui entered into a factoring agreement with Chongqing Chaofung, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB57.5 million (equivalent to approximately HK$70.6 million) assigned to Chongqing Chaofung from the factoring customers of Chongqing Chaofung for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB52.0 million (equivalent to approximately HK$63.8 million) and an interest rate of 10.50% per annum. For further details, please refer to the announcement of the Company dated 12 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

Factoring/Re-factoring Business (continued)

On 16 November 2021, Shanghai Dongrui entered into a factoring agreement with Guangdong Iron, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB53.1 million (equivalent to approximately HK$65.2 million) assigned to Guangdong Iron from the factoring customers of Guangdong Iron for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB48.0 million (equivalent to approximately HK$58.9 million) and an interest rate of 10.50% per annum. For further details, please refer to the announcement of the Company dated 16 November 2021.

On 18 November 2021, Shanghai Dongrui entered into a re-factoring 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 secured by the accounts receivables of approximately RMB45.0 million (equivalent to approximately HK$55.2 million) assigned to Guojun Xiuer from the factoring customers of Guojun Xiuer for a term of 1 year from the date of execution of the re-factoring agreement, with the factoring principal amount of RMB40.7 million (equivalent to approximately HK$49.9 million) and an interest rate of 10.63% per annum. For further details, please refer to the announcement of the Company dated 18 November 2021.

On 26 November 2021, Shanghai Dongrui entered into a factoring agreement with 上海翃眩實業有限公司 (for identification purpose, Shanghai Hongxuan Industrial Company Ltd. ("**Shanghai Hongxuan**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB41.4 million (equivalent to approximately HK$50.8 million) assigned to Shanghai Hongxuan from the factoring customers of Shanghai Hongxuan for a term of 1 year from the date of execution of the factoring agreement, with the factoring principal amount of RMB37.0 million (equivalent to approximately HK$45.4 million) and an interest rate of 12.00% per annum. For further details, please refer to the announcement of the Company dated 26 November 2021.

On 8 December 2021, Shanghai Dongrui entered into a factoring agreement with Chongqing Baicui, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB8.1 million (equivalent to approximately HK$9.9 million) assigned to Chongqing Baicui from the factoring customers of Chongqing Baicui for a term of 34 days from the date of execution of the factoring agreement, with the factoring principal amount of RMB8.0 million (equivalent to approximately HK$9.8 million) and an interest rate of 12.00% per annum.

On 8 December 2021, Shanghai Dongrui entered into a factoring agreement with Shanghai Hongxuan, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB23.2 million (equivalent to approximately HK$28.5 million) assigned to Shanghai Hongxuan from the factoring customers of Shanghai Hongxuan for a term of 34 days from the date of execution of the factoring agreement, with the factoring principal amount of RMB23.0 million (equivalent to approximately HK$28.2 million) and an interest rate of 12.00% per annum.

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.

For the year ended 31 December 2021, the Group's property investment segment contributed revenue of approximately HK$12.0 million (2020: approximately HK$19.7 million), representing a decrease of 39.09%. Due to the weak economy affected by COVID-19, the valuation of Dong Dong Mall decreased in 2020. However, in 2021, as the economy in the PRC has turned positive and the property market in Chongqing became stable and optimistic, the Group's property investment segment conducted by Chongqing Baoxu recorded an increase in operating profit, leading to the increase in the valuation of Dong Dong Mall. For the year ended 31 December 2021, the assessed fair value gains of approximately HK$15.8 million (2020: fair value losses of approximately HK$24.6 million) generated other income for the Group in 2021. For the year ended 31 December 2021, this segment recorded profit after tax of approximately HK$19.3 million (2020: profit after tax of approximately HK$16.5 million).

Sales of Flowers and Plants

For the year ended 31 December 2021, Group's sales of flowers and plants segment has contributed revenue of approximately HK$70.3 million (2020: approximately HK$31.9 million), representing an increase of 120.38%. Meanwhile, this segment has recorded a profit after tax of approximately HK$1.2 million for the year ended 31 December 2021 (2020: profit after tax of approximately HK$0.2 million). There was no significant impact of the COVID-19 on the sales of flowers and plants business during the year.

BUSINESS REVIEW (CONTINUED)

Distressed Assets Management

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 RMB60,000 (equivalent to approximately HK$73,620). On the date of acquisition, the net liabilities of Anxin Wanbang were RMB1.7 million (equivalent to approximately HK$2.1 million), the purchase price was RMB60,000 (equivalent to approximately HK$73,620), and registered capital of Anxin Wanbang was RMB50 million (equivalent to approximately HK$61.4 million). Anxin Wanbang is principally engaged in the provision of services and distressed assets management. For the year ended 31 December 2021, the Group's distressed assets management segment has contributed revenue of approximately HK$0.36 million (2020: nil). Meanwhile, this segment has recorded a loss after tax of approximately HK$9.0 million for the year ended 31 December 2021 (2020: loss after tax of approximately HK$15,000). The distressed assets management business of the Group is still at its early stage of development, there was no significant impact of the COVID-19 on the distressed assets management business during the year.

The distressed asset management business of Anxin Wanbang, which is still at its early stage of development, is an expansion of the Group's Loan Financing Segment. 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. 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. The Group intends to use Anxin Wanbang for the acquisition, division and resale of distressed assets. However, the Group is still in the beginning stage of exploring the business opportunities and developing its network in this market and the Group would only take further steps in this business should suitable opportunities arise.

PROSPECTS

In 2021, the worldwide situation of the ever-evolving COVID-19 pandemic remained unstable. The PRC government made every effort to stabilize its economy and promote its production so that the overall production in the PRC remained stable, and its dominant position in terms of industrial chain has become more solid. As the bloodline of economic development, China's financial industry has turned back to the essence of serving the real economy, to constantly deepen the structural reform of financial supply side, and continuously improve the standard of financial technology and regulatory capabilities. Looking ahead to 2022, the PRC will still adhere to the general development principle of seeking progress while maintaining stable performance, and its financial policies are expected to continue to revolve around serving the real economy, and its financial reforms and innovations will continue. Against this backdrop, the Group will closely follow the national policy direction and explore suitable investment opportunities to broaden the Group's sources of revenue. Meanwhile, the Group's business deployment will be adjusted in a timely manner in response to any policy changes to enhance the Company's profitability and generate more revenue for the Company.

DONGKUI BUSINESS

Loan Financing Business

Since 2021, several national policies have been introduced to regulate the healthy development of the loan financing industry. In December 2021, the Ministry of Finance promulgated the "Shanghai Branch of Supervision Bureau of the Ministry of Finance: Keeping Upright and Innovative to Explore the Road of Fiscal and Financial Supervision", setting out the scope of supervision covered from financial infrastructure institutions to banking, securities and insurance industries, and from asset management and leasing institutions to bill trading, precious metals and other business sectors, thereby striving to achieve full coverage of all financial business operations. It is also stated that the in-depth supervision by the relevant authorities would manly focus on key areas and major aspects of the financial sector with higher risks, in which, a comprehensive and precise closed-loop supervision model would be developed by connecting funds and business chains through the business platform of infrastructure institutions. The continuously deepened and refined industry supervision will effectively facilitate the continuous regulation of the development and the reduction in quantity and improvement of quality of the loan financing industry, and provide favorable environment for the sustainable and healthy development of professional loan financing companies which operate in compliance with the laws and regulations.

Regarding policy support, in December 2021, 19 authorities, including the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Science and Technology and the Ministry of Finance, jointly issued the 14th "Five-Year Plan" for the Promotion of Development of Small and Medium-sized Enterprises, which clearly proposed to give play to trusts, leasing and factoring in the financing of small and medium-sized enterprises. In the same month, the official website of China Banking and Insurance Regulatory Commission published the announcement in relation to the reply of China Banking and Insurance Regulatory Commission to the proposals No. 1502 (No. 144 of Finance and Taxation) and No. 5402 of the Fourth Session of the 13th National Committee of the Chinese People's Political Consultative Conference, which mentions that China Banking and Insurance Regulatory Commission would continue to encourage commercial financial institutions to actively create products and services by different ways to help improve the quality and effectiveness of services for the real economy, including the loan financing industry, and guide more enterprises to contribute to the national industrial deployment with the loan financing business. In the same month, China Banking and Insurance Regulatory Commission issued the Guiding Opinions on Supporting the Independent Development and Enhancement of Technologies with High Standards for the Banking and Insurance Industry, which emphasized the coordination in promoting the complementary effect of direct financing and indirect financing, joint efforts devoting into policy-based finance and commercial finance, thorough consideration of the advantages and characteristics of banking, insurance, and non-banking financial institutions, and activation of initiative scientific and technological financial services. It also encourages financial leasing companies to provide loan financing services for large-scale technological equipment and precision instruments. The introduction of relevant policies has further clarified the national direction of encouraging the business development of loan financing companies, which helps lead the loan financing companies to carry out loan financing business in areas that are in line with the national and local industrial development direction, to better serve the real economy.

DONGKUI BUSINESS (CONTINUED)

Loan Financing Business (continued)

In the future, the Group will closely follow the direction of national industrial policies, accurately analyze and determine the development trend of the industry, effectively improve the efficiency of risk management and integrate the business models under the loan financing segment to improve the product matrix and initiate itself to closely follow the rapid development trend of the industry, which will guide, facilitate and safeguard its operation in an effective manner. At the same time, 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.

Short-term Loan Business

Regarding short-term loan business, in January 2021, the Shanghai Local Financial Supervision and Administration Bureau issued the Notice on the Issuance of the Guidelines for Regulating Relevant Businesses Involving Individual Customers of Loan Financing Companies and Commercial Factoring Companies in Shanghai, which further clarified the requirements for loan financing companies and commercial factoring companies registered in Shanghai to carry out business involving individual customers in accordance with the laws. Pursuant to this guideline, the Group has made appropriate adjustments to its short-term loan business.

In April 2021, the Shanghai Local Financial Supervision and Administration Bureau issued the Measures for the Supervision and Management of Financing Guarantee Companies in Shanghai, which proposed to give full play to the important role of financing guarantee companies in promoting the financing of the real economy such as small and micro enterprises and agriculture, rural areas, and farmers, thereby supporting the development of financial inclusion. In August 2021, the Shanghai Local Financial Supervision and Administration Bureau issued the Interim Measures for the Supervision and Administration of Financial Leasing Companies in Shanghai, which clearly stipulated the qualifications, business operations, and risk prevention and control of loan financing companies. Shanghai Dongkui will carry out loan financing business and short-term loan business in strict compliance with regulatory requirements. Meanwhile, the Group will actively explore investment opportunities in quality projects, and increase short-term loans with due care provided that short-term risks are reasonably controlled, with an aim to create better returns for its shareholders.

In the future, Shanghai Dongkui will utilize its capital in a more flexible manner and properly assess the relevant risks and possible returns according to the market environment, aiming to make reasonable investments to effectively give full play to the role of finance industry in serving the real economy.

DONGKUI BUSINESS (CONTINUED)

Factoring/Re-factoring Business

In January 2021, the Civil Code of the People's Republic of China came into force, of which article 761 defines a factoring contract: "A factoring contract is a contract whereby a creditor of a receivable transfers an existing or existing receivable to a factor, and the factor provides services such as capital financing, receivables management or collection, and payment guarantee for the debtor of the receivable." The factoring business has thus made a leap from an anonymous contract to a named contract, laying a solid legal foundation for the development of the supply chain finance industry and ushering in a new stage of development for the factoring industry.

In May 2021, the Guidelines for Relevant Businesses Involving Individual Customers of Loan Financing Companies and Commercial Factoring Companies in Shanghai officially came into effect in Shanghai. The guidelines clearly stipulate the requirements for the internal control management of relevant businesses involving individual customers carried out by commercial factoring companies registered in Shanghai in accordance with the laws and clearly regulate their business activities. Shanghai Dongrui provides consulting services in relation to import and export factoring business, domestic and overseas factoring business and commercial factoring business related in accordance with the guidelines. General factoring business refers to the acquisition of receivables from suppliers and execution of factoring agreements with recourse rights, under which respective customers of relevant suppliers shall pay the financing principal and interest due to the Company and the suppliers shall bear joint and several liability; re-factoring business refers to the collaboration with third party factoring companies and execution of re-factoring agreements with recourse rights, under which the customers shall assume the actual interest repayment obligation and the third party factoring companies shall bear joint and several liability.

In the future, the Company will adhere to serving the real economy, promote industry advancement, continue to explore new industry directions and business sectors, accumulate more customer resources, identify potential customers, execute factoring agreements with recourse rights, and establish a custody account or account escrow during implementation to safeguard the recovery of funds.

Distressed Assets Management Business

With the expedited economic transformation and upgrading, the reduction of overcapacity in various industries has accelerated and the supply of distressed assets has increased significantly in recent years. Besides, the COVID-19 pandemic has further increased the supply of distressed assets, resulting in the sharp rise in total amount of distressed assets and the substantial increase in demand for disposal of distressed assets. In January 2021, China Banking and Insurance Regulatory Commission issued the Notice of the General Office of China Banking and Insurance Regulatory Commission on Carrying out Pilot Work of Transfer of Distressed Loans, which allows local asset management companies to acquire individual distressed loans in batches across regions. Going forward, China Banking and Insurance Regulatory Commission will conduct an in-depth study of the scope of operation of local asset management companies according to the actual situation. The issuance of the notice has further expanded the scope of the sellers. In November 2021, China Banking and Insurance Regulatory Commission convened the Meeting (For Expansion) of the Party Committee to convey the concept of studying and adhering to the spirit of the Sixth Plenary Session of the 19th CPC Central Committee, to suggest that the greater efforts shall be made in relation to the disposal of distressed assets, rectification and regulation of shadow banking business shall continue, promotion of risk resolution of high-risk financial institutions shall be accelerated, and illegal and non-compliant financial activities shall be severely combated against, so that the distressed assets will experience rapid evolvement.

The Group has entered the distressed asset industry through the acquisition of Anxin Wanbang. Anxin Wanbang is principally engaged in the provision of services in relation to the disposal of distressed assets, and operates with the philosophy of "creating value for shareholders, customers and employees" by leveraging its core competitiveness of investment capability, financing capability and management capability. With the distressed asset management business becoming an increasingly important component of the overall financial market in the PRC and the advancement of the distressed asset business of the Group, it is believed that the distressed asset business will contribute to the continuous business development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

Property Investment Holding

In May 2021, the meeting of the Political Bureau of the Communist Party of China Central Committee formally proposed the three-child policy to implement the policy and supporting measures of allowing one couple to have three children. In November 2021, the 29th Session of the Fifth Chongqing Municipal People's Congress approved the Population and Family Planning Regulations of Chongqing. The promulgation of the three-child policy and the implementation of the newly revised Population and Family Planning Regulations of Chongqing are expected to raise the number of newborns in Chongqing and further facilitate the expansion of the entire market size of the parenting industry. At the same time, given the change in parenting concepts, the improvement of consumption ability of residents and the advanced concept of consumption of the young generation of mothers and babies, consumption demand of residents for parenting products has been increasing, and more business opportunities will arise in the parenting industry in the PRC and the parenting market in the PRC will enter the period of rapid growth. According to iiMedia Research, the entire parenting market size in the PRC is expected to increase from more than RMB0.4 trillion in 2020 to RMB7.546 trillion in 2024 driven by the three-child policy.

In this regard, Dong Dong Mall, a property held by the Group, is expected to benefit from the favourable three-child policy. Dong Dong Mall, a shopping mall located at No.2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC, has positioned itself as a children and parenting neighborhood centre with an industry-adjusted layout, business solicitation, operation and promotion focusing on the children industry, which has maintained a steady growth in the number of tenants in the project. The release of the three-child policy will bring more potential customers to Dong Dong Mall, which will in turn drive the continuous growth of operating revenue of Dong Dong Mall and enhance the Group's performance.

Dong Dong Mall, being a regional residential shopping mall, not only satisfies the shopping and consumption needs of people, but also provides consumers with dining and entertainment as well as other comprehensive auxiliary services. It also houses a variety of stores, including fashion boutiques, restaurants and lifestyle leisure centers. In the future, the Dong Dong Mall project will continue to focus on the theme of parenting, constantly optimize the industry layout of business related to children for the project, devote efforts to marketing and promotion in order to increase customer flows, and improve its own strength on an on-going basis. Meanwhile, with the improvement of its own strength, it is expected that Dong Dong Mall will attract more quality tenants, thereby further enhancing its profitability.

Sales of Flowers and Plants

In recent years, following the continuous rise in urbanization rate in the PRC, the demand for greening construction of new urban areas created during the urbanization process has been increasing. At the same time, the development of a "beautiful China" has also accelerated the development of landscape gardening and flower market. In February 2021, the Guiding Opinions on Accelerating the Establishment of a Sound Economic System for Green and Low-Carbon Circulation Development" was issued, proposing the acceleration of the green upgrade of infrastructures by improving the urban and rural living environment, including the commencement of pilot development of a "beautiful city"; and vigorous construction of green buildings and other measures. The introduction of relevant policies will further promote the development of landscape gardening and greening industry.

Under the guidance of national policies, the General office of the People's Government of Chongqing Municipality issued the 14th "Five-Year Plan" for Chongqing Municipal Spiritual Civilization Construction (2021-2025)" in June 2021, which emphasized the need to deepen the creation of civilized cities as well as villages and towns. In November 2021, the Regulations for Encouraging Stereoscopic Greening in Chongqing officially came into effect in Chongqing. Office buildings, residential buildings and other completed buildings and structures are encouraged to implement various forms of stereoscopic greening. The introduction of the abovementioned policy will bring huge opportunities for the development of landscape gardening and flower market in Chongqing.

In view of the growing market demand, Chongqing Baoxu, a subsidiary of the Group, has positioned itself as a supplier of landscape greening flowers and plants to small and medium-sized real estate developers in the PRC, aiming to provide quality landscape greening related flowers and supply flowers and plants to its real estate projects at competitive prices. The Group believes that, by leveraging the existing tenant network of Dong Dong Mall and the network of landscape greening companies and property management companies of the real estate developers of Chongqing Doyen, the controlling shareholder of the Group, the Group's business of sales of landscape greening flowers and plants will be a viable and sustainable business with good prospects.

In the future, Chongqing Baoxu will continue to develop with innovation and expand its sales channels to constantly expand the flower and plant market, thereby indentifying more extensive areas for its organic growth.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had bank and cash balances of approximately HK$40.2 million as at 31 December 2021 (2020: approximately HK$146.1 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 31 December 2021, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 12.0 (2020: approximately 7.2).

As at 31 December 2021, the Group had no gearing ratio (2020: nil), which is calculated as net debt divided by total capital. Net debt is calculated as amounts due to related companies and lease liabilities less cash and cash equivalents. Total capital is calculated as “equity” as shown in the consolidated statement of financial position, plus net debt. As at 31 December 2021, the Group had no borrowing which exceeded cash and cash equivalents (2020: nil).

Capital Structure

As at 31 December 2021, the Group had no current and non-current borrowings (2020: nil).

The Group did not use any derivative to hedge its exposure to interest rate risks for the years ended 31 December 2021 and 2020. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of Assets

For the years ended 31 December 2021 and 2020, the Group had no pledged asset.

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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

FINANCIAL REVIEW (CONTINUED)

Contingent Liabilities or Commitments

As at 31 December 2021 and 2020, the Group had no significant contingent liability nor did it incur any significant capital expenditure or enter into any significant commitment in respect of any capital expenditure.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: 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 (the "**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 (the "**Listing Rules**") throughout the year ended 31 December 2021, 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. However, following the amendments to the CG Code which took effect on 1 January 2022, non-executive Directors are no longer required to be appointed for a specific term.

Code Provision E.1.2 (which has been re-numbered as Code Provision F.2.2, following the amendments to the CG Code which took effect on 1 January 2022) specifies that the chairman of the Board should attend the AGM. 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 4 May 2021, 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 AGMs 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

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 2021 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 2021 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 2021.

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 period.

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 2021.

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 2021 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 2021 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, 24 March 2022

For the purpose of this announcement, conversion of RMB into HK$ is based on the approximate exchange rate of RMB1 to HK$1.227. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK$ or RMB have been, could have been or may be converted at such or any other rate or at all.

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.