DOYEN
東銀國際
INTERNATIONAL HOLDINGS

DOYEN INTERNATIONAL HOLDINGS LIMITED

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

ANNUAL REPORT 2021

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors
Mr. Lo Siu Yu, *Chairman*
Mr. Tai Xing, *Chief Executive Officer*
Mr. Cho Chun Wai

Non-executive directors
Ms. Luo Shaoying, *Vice Chairman*
Mr. Pan Chuan

Independent non-executive directors
Mr. Chan Ying Kay
Mr. Leung Kin Hong
Mr. Wang Jin Ling

AUDIT COMMITTEE

Mr. Chan Ying Kay, *Committee Chairman*
Mr. Leung Kin Hong
Mr. Wang Jin Ling

REMUNERATION COMMITTEE

Mr. Leung Kin Hong, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Wang Jin Ling

NOMINATION COMMITTEE

Mr. Lo Siu Yu, *Committee Chairman*
Mr. Chan Ying Kay
Mr. Leung Kin Hong

COMPANY SECRETARY

Mr. Cho Chun Wai

AUTHORISED REPRESENTATIVES

Mr. Lo Siu Yu
Mr. Cho Chun Wai

REGISTERED OFFICE

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SHARE REGISTRAR

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46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

SHARE TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of Communications (HK) Co., Ltd.
China Everbright Bank Hong Kong Branch

SOLICITORS

Mason Ching & Associates
Chiu & Partners Solicitors

AUDITOR

Baker Tilly Hong Kong Limited

STOCK CODE

668

WEBSITE

http://www.doyenintl.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "**Board**") of directors ("**Director**"), I hereby present the annual report of Doyen International Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") for the year ended 31 December 2021.

MARKET AND BUSINESS REVIEW

In 2021, the COVID-19 ("**COVID-19**") pandemic continued to spread around the world, but the overall trend is "more infectious but less severe". With the promotion of vaccination and the adoption of proactive policies by major economies to stimulate the economy, the overall situation was under control, the world economy has begun to recover, and the People's Republic of China (the "**PRC**") government was actively working to prevent and control the pandemic.

Facing the complex and volatile domestic and international environment as well as the uncertainties brought by the COVID-19 pandemic, the Group adhered to its prudent business strategy, leveraged the advantages of its Hong Kong listing platform, strengthened its capital operation and made timely adjustments to its business structure in accordance with the policy direction, while seizing appropriate investment opportunities and business opportunities to enhance the Group's overall competitiveness.

In 2021, the loan financing industry continued to be under strict regulations, but with the introduction of more detailed rules, the policy direction for the loan financing industry was further clarified providing more precise directions for the healthy development of the industry, and the whole loan financing industry showed a stable and improving trend. According to China's Lease Industry Development Report for the First Three Quarters of 2021, as at the end of September 2021, the balance of finance leasing contracts nationwide was approximately RMB6,308.0 billion, representing a decrease of approximately RMB196 billion or 3.01% from RMB6,504.0 billion at the end of 2020. The Group's subsidiary, 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("**Shanghai Dongkui**")), is committed to developing loan financing business, following the guidance of the national industrial policy and market condition, selecting projects with reliable ratings, adequate guarantees and controlled risks, and actively expanding its business network to serve the development of the real economy. In 2020, a year with relatively more risks of all kinds, Shanghai Dongkui principally engaged in factoring business with low risks. Shanghai Dongkui will obtain more non-bank financial licenses based on resources available for its long-term development.

For the factoring business, on 1 January 2021, the Civil Code of the PRC came into effect, 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 definition of factoring contract in the Civil Code of the People's Republic of China has enabled the factoring business to make a leap from an anonymous contract to a named contract, and has enabled the factoring industry to enter a new stage of development. 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, is dedicated to the development of factoring business. During the year, Shanghai Dongrui continued to explore new industry directions and business areas, expand customer resources and enter into factoring agreements with recourse.

For the property investment business, in 2021, the economic and social life in the PRC was gradually getting back on track with high vaccination coverage and stringent pandemic prevention and control measures, and the population's enthusiasm for shopping and spending was on the rise, the merchants of Dong Dong Mall ("**Dong Dong Mall**"), held by 重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Ltd. ("**Chongqing Baoxu**")) of the Group, have resumed normal operations with solid performance. The average occupancy rate of Dong Dong Mall for 2021 was approximately 82%, compared to an average occupancy rate of approximately 88% in 2020.

CHAIRMAN'S STATEMENT

In addition, in order to broaden the source of revenue in the face of the tremendous development opportunities in the gardening and floral market in Chongqing, the Group engaged in the sales of flowers and plants by leveraging the existing tenant network of Dong Dong Mall and the network of real estate developers' gardening companies and property management companies of 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. ("**Chongqing Doyen**")), the Group's controlling shareholder. In 2021, the Group's sales of flowers and plants were well received by the market and became a new growth area for the Group's business revenue.

In recent years, with the transformation of the economy and society as well as the impact of the COVID-19 pandemic, some enterprises have encountered difficulties in debt repayment, the properties, trusts and other capital management markets have plummeted, and the scale of distressed assets has expanded rapidly. According to the "White Paper on the Reform and Development of China's Distressed Asset Management Industry" published by PricewaterhouseCoopers, the overall size of distressed assets in the PRC increased by RMB900 billion from 2019 to RMB5.2 trillion in 2020. Commercial banks remained the largest supplier of distressed assets, with a balance of RMB2.7 trillion in distressed loans. The increase in the supply of distressed assets has led to an increase in demand for the disposal of such distressed assets, creating good opportunities for the distressed asset industry. Since 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, the Group expanded its loan financing segment and entered into the distressed assets industry in 2020 through the acquisition of 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd. ("**Anxin Wanbang**")). The Group's future expansion in distressed assets will focus on the management of distressed assets, particularly the acquisition, division and resale of distressed assets related to the real estate industry. However, since the Group is still in the beginning stage of exploring the business opportunities and developing its network in this market, the Group would only take further steps in this business should suitable opportunities arise.

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

Looking ahead to 2022, the PRC will continue to focus on promoting high-quality and sustainable economic development, and the Group is confident in the development of the industry which it engages in. The Group will actively respond to the policies of the PRC, keep pace with market changes, actively adjust its business layout and scale up its operations to achieve better development for the Group.

APPRECIATION

On behalf of the Board of Directors and all staff, I would like to thank our shareholders, customers and business partners for their continued understanding and support of the Group. In 2022, the Group will steadily develop its existing businesses, continue to seek suitable opportunities to consolidate and develop existing businesses and diversify its revenue streams to create greater value for our shareholders, business partners, staff, and stakeholders.

Lo Siu Yu
Chairman

Hong Kong, 24 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in holding property investment and rental business, and sales of flowers, seedlings and plants in the PRC, provision of loan financing to customers in the PRC and distressed assets management.

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).

The loan financing segment of the Group (the "**Loan Financing Segment**") is categorized into the loan financing business ("**Loan Financing Business**"), short-term loan business ("**Short-term Loan Business**") and factoring and refactoring business ("**Factoring/Refactoring Business**").

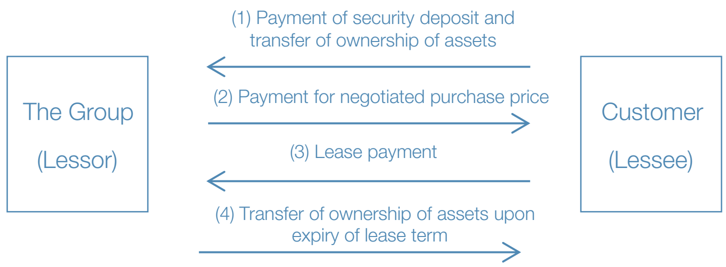
Below sets forth an overview of the Loan Financing Segment of the Group:

Loan Financing Business

The Group's Loan Financing Business has been selectively concentrated on sale-leaseback of specialty equipment, i.e., medical equipment from the hospitals in the PRC.

In a sale-leaseback, the Group's customer (as lessee) sells its existing assets to the Group (as lessor) at a negotiated purchase price, and the lessor then leases such assets back to the lessee for its use in return for periodic lease payments. The lessee would also be required to pay a security deposit, which typically ranges from approximately 4.00% to 10.00% of the negotiated purchase price at the time of purchase. Under the sale-leaseback model, the Group will be the owner of such equipment until the lease payment has been paid in full, which will provide additional protection of the Group's interests. The Group also typically provides consultancy services regarding relevant industry analysis and update in connection with the provision of financial leasing services on the request of its customers. Usually in the period from three to five years, the lessee repays the purchase price of the assets, interests and other fees to the lessor. At the end of the lease term, the ownership of the assets will be transferred to the lessee at a nominal consideration or for nil consideration. During the lease term, the lessee remains in possession of the underlying assets.

The following diagram illustrates the relationship between our customer and the Group at sale-leaseback:



The revenue of the loan financing operation is recognised by the interest income generated by provision of loan financing services to the customers.

Short-term Loan Business

Short-term loan generally refers to a loan that is scheduled for repayment within one year, which is generally used to meet the liquidity needs of the borrower for their production and/or business operations. The key characteristic of the short-term loan business is the liquidity and profitability of loans within a relatively short period of time. As such, the Group selects its short-term loan customers based on certain criteria, including capital return, security and credit rating of the customers.

The revenue of the short term loan operation is recognised by the interest income generated by provision of short term loans to the customers.

Pursuant to the Interim Measures for the Supervision and Administration of Financial Leasing Companies* (《融資租賃公司監督管理暫行辦法》) (the "**Interim Measures**") issued on 26 May 2020 by the China Banking and Insurance Regulatory Commission, financial leasing companies could only engage in financial leasing transactions. Other forms of lending activities, including the short-term loans, would be prohibited. As such, since the Interim Measures have come into effect on 1 July 2020, the Group has not entered into any new short-term loan agreements.

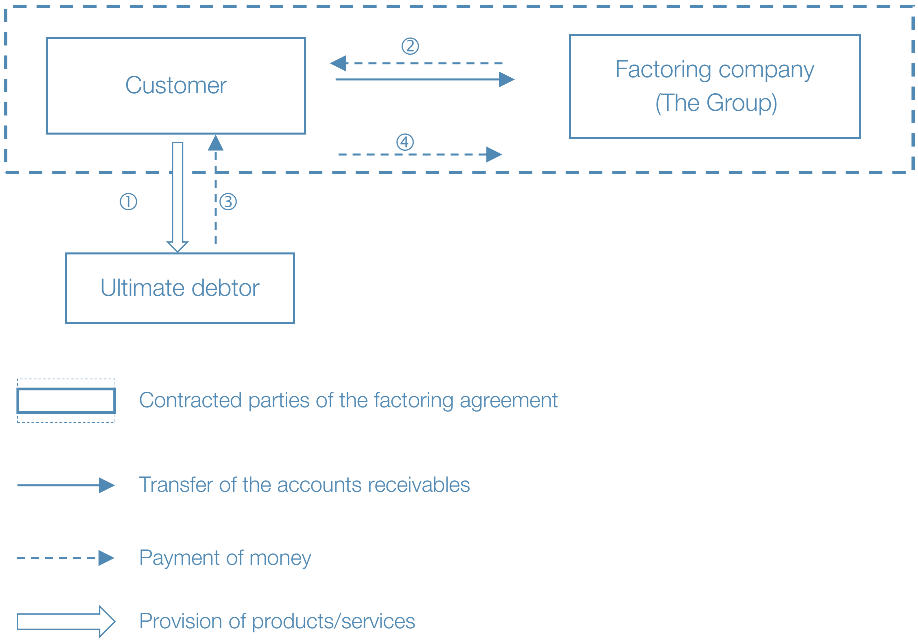
In January 2021, the Shanghai Local Financial Supervision and Administration Bureau issued the Notice on the Issuance of the Guidelines for Regulating Relevant Businesses Involving Individual Customers of Loan Financing Companies and Commercial Factoring Companies in Shanghai, which further clarified 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 to cater the relevant regulations in the PRC.

Factoring Business

In May 2020, the Company established 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.

Factoring is a financing arrangement in which a business owner pledges its accounts receivables to the Group as security to obtain financing.

The following diagram illustrates a typical business flow of a factoring business arrangement:



Notes:

1. Customer provides products/services to ultimate debtor, which generates accounts receivables.
2. Factoring company (the Group) provides financing to the customer and acquires accounts receivables from the customer as security for the financing.
3. Ultimate debtor settles the receivables with the customer upon the expiry of the relevant term of the accounts receivables.
4. Customer repays the outstanding loan to factoring company (the Group) pursuant to the terms of the factoring agreement.

Under the factoring agreement, it is the direct counterparty of the Group (i.e. the borrower of the loans) who is obliged to repay the loans to the Group. The relevant accounts receivables assigned to the Group only serve as additional security where the Group may go after the ultimate debtor of the accounts receivables in case of default by the customers of the Group.

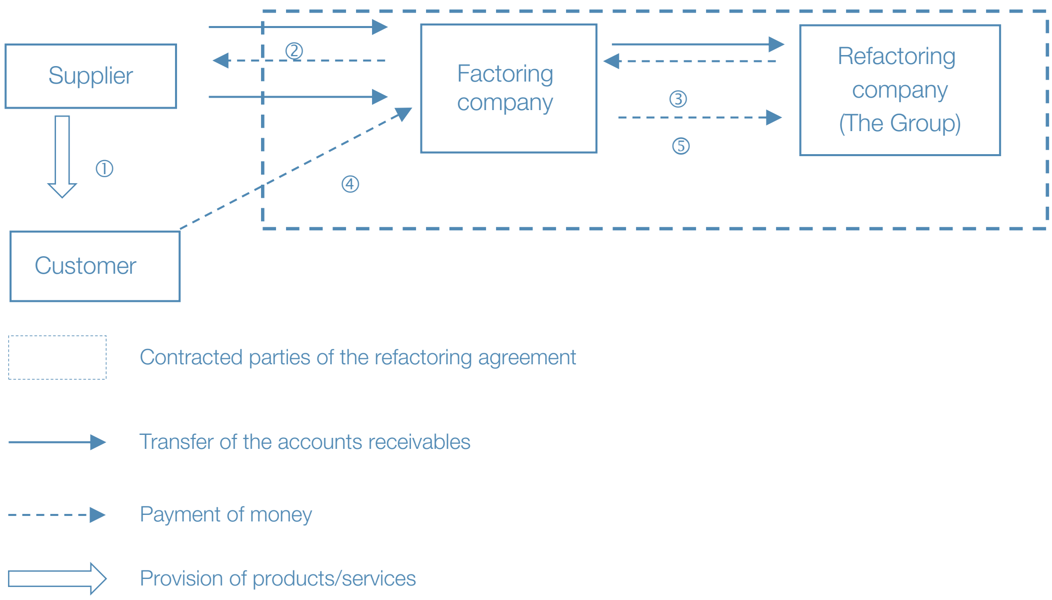
As all of the Group's existing factoring agreements are with recourse, the customer is obliged to repay the loans to the Group no matter whether the customers can collect the outstanding amount under the relevant accounts receivables from the original debtors.

The revenue of the factoring operation is recognised by the interest income generated by provision of factoring services to the customers.

Refactoring Business

The Group's factoring business also includes refactoring business. Refactoring refers to an arrangement where the Group provides financing being secured by accounts receivables assigned to a factoring company from its factoring customers for a specified period of time, which typically ranged from 6 months to 12 months. The Group would pay the factoring company the specified loan amount upon transfer of outstanding accounts receivables. The Group's refactoring agreement is with recourse, where the Group may demand the factoring company to repurchase all the relevant outstanding accounts receivables upon the end of the term, including but not limited to the principal amount of the relevant outstanding accounts receivables, interest and other related expenses incurred by the outstanding accounts receivables. As such, even if there is any default of the underlying accounts receivables by the ultimate debtors, the Group could demand repayment of the principal and the relevant interest directly from the factoring company.

The following diagram illustrates a typical business flow of a refactoring arrangement:



Notes:

1. Supplier provides products/services to customer, which generates accounts receivables.
2. Factoring company acquires receivables from the supplier at a certain purchase price.
3. Refactoring company (the Group) acquires a series of receivables from the factoring company at a specified price.
4. Customer settles the receivables with the factoring company upon the expiry of the relevant term of the accounts receivables.
5. Factoring company repays the specified amount to refactoring company (the Group) pursuant to the terms of the refactoring agreement.

Under the refactoring agreement, it is the direct counterparty of the Group (i.e. the factoring company) who is obliged to repay the loans to the Group. The relevant accounts receivables assigned to the Group only serve as an additional security where the Group may go after the original debtor of the accounts receivables in case of default by the direct counterparty of the Group.

Since the direct counterparty of the Group under the refactoring agreement is factoring company and the factoring company is obliged to repay the loans to the Group no matter whether the factoring company can collect the outstanding amount under the relevant accounts receivables from the original debtors, the debt recovery actions would be taken against the factoring company primarily.

Since the ownership of the relevant accounts receivables is assigned to the Group as security of the outstanding loans, the Group is also entitled to undertake relevant debt recovery actions against the ultimate debtors if situations require.

The revenue of the refactoring operation is recognised by the interest income generated by provision of refactoring services to the customers.

CLIENTS SIZE AND DIVERSITY

Target customers of Loan Financing Business

The business model of the Group regarding its loan financing operation and choice of customers have always been focusing on projects with reliable ratings, sufficient security and controllable risks, the loan financing customers were mainly Grade III and Grade II hospitals in the PRC which have sizable operations or substantive assets, and thereby reducing the potential risk of default and enhancing security for the Group's assets.

So far the Directors are aware of, the Grade III and Grade II hospitals are primarily hospitals of larger scale with stable profitability and guaranteed reputation and operation systems, the Group considers that they are more reliable and safer in terms of recovery of loans as they tend to have more stable cash-flow and lower risk of default. At the same time, Grade III and Grade II hospitals typically prefer to enter into financial leasing with providers with credible source of capital and management team, like the Group, being a listed company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with sound reputation in the region. The management of the Group considers that targeting Grade III and Grade II hospitals for the provision of loan financing services is a viable business with sound prospects.

Target customers of Factoring/Refactoring Business

For the year ended 31 December 2021, through cooperation with a number of selected factoring companies, the Group has more than 100 ultimate end-customers, including real estate developers, construction companies, construction material companies and landscaping design companies in various regions of the PRC.

MAJOR TERMS OF THE LOAN FINANCING SEGMENT

Loan Financing Business and Factoring/Refactoring Business

The loan financing agreements entered into by the Group mainly has a term of three to five years, due to the reason that the Group's loan financing customers, mainly Grade III and Grade II hospitals in the PRC, have sizable operations and a relatively stable source of income or substantive assets, and have a relatively strong repayment ability, and can afford a relatively high capital cost.

The Group's loan financing agreements are generally priced at a fixed rate. The interest rate is determined taking into account of factors including (i) prevailing market rates; (ii) risk premium through the assessment of the customer's industry and financial condition; and (iii) the Group's funding cost. The risk premium for pricing the Group's loan financing is determined by (i) negotiation on a case-by-case basis with each individual customer based on its industry and scale of business; and (ii) assessment on the customer's financial condition. The interest rate of the Group's loan financing agreements ranged from approximately 7.92% to 10.30%.

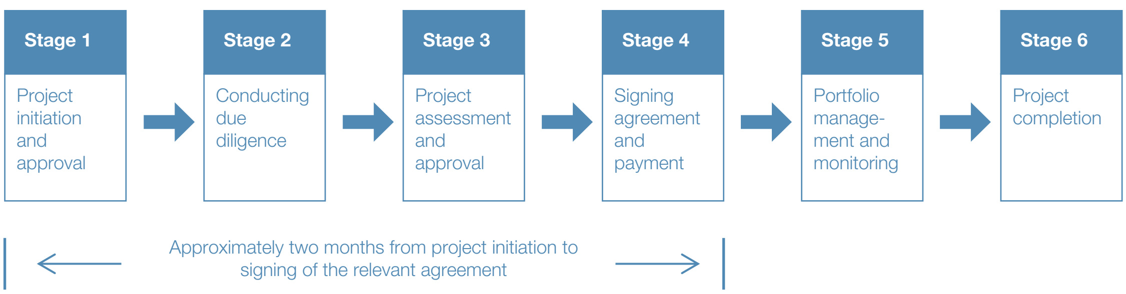
In relation to the factoring and refactoring agreements, the majority of the factoring/refactoring agreements entered into by the Group has a term of six months to one year. Based on the Director's information and belief, it is an industry norm that the majority of factoring/refactoring agreements are short-term agreements with terms not longer than one year as factoring/refactoring companies tend to mitigate bad debt risks and improve cash flow by obtaining accounts receivables that can be collected within one year.

The Group's factoring/refactoring agreements are generally priced at a fixed rate. The interest rate is determined taking into account of factors including (i) prevailing market rates; (ii) risk premium through the assessment of (a) the underlying accounts receivables, which would take into account the industry and financial condition of the underlying accounts receivables of the end customers (in the context of refactoring, the factoring companies); (b) the Group's counterparty (for factoring, the end customers and in the context of refactoring, the factoring companies), which would take into account of its scale, financial capacities and track record performance; and (iii) the Group's funding cost. The interest rate of the Group's factoring/refactoring agreements ranged from approximately 10.06% to 12.00%.

The Group has been able to provide a higher degree of flexibility on the terms of the factoring/refactoring and collateral required to meet the financial needs at the requests of the customers. By comparing the additional collateral which is normally required by financial institutions such as properties, equities, personal guarantees and third-party guarantees, the Group mainly considers and assesses the authenticity of the business operation and the repayment ability of the end customers (and in the context of refactoring, the factoring companies) and evaluates the default risk of such end customers (and in the context of refactoring, the factoring companies) as a whole, which allows the Group to be more flexible based on the business model and situations of individual customers.

OPERATIONAL WORKFLOW OF THE LOAN FINANCING SEGMENT

Over the years, the Group has designed a systematic operational workflow and applied to each of its loan financing and factoring/refactoring transactions. Under this workflow, various risk control measures and procedures are consistently applied to every loan financing and factoring/refactoring transaction. The chart below sets out the typical process workflow of our loan financing and factoring business operations:



Since the operation workflow of both Loan Financing Business and Factoring/Refactoring Business are similar, staff in each operating segment in the loan financing team of the Group, namely the business development segment, asset development segment, accounting and finance segment, and human resources and administration segment would all be involved in both loan financing and financing/refactoring at the same time.

The Short-term Loan Business and Loan Financing Business carried out by the Group over the years have equipped the Group and its staff with effective and mature procedures for internal and external risk identification and evaluation, expertise and know-how, alongside with relationship with potential customers and access to the financial services market. The other core members of the loan financing team are also equipped with experience in energy, manufacturing, real estate and other industries, as well as having professional backgrounds in finance, asset management and trusts.

The expertise, experience accumulated and the procedures developed from the operation of Loan Financing Business are shared and applied to the management of factoring business, and applied throughout the Group's Loan Financing Segment.

Stage 1: Project initiation and approval

The Group would analyse the needs for loan financing and/or factoring services in the targeted markets, gather potential customer's information, assess the customer's financial needs and understand the proposed use of the financing. Wherever relevant, the Group takes into consideration of the prevailing general conditions in which the customers operate, such as the PRC and local legislations and regulations, especially those specifically affect the customer's business, industry performance and macroeconomic conditions.

Regarding loan financing, upon receiving an application for loan financing services, the Group shall take into consideration the commercial feasibility based on the information provided by the customers. After accepting such application, the Group will prepare a project initiation report which contains, among others, the basic information of the lessee, the principal amount, condition and valuation of the equipment, collateral, guarantee, purpose of the proposed use of funds, source of repayment and/or proposed project plan (as the case may be).

Regarding factoring/refactoring, the end customers (and in the context of refactoring, the factoring companies) will usually first provide the Group with information in relation to the factoring/refactoring project, including the ultimate owner of the accounts receivables to be factored against, including its corporate structure, business operations, financial conditions and historical credit performance, and the Group will also prepare a project initiation report which contains, among others, basic information of the end customers (and in the context of refactoring, the factoring companies), purpose of the proposed use of funds, source of repayment and/or proposed project plan, accordingly.

The project initiation report for the loan financing projects and factoring/refactoring projects (as the case may be) stated above (collectively, the "**Project Initiation Report**") will first be submitted for review and pre-vetting approval by the general manager of the loan financing team, before passing the Project Initiation Report to the project approval committee ("**PAC**"), which consists three members, namely Mr. Cho Chun Wai, the executive Director and two members of the loan financing team, for approval. Based on the applicant's information, the PAC will assess, including, (i) whether the potential customer meets our requirements; and (ii) whether the business nature, business scale, pricing, term, interest, funds payment method as disclosed in the project proposal align with the Group's business policy.

Stage 2: Perform due diligence

The credit risk assessment of customers of the Group is mainly conducted by the due diligence work conducted by the Group.

Loan Financing Business

Regarding loan financing, the project team will conduct on-site investigation and due diligence on the background and credit-worthiness of the potential lessee (i.e. the borrower), including, but not limited to, (i) attending the potential lessee's office(s) to review and verify corporate documents, which include its legal representative's basic information; (ii) reviewing and verifying financial status concerning its solvency, operation and profitability; (iii) attending to respective government departments to review and inspect title documents of the leased assets and conduct valuation of leased assets; and (iv) evaluating the feasibility of the financing. The project team will also conduct due diligence on the guarantors (if applicable) of the potential lessee on the guarantors' basic information, including its financial status, such as solvency, operation and profitability, credit situation and its ultimate beneficial owners' basic information.

In respect of the asset appraisal, the Group requires the lessee to provide the purchase records for the leased assets or appoint independent asset appraisal agency to substantiate our assessment of the value of the leased assets. For certain more universal medical equipment/leased assets, the Group normally compiles a due diligence checklist on the assets based on documentation received and conducts on-site due diligence to verify the usage and status of the leased assets. For certain more specific leased or sophisticated leased asset that cannot be evaluated based on the above procedures, the Group requires the lessee to provide a valuation report issued by a qualified third-party asset valuer, and will make reasonable judgements and evaluations on the value of the asset based on the valuation report. After performing due diligence and discussing the potential risk and compliance of relevant laws and regulations internally, a due diligence report for each case (the "**Due Diligence Report**") will be prepared. The Due Diligence Report, along with relevant underlying documents, and the Project Initiation Report will be submitted to the Group's PAC for their review.

After approving such loans to the customer, the Company also has a series of on-going procedures as the risk management measures to continually monitor the customer.

Factoring Business

As all of the Group's existing factoring agreements are with recourse, meaning that the customer is obliged to repay the loans to the Group no matter whether the customer can collect the outstanding amount under the relevant accounts receivables from the original debtors, the principal focus of the due diligence work regarding factoring services is reviewing the operating conditions, operating risks, and repayment capabilities of the customer. With regards to the due diligence, the Group would also review the authenticity of the underlying transactions which generate the relevant accounts receivables.

In assessing each of the customer and the ultimate debtors during the loan approving procedures, the Group would generally obtain and review the following information and documents in respect of the customer (or the ultimate debtor) (as the case may be), including but not limited to:

(i) comprehensive information of the customer (or the ultimate debtor, as the case may be), including, but not limited to its business licence, identity proof of its legal representative, articles of association, account opening permit, business scope, history and development related information, equity structure and background of its shareholders and relevant organisational structure;

(ii) financial condition and major business operations of the customer;

(iii) credit status of the customer, including subject rating report (主體評級報告) (if any) and credit report from the relevant central bank;

(iv) information regarding the relevant transactions which generate the relevant accounts receivables, including but not limited to the relevant sales and purchase agreements and relevant sales and purchase invoices; and

(v) in the case of the ultimate debtor, document proof evidencing the ultimate debtor's internal approval (or pre-approval) of the payment in respect of the transaction.

Apart from the review of the above-mentioned documents and information, the Group will also conduct interviews with the relevant business manager of the customer (or the ultimate debtor, as the case may be) on site or through other communication means to understand their business conditions and financial conditions, the authenticity of the transaction and the rationality of the transaction.

The Group would also cross-check the information and documents given by the customer regarding the relevant ultimate debtor.

After performing the above-mentioned due diligence process and discussing the potential risk and compliance of relevant laws and regulations internally, a Due Diligence Report also will be prepared.

After approving such loans to the customers, the Company also has a series of on-going procedures as the risk management measures to continually monitor the customers and ultimate debtor.

Refactoring Business

Regarding refactoring, the Group will conduct due diligence regarding each of the underlying accounts receivables to be refactored, such as reviewing the authenticity of the transaction which created such accounts receivables and cross-checking the relevant payment records and invoices against the relevant ledgers and accounts. The project team will also request the factoring company to conduct due diligence on the factoring end customer on its financial status, credit status and record and external guarantee status.

The principal focus of the due diligence work regarding refactoring services is reviewing the operating conditions, operating risks, and repayment capabilities of factoring companies.

In assessing each of the factoring company, the supplier and the ultimate debtors during the loan approving procedures, the Group would generally obtain and review the following information and documents in respect of the factoring company, the supplier and the ultimate debtors (as the case may be) including, but not limited to:

(i) comprehensive information of the factoring company, the supplier and the ultimate debtors (as the case may be), including but not limited to its business licence, identity proof of its legal representative, articles of association, account opening permit, business scope, history and development related information, equity structure and background of its shareholders and relevant organisational structure;

(ii) the financial condition and major business operations of the factoring company, the supplier and the ultimate debtors (as the case may be);

(iii) credit status of the factoring company, including subject rating report (if any) and credit report from the relevant central bank;

(iv) in the case of the supplier and the ultimate debtors' information regarding the relevant transactions which generate the relevant accounts receivables, including but not limited to the relevant sales and purchase agreements, relevant sales and purchase invoices;

(v) in the case of the ultimate debtors, document proof evidencing the ultimate debtor's internal approval (or pre-approval) of the payment in respect of the transaction.

In addition, the Group would also request from the factoring company documents including (i) factoring contract entered into between the factoring company and relevant suppliers, and (ii) documents evidencing the assignment of the relevant accounts receivables from the relevant supplier to the factoring company.

Apart from the review of the above-mentioned documents and information, the Group will also conduct interviews with the relevant business manager of the factoring company, the supplier and the ultimate debtors (as the case may be) on site or through other communication means to understand their business conditions and financial conditions.

The Group would also cross-check the information and documents given by the factoring company regarding the relevant ultimate debtor.

After performing the above-mentioned due diligence process and discussing the potential risk and compliance of relevant laws and regulations internally, a Due Diligence Report will be prepared.

After approving such loans to the refactoring companies, the Company also has a series of on-going procedures as the risk management measures to continually monitor the factoring companies, suppliers and ultimate debtor.

Stage 3: Project feasibility assessment and approval

Upon reviewing the Due Diligence Report for the loan financing and factoring/refactoring projects (as the case may be), the PAC will review and assess the completeness of relevant information and the Due Diligence Report before approving the proposed loan financing and factoring/refactoring projects. The PAC may advise to amend the proposed loan financing or factoring/refactoring project plan and/or adopt reinforcement measures in relation to conditions precedent of payment or post-lease/post-factoring management.

Stage 4: Signing agreement and payment

Upon obtaining approval from the PAC, the project team will negotiate and finalise the loan financing/factoring/refactoring structure and contract terms based on the internal approved terms and conditions. After execution of the relevant agreements, the project team will inspect and ensure the fulfilment of the conditions precedent under the relevant agreements before Mr. Cho Chun Wai, the executive Director and the general manager of the loan financing team approves the payment by the Group.

Stage 5: Portfolio management and monitoring

Please refer to the description of monitoring loan repayment and recovery below.

Stage 6: Project completion

At completion stage, regarding loan financing, the customer purchases the leased assets from the Group at a nominal consideration or for nil consideration, and the project team will be responsible for the final settlement and relevant ownership transfer process.

Regarding factoring, the borrower of the loan repays the principal amount of the relevant outstanding accounts receivables, interest and other related expenses incurred by the outstanding accounts receivables to the Group upon expiry of the term.

Regarding refactoring, the factoring company repays the principal amount of the relevant outstanding accounts receivables, interest and other related expenses incurred by the outstanding accounts receivables to the Group upon expiry of the term.

Monitoring loan repayment

The project team is responsible for post-finance/post-factoring portfolio management through timely collection of periodic payments. In particular, the asset development segment of the project team is responsible for portfolio management and on-going monitoring and analysis of the Group's loan financing projects, including handling the collection of payments under the loan financing projects. It also cooperates with other departments of the Group, such as the legal department, to undertake suitable actions in case of delay or unsuccessful collection of debts.

Loan Financing Business

Regarding loan financing, the project team will handle and follow up with the asset title registration with relevant government organisations and monitoring each project status and monitor loan repayment and recovery, and preparation of regular (by quarter or interim) on-site inspection reports on the leased assets, which will cover the following key aspects: (i) whether the leased assets have been maintained in good and complete condition; (ii) whether the lessee overuses and abuses the leased assets; and (iii) whether the relevant registration is duly completed. The Group also conducts valuation on our leased assets by our in-house specialist on a periodic basis, so that we can keep track of and evaluate our lessee's creditworthiness.

Factoring/Refactoring Business

Regarding factoring/refactoring, the project team will normally (i) contact the end customers (and in the context of refactoring, the factoring companies) by telephone to obtain update on their latest status; (ii) regularly conduct media and other desktop searches against the end customers (and in the context of refactoring, the factoring companies) to monitor whether there is public information and updates regarding its operations and financial status, etc.; (iii) require the the end customers (and in the context of refactoring, the factoring companies) to provide their audited reports and credit-worthiness report for each financial year to the Group for records; and (iv) issue repayment reminder to the end customers (and in the context of refactoring, the factoring companies) typically one month before the scheduled repayment date.

In particular, after the release of funds to the end customers (and in the context of refactoring, the factoring companies), the Group will conduct regular checking and monitoring on the the end customers (and in the context of refactoring, the factoring companies).

Loan Recovery

Loan Financing Business

If any of the payment is not received on time, the project team will follow up with the respective counterparty for repayment as soon as practicable. In particular, the asset development segment of the project team cooperates with other departments of the Group, such as the legal department, to undertake suitable actions in case of delay or unsuccessful collection of debts.

Under the Group's loan financing agreements, the Group is usually entitled to several remedies, including, among other things, acceleration of loan financing receivables repayment when a customer defaults the loan financing agreement. The Group may decide on whether to exercise such remedy by considering (i) the credit record of the customer; (ii) our relationship with the customer; (iii) the current status and the prospects of the customer's financial condition; and (iv) the difficulty of repossessing the assets underlying our leases and realising their value.

Factoring Business

Since the direct counterparty of the Group under the factoring agreement is the customer and the customer is obliged to repay the loans to the Group no matter whether the customers can collect the outstanding amount under the relevant accounts receivables from the original debtors, the debt recovery actions to be detailed below would be taken against the customer primarily.

Since the ownership of the relevant accounts receivables is assigned to the Group as security of the outstanding loans, the Group is also entitled to undertake relevant debt recovery actions against the ultimate debtor if situations require.

Refactoring Business

Since the direct counterparty of the Group under the refactoring agreement is factoring company and the factoring company is obliged to repay the loans to the Group no matter whether the factoring company can collect the outstanding amount under the relevant accounts receivables from the original debtor, the debt recovery actions would be taken against the factoring company primarily.

Since the ownership of the relevant accounts receivables is assigned to the Group as security of the outstanding loans, the Group is also entitled to undertake relevant debt recovery actions against the ultimate debtors if situations require.

Procedures for default

The detailed procedures to be taken by the Group against the Group's direct counterparty across the Group's financing products, such as loan financing and factoring/refactoring, in case of default are set out as follows:

Stage one

The Group will approach and contact the counterparty through various means to confirm the repayment details typically two weeks before the scheduled repayment date.

Stage two

In the event that the counterparty indicates that it is unable to repay the agreed amount on time, the Group will commence preliminary negotiation process with them, including issuing relevant notifications to inform them of their obligation to repay and the possible consequences of its default (including but not limited to possible penalty interest and relevant legal actions which could be taken by the Group to recover the outstanding amounts).

Stage three

In case where preliminary negotiation with the counterparty is not successful or the counterparty continues to fail to settle the outstanding amount under the renegotiated repayment arrangements, the Group will proceed to undertake further action against the counterparty, including but not limited to (i) requesting arbitration or intervention from the relevant competent authority, municipal or district-level administrative authorities; and (ii) engaging the Group's PRC legal adviser to issue letter to inform the counterparty of the possible contractual and/or legal liability and consequence under the agreements.

Stage four

In case where the abovementioned actions taken by the Group cannot lead to satisfactory results, the Group will engage the PRC legal adviser to proceed with the necessary legal actions against the relevant counterparty.

In addition to the above procedures, if the Group considers the possibility of recovering the default loans is low, the Group may also explore the possibility of cooperating with third-party asset management companies for partial or complete transfer of the relevant bad debts to recover part of the outstanding amount in order to reduce the overall risk exposure of the Group.

Actions taken by the Board in respect of default

For the year ended 31 December 2021, the Group had on-going legal action against Shaanxi Taibai to recover the outstanding loans subsequent to its default.

Since October 2019 and for the year ended 31 December 2021, 陝西太白山投資集團有限公司 (for identification purpose, Shaanxi Taibai Mountain Investment Group Co., Ltd.) ("**Shaanxi Taibai**") has failed and/or refused to pay the lease rent and purchase price of RMB35,426,293.77 (equivalent to approximately HK$43.4 million) payable under the loan financing agreement dated 25 October 2018 and entered into with the Group (the "**Shaanxi Taibai Agreement**"), despite repeated requests and demands by the Group. In April 2020, the Group commenced legal action against Shannxi Taibai and the guarantor of the Shaanxi Taibai Agreement, for the breach of the Shaanxi Taibai Agreement (the "**Legal Proceedings**"). On 6 November 2020, the Group received a judgment from Shanghai Pudong New District People's Court dated 26 October 2020 regarding the Legal Proceedings (the "**Judgment**") in its favour. As stated in the Judgment, Shaanxi Taibai was ordered to pay to the Group (i) all the outstanding lease rent and purchase price of approximately RMB33.0 million (equivalent to approximately HK$40.5 million); (ii) 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; and (iii) the legal fee incurred by the Group of RMB0.3 million (equivalent to approximately HK$0.4 million) (collectively, the "**Judgement Debt**"). As stated in the Judgment, the guarantor of the Shaanxi Taibai Agreement is also found to be jointly and severally liable for the repayment obligations of Shaanxi Taibai.

For the year ended 31 December 2021, the Judgment Debt is pending to be paid by Shaanxi Taibai and/or the guarantor of the Shaanxi Taibai Agreement, and to the best of the Board's knowledge, information and belief, save as the Legal Proceedings against Shaanxi Taibai, no member of the Group was engaged in any litigation, arbitration or claim to recover the outstanding loans from its customers for the year ended 31 December 2021.

IMPAIRMENT AND WRITE-OFF OF LOANS

The circumstances leading to impairment primarily involve (i) ECL (as defined and explained below) made based on the ordinary discount made to the present value of the loan receivables concerned; (ii) the deterioration of the financial conditions and/or credit ratings of the counterparty of the relevant financial leasing agreements and factoring/refactoring agreements; and (iii) actual default of loan concerned.

ECL reflected the ordinary discount made to the present value of the loan receivables based on external factors such as changes in macro-economic environment and the financial conditions of the counterparties, which were beyond the control of the Group and were not resulted from any default of the relevant loans concerned. As a matter of fact, only Shaanxi Taibai has been fully written-off due to the default of the relevant loan.

The Group will make an impairment on the loan receivables when there has been a change in credit risk since initial recognition. The Directors assess the credit risk of the loan receivables of the Group on a monthly basis.

Practically speaking, the impairment loss on loan receivables was derived from the expected credit loss ("**ECL**") accrued by the Group since the adoption of HKFRS 9. The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the loan receivables has not increased significantly since initial recognition, the Group measures the loss allowance for the relevant loan receivables at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a loan receivable. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan receivable that are possible within 12 months after the reporting date.

When making the impairment loss on loan receivables, the Group presumes that the credit risk on its loan receivables has increased significantly since initial recognition as the loan receivables contain a significant financing component, unless the Group has reasonable and supportable information that demonstrates otherwise.

The basis of determining the amount of impairment

The basis of determining the amount of impairment is based on the ECL model according to HKFRS 9. The HKFRS 9 outlines a "three-stage" model (the "**General Model**") for impairment based on changes in credit quality since initial recognition:

Stage 1 includes financial instruments that have not had a significant increase in credit risks in initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL is recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL is recognised, but interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3 includes financial instruments that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognised and interest revenue is calculated on the net carrying amount of the asset.

As mentioned above, in connection with the loan receivables of the Group, the Group presumes that the credit risk has increased significantly since initial recognition due to the loan receivables contain a significant financing component, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has been adopting the General Model in connection with its loan receivables. The ECL formula is presented as follows:

ECL = EAD x PD x LGD x Discount factor

where:

ECL = Expected Credit Loss

EAD = Exposure at Default

PD = Probability of Default

LGD = Loss Given Default

Discount factor is based on the expected date of default and applies effective interest rate to discount the future loss into present value.

According to the ECL formula set out above, the valuation and the measurement of ECL is based on the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (which includes macro-economic information). For the exposure at default, this is represented by the loans' gross carrying amount at the reporting date.

The ECL represents the difference between all contractual cash flows that are due to the Group in accordance with the relevant contracts and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

During the Reporting Period, the Group has engaged independent external valuers, who has extensive experience in business valuation in the Hong Kong, Macau and the PRC, to perform the report and assessment of ECL for certain loans and factoring receivables owned by the Group (the "**Valuation Report**") and the amount of ECL was based on the Valuation Report.

Based on the Valuation Report, the ECL was determined by the external valuers with reference to, among others, (i) the financial information, project documentation and other pertinent data of the Group's customers; (ii) default study report published by an international rating agency; and (iii) the discussion with the management of the Group.

The assumptions of the valuations include, among others, (i) the forecasted probabilities of default receivables as at 31 December 2021 which were based on historical default and the forward looking factor, which was based on regression analysis; (ii) recovery rates of receivables as at 31 December 2021 which were based on historical recovery rates; and (iii) regression input.

After due and careful consideration of the reasons of impairment as set out in the Valuation Report, the Directors assessed the provision for impairment of loan receivables set out in the Valuation Report and decided to recognise impairment, and circulated the Valuation Report for the consideration of the auditor of the Group. While performing its auditing, the auditor of the Group discussed with the management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence. The auditors have also evaluated the competence, capabilities and objectivity of the Group's independent external valuers accordingly.

Impairment of Loans

Within the Group's loan portfolio, only the loan financing agreement with Shaanxi Taibai has been fully written-off due to the default of Shaanxi Taibai for its breach of the loan financing agreement entered into with the Group. For other loan financing agreements and factoring/refactoring agreements, ECL was properly determined in accordance with to HKFRS 9 with reference to the ordinary discount made to the present value of the loan receivables concerned, and/or changes in the financial conditions and credit ratings of the counterparty of the relevant loan financing agreements and factoring/refactoring agreements.

The approval of all the loan financing agreements, factoring/refactoring agreements (as the case may be) (including the credit risk assessment and mechanism in determining the terms of the financial leasing agreements and factoring/refactoring agreements), performance of due diligence, assessment and approval of the projects, signing and payment of the relevant loan financing agreements and factoring/refactoring agreements (as the case may be), management and monitoring of the loan portfolios were carried out in accordance with the established operational workflow applied to the Group's loan financing and factoring/refactoring transactions, and the Board considered that the Company's internal control procedures were sound and effective. For the year ended 31 December 2021, the Directors are not aware of any material deviation occurred in the approval process of the relevant loans which have been impaired and/or written-off.

For the year ended 31 December 2021, the Group recognized a reversal of impairment losses on loan receivables of approximately HK$22.1 million, compared with the impairment losses on loan receivables of approximately HK$43.4 million for the year ended 31 December 2020. The reversal of impairment losses on loan receivables was primarily due to certain number of loans which were fully settled for the year ended 31 December 2021, which outweighed the ordinary discount made to the present value of the loan receivables concerned and the ECL made for the default of loan of 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd) ("**Dan Zhou Zhongcheng**"), where the Group expects that there are significant uncertainties regarding Dan Zhou Zhongcheng's obligations of repaying the loan and all outstanding accrued interest under the relevant agreements.

The impairment losses on Dan Zhou Zhongcheng was approximately HK$3.0 million outstanding. For details, please refer to the paragraph headed "Financial Highlight – Short-term Loan Business" below. After discussing with the auditors and understanding the assessment criteria, the Board believed that the such impairment is appropriate.

Despite the above, the Board will closely monitor the development of the macro economy of the PRC, the market structure of the money lending business in the PRC and the development of the principal laws, rules and regulations in the PRC which are material to the Group's Loan Financing Segment, and shall optimise and improve the operational workflow to the Group's loan financing and factoring/refactoring transactions from time to time.

FINANCIAL HIGHLIGHT

The results of the Group are summarized as follows:

	For the year ended 31 December 2021 HK$'000	For the year ended 31 December 2020 HK$'000
Revenue	**140,974**	103,759
Profit from operations	**82,982**	39,434
Finance income – net	**369**	113,602
Profit before tax	**83,351**	153,036
Income tax expense	**(14,377)**	(29,857)
Profit for the year	**68,974**	123,179

The assets and liabilities as at 31 December of the Group are summarized as follows:

	2021 HK$'000	2020 HK$'000
Non-current assets	364,652	357,209
Current assets	722,903	671,829
Current liabilities	60,253	93,000
Non-current liabilities	4,179	5,383
Equity attributable to owners of the Company	824,876	753,313

For the year ended 31 December 2021, Group recorded revenue of approximately HK$141.0 million (2020: approximately HK$103.8 million), representing an increase of 35.84%. The Group recorded profit from operations of approximately HK$83.0 million (2020: gains of approximately HK$39.4 million). The profit were mainly attributable to the Factoring/Refactoring 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/Refactoring Business and the sales of flowers and plants business. With sufficient capital and our staff's efforts in exploring customers, the Factoring/Refactoring 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 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.

The operating environment of the Loan Financing Segment has become volatile due to the uncertain impacts of the 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/ Refactoring 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.

For the year ended 31 December 2021, the Dongkui business segment, being the Loan Financing Segment 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). 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

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.

Short-term Loan Business

Shanghai Dongkui is now providing short-term loan business for a company, namely 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 all outstanding 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 outstanding 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/Refactoring Business

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.

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 refactoring 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 refactoring 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 refactoring 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

On 26 March 2021, Shanghai Dongrui entered into a refactoring 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 refactoring 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.

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.

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.

On 29 October 2021, Shanghai Dongrui entered into a refactoring 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 refactoring 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 refactoring 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 refactoring 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 refactoring 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 refactoring 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.

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 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 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 refactoring 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.

Property Investment Holding

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.

Distressed Assets Management

Shanghai Dongkui, a 77.58% owned subsidiary of the Company, acquired 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.

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.

Factoring/Refactoring 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; refactoring business refers to the collaboration with third party factoring companies and execution of refactoring 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.

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 identifying more extensive areas for its organic growth.

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 and 2020, the Group's gross debt had not exceeded cash and cash equivalents.

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.

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

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).

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 annual results announcement for the year ended 31 December 2021 of the Company, 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 announcement.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu ("Mr. Lo"), aged 52, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He is the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established with limited liability under the laws of the PRC. Mr. Lo and his spouse are the ultimate beneficial owners of Chongqing Doyen as at the date of this report. Chongqing Doyen is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, property investment and development. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 34.74% of the issued share capital of 重慶市迪馬實業股份有限公司 (for identification purpose, Dima Holdings Co., Ltd. ("**Chongqing Dima**")), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 25.81% of the issued share capital of 江蘇農華智慧科技股份有限公司 (for identification purpose, Jiangsu Nonghua Intelligent Agriculture Technology Co. Ltd. ("**Jiangsu Nonghua**")), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (for identification purpose, Chongqing Technology and Business University) (formerly known as 渝州大學 (for identification purpose, Yuzhou University)) in Chongqing City, the PRC.

Mr. Tai Xing ("Mr. Tai"), aged 48, was appointed as an executive Director and the Chief Executive Officer ("**CEO**") of the Company in October 2017. Mr. Tai obtained a bachelor's degree in economics from Chongqing Technology and Business University. He obtained qualification of a trading representative of 海南中商期貨交易所 (for identification purpose, China-Commodity Future Exchange, Inc. of Hainan) in 1996, and has been a registered management consultant authorised by the People's Government of Sichuan since 2001. Mr. Tai has 23 years' experience in the field of finance and corporate management in the PRC. He joined Chongqing Doyen in 2003 and had been appointed as supervisor, vice supervisor and general manager in various subsidiaries of Chongqing Doyen. Mr. Tai had resigned as employee of a connected company controlled by Mr. Lo and his spouse from December 2019. He was the vice general manager of 上海東勝股權投資有限公司 (for identification purpose, Shanghai Dongsheng Equity Investment Company Ltd. ("**Shanghai Dongsheng**")), a subsidiary of Chongqing Doyen. In December 2019, Mr. Tai had resigned as the vice general manager of Shanghai Dongsheng.

Mr. Cho Chun Wai, aged 45, was appointed as the financial controller of the Company in August 2012 and was appointed as the company secretary in February 2015. Mr. Cho Chun Wai was appointed as an executive Director in September 2016. Mr. Cho Chun Wai was appointed as Director of Shanghai Dongkui in December 2016. He holds a master degree of corporate finance and a bachelor degree of accountancy awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management for listed companies.

NON-EXECUTIVE DIRECTORS

Ms. Luo Shaoying ("Ms. Luo"), aged 48, joined the Company as the Vice Chairman and an executive Director in December 2012. Ms. Luo had been re-designated from an executive Director of the Company to a non-executive Director of the Company on 29 January 2018. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the USA in 1998. Ms. Luo has 15 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo had joined 重慶東銀實業(集團)有限公司 (for identification purpose, Chongqing Doyen (Holdings) Ltd. ("**Chongqing Doyen Holdings**")) as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen Holdings and had been responsible for investment and property development business. In August 2017, Ms. Luo resigned as a chief executive officer of Chongqing Doyen Holdings. Ms. Luo is a Director of Chongqing Baoxu. In May 2016, Ms. Luo was appointed as the vice chairman of the board of directors of Chongqing Dima. In August 2018, Ms. Luo had been re-designated from the vice chairman of the board of directors of Chongqing Dima to the chairman of the board of directors of Chongqing Dima. In May 2019, Ms. Luo was appointed as the president of the board of directors of Chongqing Dima.

Mr. Pan Chuan ("Mr. Pan"), aged 43, was appointed as a non-executive Director in November 2018. Mr. Pan, graduated from 四川外國語大學(for identification purpose, Sichuan International Studies University) in the PRC in 1998 with a major in English language. Mr. Pan has more than 9 years of managerial experience in the PRC, including working in 重慶海德大酒店 (for identification purpose, Chongqing Hoitak Hotel) and Chongqing Dima. Mr. Pan joined Chongqing Doyen in 2009 as the office supervisor. He had been appointed as a supervisor of Chongqing Dima since 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay ("Mr. Chan"), aged 58, was appointed as an independent non-executive Director of the Company in October 2009. In January 2020, Mr. Chan had been appointed as a financial controller of a Hong Kong company. In April 2019, Mr. Chan had been appointed as the company secretary and the chief financial officer of Zhuoxin International Holdings Limited ("**Zhuoxin**"), a company listed on the GEM ("**GEM**") of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). In June 2019, Mr. Chan had resigned as the company secretary and the chief financial officer of Zhuoxin. In October 2017, Mr. Chan had been appointed as the company secretary and the chief financial officer of Beautiful China Holdings Company Limited ("**Beautiful China**"), a company listed on the main board of the Stock Exchange. In July 2018, Mr. Chan had resigned as the chief financial officer of Beautiful China. In October 2018, Mr. Chan had resigned as the company secretary of Beautiful China. In July 2016, Mr. Chan had been appointed as an independent non-executive director of China Oil Gangran Energy Group Holdings Limited ("**China Oil Gangran**"), a company listed on the GEM of the Stock Exchange. In August 2018, Mr. Chan had resigned as an independent non-executive director of China Oil Gangran. Mr. Chan has over 30 years of experience in accounting and finance. Mr. Chan graduated from the University of Sheffield with a master of business administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Leung Kin Hong ("Mr. Leung"), aged 51, was appointed as an independent non-executive Director of the Company in July 2019. He obtained his master degree of finance in 2002 from the Curtin University of Technology. He has been an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since 1998. He has been the Group Financial Controller of Shanghai Industrial Urban Development Group Limited (for identification purpose,上海實業城市開發集團有限公司), a company listed on the main board of the Stock Exchange (stock code: 563), where his duties include overseeing the finance activities, business planning and corporate finance since November 2012. Prior to that, Mr. Leung had worked in an international professional accounting firm and several listed companies in Hong Kong to gain his extensive experience in financial and general management.

Mr. Wang Jin Ling ("Mr. Wang"), aged 83, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部 (for identification purpose, The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (for identification purpose, Yima Mining Bureau) of the 中國統配煤礦總公司 (for identification purpose, China National Coal Corporation) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (for identification purpose, Yongmei Group Company Ltd.) in 2000.

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in holding property investment and rental business, and sales of flowers, seedlings and plants in the PRC, provision of loan financing to customers in the PRC and distressed assets management.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2021 are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 79.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Same).

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2021 are set out in the consolidated statement of changes in equity on page 82 and note 39(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company had no distributable reserves as at 31 December 2021 and 2020.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTY

Details of the movements in investment property of the Group are set out in note 20 to the consolidated financial statements.

BORROWINGS

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 144 of this report.

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.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company as at the date of this report and those who were in office during the year are:

Executive Directors
Mr. Lo Siu Yu, *Chairman*
Mr. Tai Xing, *CEO*
Mr. Cho Chun Wai

Non-executive Directors
Ms. Luo Shaoying, *Vice Chairman*
Mr. Pan Chuan

Independent non-executive Directors
Mr. Chan Ying Kay
Mr. Leung Kin Hong
Mr. Wang Jin Ling

In accordance with Articles 90 to 92 of the Articles of Association of the Company (the "**Articles of Association**"), Mr. Lo, Ms. Luo and Mr. Leung will retire at the forthcoming Annual General Meeting (the "**AGM**") but, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

An executive Director has entered into service contract with the Company on 15 October 2009. An executive Director has entered into a service contract with the Company on 29 September 2016. An executive Director has entered into a service contract with the Company on 17 October 2017. Such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letter entered into between the Company and Ms. Luo (re-designated from an executive Director on 29 January 2018) and Mr. Pan (on 12 November 2018), all being the non-executive Directors of the Company is without fixed terms of office, and such contracts will continue unless and until they are terminated by either party by prior written notice.

Each appointment letters entered into between the Company and Mr. Chan, Mr. Wang (both on 13 October 2021) and Mr. Leung (on 5 July 2021), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

Save as disclosed above, no Director of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS OF SUBSIDIARIES

A list of names of all the Directors who have served on the Board of the Company's subsidiaries during the year and up to the date of this report is available on the Company's website at http://www.doyenintl.com.

INDEPENDENCE CONFIRMATION

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of ("**Listing Rules**"). The Company considers they are independent.

REPORT OF THE DIRECTORS

DIRECTORS' REMUNERATIONS

A summary of the Directors' remuneration is set out in note 16 to the consolidated financial statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

1. Cleaning service contract and property management service contract

   In December 2016, Chongqing Baoxu entered into a property management service contract with 重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Ltd. ("**Dowell Property Management**")) for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2021.

   During the year ended 31 December 2021, property management fees of approximately HK$0.1 million (2020: approximately HK$0.1 million) was paid to Dowell Property Management.

Save as disclosed above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 31 December 2021, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company:

Name of director	Capacity	Corporate interest	Personal interest	Interests in underlying share pursuant to share options	Total number of shares interested	Approximate percentage of the Company's issued shares
Mr. Lo Siu Yu	Interest of controlled corporation and beneficial owner	760,373,018 (note a)	25,000,000 (note b)	–	785,373,018	61.64%
Mr. Cho Chun Wai	Beneficial owner	–	10,000	–	10,000	0.00%

Notes:

a. 670,373,018 shares were held by Money Success Limited ("**Money Success**"), a company wholly-owned by Wealthy In Investments Limited ("**Wealthy In**"), which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult Asia Limited ("**Sino Consult**") and 30,000,000 shares were held by Full Brilliant Limited ("**Full Brilliant**"), both are companies wholly-owned by Money Success.

b. Such interests are held jointly with Ms. Chiu Kit Hung ("**Ms. Chiu**"), the spouse of Mr. Lo.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION *(CONTINUED)*

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES AND DEBENTURES OF THE COMPANY

The share option scheme and the share options were expired on 1 December 2020. As at 31 December 2021, the Group had no share option and no new share option scheme was adopted.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate granted to any Director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or were the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Company's Directors, their respective spouses or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2021, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions of substantial shareholders' interests in the shares of the Company:

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Chongqing Mingna Trading Co., Ltd.	Person having a security interest in shares (Note a)	785,373,018	61.64%
Mr. Lin Xuegang	Interest of controlled corporation (Note b)	785,373,018	61.64%
Ms. Chen Aini	Interest of spouse (Note c)	785,373,018	61.64%
Ms. Chiu Kit Hung	Interest of spouse (Note d)	785,373,018	61.64%
Wealthy In Investments Limited	Interest of controlled corporation (Note e)	760,373,018	59.68%
Money Success Limited	Beneficial owner (Note f)	670,373,018	52.62%
	Interest of controlled corporation	90,000,000	7.06%
Jiangsu Huaxi Group Co. Ltd.	Interest of controlled corporation (Note g)	140,000,000	10.99%
Baoli International (Hong Kong) Trading Co., Limited	Beneficial owner (Note g)	140,000,000	10.99%
Hong Kong Jin Hua Jun Chang Industrial Limited	Beneficial owner	70,000,000	5.49%
Mr. You Tao	Interest of controlled corporation (Note h)	70,000,000	5.49%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(CONTINUED)*

Notes:

a. Chongqing Mingna Trading Co., Ltd. ("**Chongqing Mingna**") is a company established with limited liability under the PRC. 90% and 10% of the shareholdings of Chongqing Mingna were owned by Mr. Lin Xuegang ("**Mr. Lin**") and Ms. Chen Aini ("**Ms. Chen**") respectively.

b. 90% of the shareholdings of Chongqing Mingna were owned by Mr. Lin.

c. Ms. Chen is the spouse of Mr. Lin. 10% of the shareholdings of Chongqing Mingna were owned by Ms. Chen.

d. Ms. Chiu is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.

e. Wealthy In is a company wholly-owned by Mr. Lo.

f. 670,373,018 shares were held by Money Success, a company wholly-owned by Wealthy In, which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult and 30,000,000 shares were held by Full Brilliant, both are companies wholly-owned by Money Success.

g. Jiangsu Huaxi Group Co. Ltd. ("**Jiangsu Huaxi Group**") is a company established with limited liability under the laws of the PRC. Jiangsu Huaxi Group held 75% equity interest of Jiangyin Huaxi Steel Co., Ltd. ("**Jiangyin Huaxi Steel**"), which in turn wholly-owned Baoli International (Hong Kong) Trading Co., Ltd. ("**Baoli**"). Baoli is a company established with limited liability under the laws of Hong Kong.

h. Hong Kong Jin Hua Jun Chang Industrial Limited is a company established in Hong Kong and wholly-owned by Mr. You Tao.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Board, there was 25% or more of the listed issued share capital of the Company being held in public hands as at the latest practicable date prior to printing of this report.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that subject to the provisions of the Companies Ordinance every Director shall be indemnified out of the assets of the Company against all liabilities incurred by him/her as a Director in defending any proceedings. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the directors and officers of the Group.

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 December 2021 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, our five largest customers accounted for approximately 69.10% (2020: approximately 77.65%) of the Group's total revenue and our largest customer accounted for approximately 49.86% (2020: approximately 39.37%) of our total revenue. Due to the nature of our business, we do not have any significant contribution from major suppliers during the normal course of our business. However, we relied substantially on interest-bearing borrowings to operate our business. To the knowledge of the Directors, none of the Directors or their respective close associates as defined in the Listing Rules or any of the shareholders who own more than 5% of the Company's issued shares has any interest in any of the Group's five largest customers or suppliers or lenders.

THE FIVE LARGEST BORROWERS IN TERMS OF LOAN RECEIVABLES

The amount and percentages of the Group's five largest borrowers in terms of loan receivables are as follows:

2021

Rankings	Name of company	2021	
		HK$'000	Percentage
1	Chongqing Baicui	74,235	11.29%
2	Shanghai Hongxuan	74,065	11.26%
3	Chongqing Jia Wang	69,151	10.51%
4	Pun Yu	65,179	9.91%
5	Sheng Shi	63,230	9.61%
		345,860	

As at 31 December 2021, the Group's total loan receivables amounted to approximately HK$657.7 million and the largest borrower, being Chongqing Baicui, accounted for approximately 11.29% of the total loan receivables.

CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group had the following connected transactions:

1. Connected transactions fully exempted from shareholders' approval, annual review and all disclosure requirements

   Cleaning service contract and property management service contract
   In December 2016, Chongqing Baoxu entered into a property management service contract with Dowell Property Management for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2021.

   During the year ended 31 December 2021, property management fees of approximately HK$0.1 million (2020: approximately HK$0.1 million) was paid to Dowell Property Management.

The above connected transactions are also related party transactions of the Group. Save as disclosed above, none of other related party transactions constitute as non-exempt connected transactions or non-exempt continuing connected transactions of the Group in accordance with the Listing Rules during the year ended 31 December 2021.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 31 December 2021 are being disclosed in note 37 to the consolidated financial statements.

AUDITOR

RSM Hong Kong has resigned as the auditor of the Company with effect from 30 September 2019. The consolidated financial statements for the three financial years ended 31 December 2018, 2017 and 2016 were audited by RSM Hong Kong.

Baker Tilly Hong Kong has been appointed as the auditor of the Group with effect from 30 September 2019 to fill the casual vacancy occasioned by the resignation of RSM Hong Kong. Baker Tilly Hong Kong shall hold the office as auditor of the Group until the conclusion of the next AGM of the Company.

Baker Tilly Hong Kong will retire and, being eligible, offer themselves for re-appointment. The Company will propose a resolution re-appointing Baker Tilly Hong Kong at the AGM.

By Order of the Board

Tai Xing
CEO

Hong Kong, 24 March 2022

CORPORATE GOVERNANCE REPORT

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 as set out in the CG Code in Appendix 14 to 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, 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.

CORPORATE CULTURE

The Group recognizes that a good corporate culture is vital to its corporate governance and has gradually developed a pragmatic and prudent corporate culture since its establishment, which has been reflected in the overall operations and management of the Group, in order to facilitate the long-term sustainability of the Group. The Group attaches great importance to create an honest corporate environment of integrity and is committed to preventing corruption in any form and adheres to the zero-tolerance policy for the aforementioned behavior. In order to establish a healthy corporate culture and promote high ethical standards within the Group, the Group has established an anti-corruption and whistle-blowing policy, which set outs, including but not limited to, (i) the types of breaches and conduct issues, and the personnel to which the policies apply; (ii) responsibilities of the relevant departments; (iii) consequences for breaching the relevant policies; and (iv) whistle-blowing incentives, with an aim to establish standardized principles that must be followed in daily operations and prevent any possible management risks which may arise from corruption, and to promote an anti-corruption culture, and help detect and deter misconduct or malpractice in the Group respectively, so as to facilitate the establishment of a good image of the Group and strengthen the sense of recognition and trust of all stakeholders of the Group.

THE BOARD

The Board currently comprises 3 executive Directors, including the Chairman and chief executive officer, 2 non-executive Directors, including the vice chairman and 3 independent non-executive Directors.

The Board is collectively accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, formulating strategic directions, setting objectives and business development plans, and monitoring the performance of both the financial results and the senior management. The Board takes responsibility to oversee internal controls and risk management systems and review of the effectiveness of such systems, and determining the policy for corporate governance.

THE BOARD *(CONTINUED)*

Upon making request to the Board, each Director is able to seek independent professional advice at the Company's expenses, when necessary.

The Board has also adopted a policy to ensure independent views are in place to safeguard the ability of an independent non-executive Director to: (i) scrutinise the Board's major decisions and the Company's performance; (ii) make independent judgements free from the influence of any interests; and (iii) initiate independent studies of special issues, through engaging external advisers. This confers greater transparency and in turn Shareholders' confidence in decision(s) made by the Board. The Company will conduct a regular review on the implementation and effectiveness of such policy annually.

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Each of the independent non-executive Directors has confirmed in his annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

Despite the fact that each of Mr. Chan and Mr. Wang has served as an independent non-executive Director for more than nine years, (i) the Board considers that each of Mr. Chan and Mr. Wang has remained independent as each of them has satisfied all the criteria for independence set out in Rule 3.13 of the Listing Rules and affirmed that each of Mr. Chan and Mr. Wang remains independent; (ii) the Nomination Committee (as defined below) has assessed and is satisfied of the independence of each of Mr. Chan and Mr. Wang; (iii) the Board considers that each of Mr. Chan and Mr. Wang has made positive contributions to the Company's strategies and policies by providing independent advice from their areas of expertise during their tenure as independent non-executive Directors; and (iv) the Board also considers that each of Mr. Chan and Mr. Wang remains independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. In view of the above factors and the experience and knowledge of each of Mr. Chan and Mr. Wang in the business segments in which the Company operates, the Board considers that the re-appointment of each of Mr. Chan and Mr. Wang as independent non-executive Directors will continue to bring wide range of valuable and professional insights to the Board. So far as the Board is aware of, there is no circumstance suggesting that each of Mr. Chan and Mr. Wang's service with the Company for more than nine years will impair their independence.

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 30 to 31 of this report. Mr. Pan is an employee of a related company that was controlled by Mr. Lo and his spouse. Mr. Tai has resigned as employee of a connected company controlled by Mr. Lo and his spouse from December 2019. Ms. Luo is a sister of Mr. Lo. Ms. Luo is an employee of a related company that was controlled by Mr. Lo and his spouse. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

DIRECTOR'S ATTENDANCE RECORDS

Regular Board meetings are held at approximately quarterly intervals and involve the active participation of Directors, either in person or through other electronic means of communications. The attendance record of each Director at the Board meetings and general meetings of the Company during the year under review is set out below:

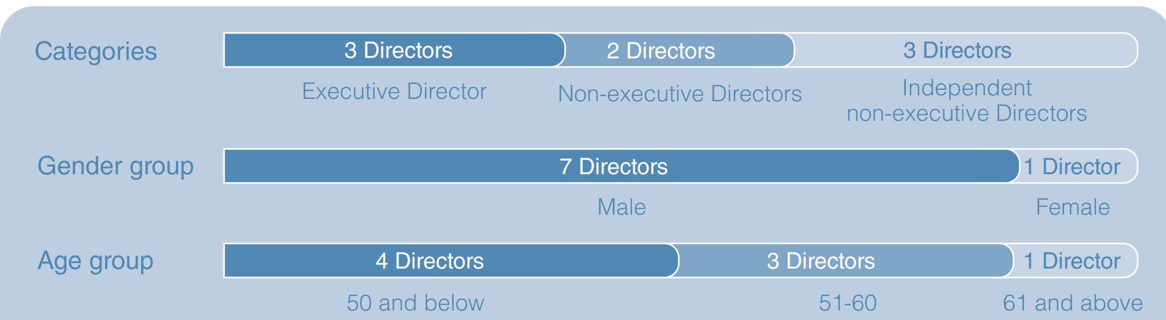
	Number of Board meetings Directors attended/eligible to attend	AGM
Executive Directors		
Mr. Lo Siu Yu, *Chairman*	15/15	0/1
Mr. Tai Xing, *CEO*	15/15	0/1
Mr. Cho Chun Wai	15/15	1/1
Non-executive Directors		
Ms. Luo Shaoying, *Vice Chairman*	15/15	0/1
Mr. Pan Chuan	15/15	0/1
Independent non-executive Directors		
Mr. Chan Ying Kay	15/15	1/1
Mr. Leung Kin Hong	15/15	1/1
Mr. Wang Jin Ling	15/15	0/1

BOARD DIVERSITY POLICY

The Board has adopted the board diversity policy and revised the terms of reference for the nomination committee of the Company (the "**Nomination Committee**"). In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Company for appointment or re-appointment of Directors and succession planning of Directors, the Nomination Committee will take into account a number of factors including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge, and length of service. The measurable objectives of diversity are subject to review from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Board believes that gender diversity is a representing manifestation of board diversity, among all other measurable objectives. Under the Board Diversity Policy, the Company sets the target of appointing at least one director of different gender at any given time in order to achieve a female representation in the Board. The Board will review the progress of the Board Diversity Policy to ensure its effectiveness annually.

Expertise and skills of the Directors include economics, finance and property development, etc.. The Nomination and Remuneration Committee considers that the Board is sufficiently diversified.



Note: The information is as of 31 December 2021.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company has arranged appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising out of corporate activities of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the CEO are separated, with a clear segregation of duties. The Chairman is responsible for formulating corporate strategies and overall business development planning. The CEO's duty is to oversee the execution of daily operation of the business activities. The segregation of duties is to ensure a balance of power and authority.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under Code Provision A.2.7 (which has been re-numbered as Code Provision C.2.7, following the amendments to the CG Code which took effect on 1 January 2022), the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. There was one meeting held between the Chairman of the Company and the independent non-executive Directors, without the presence of the executive Directors for the year ended 31 December 2021.

RESPONSIBILITIES OF DIRECTORS

Each Director shall from time to time have knowledge of his/her responsibilities as Director, as well as the operations, business activities and development of the Company and shall ensure that sufficient time and effort will be put to deal with the Company's affairs. The Company offers induction materials to each Director on the first occasion of his/her appointment as well as necessary information and training during his/her term of appointment to ensure that he/she has appropriate knowledge of the Company's operations and business as well as the responsibility of director under applicable laws.

COMPANY SECRETARY

The Company has appointed Mr. Cho Chun Wai as the company secretary of the Company (the "**Company Secretary**") since February 2015. During the year under review, Mr. Cho Chun Wai received not less than 15 hours of relevant professional training. Biographical details of Mr. Cho Chun Wai are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the CG Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2021, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to Code Provision A.6.5 (which has been re-numbered as Code Provision C.1.4, following the amendments to the CG Code which took effect on 1 January 2022) and time involved in public companies or organizations and description of other significant commitments pursuant to Code Provision A.6.6. (which has been re-numbered as Code Provision C.1.5, following the amendments to the CG Code which took effect on 1 January 2022)

During the year ended 31 December 2021, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Mr. Lo Siu Yu	✔
Mr. Tai Xing	✔
Mr. Cho Chun Wai	✔
Non-executive Directors	
Ms. Luo Shaoying	✔
Mr. Pan Chuan	✔
Independent non-executive Directors	
Mr. Chan Ying Kay	✔
Mr. Leung Kin Hong	✔
Mr. Wang Jin Ling	✔

Note:

1. Trainings may include

    (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties; and/or

    (b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.; and/or

    (c) Company's site visiting.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as sending the latest version of "A Guide on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to Directors and senior management of the Company where appropriate to ensure awareness of best corporate governance practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2021.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2021.

NOMINATION COMMITTEE

The Company established the Nomination Committee with written terms of reference on 4 November 2009. The Nomination Committee comprises the Chairman, Mr. Lo and two independent non-executive Directors, Mr. Chan and Mr. Leung.

The principal duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and CEO.

In conjunction with the Board Diversity Policy, the Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Nomination Committee was revised and approved by the Board on 20 March 2012.

During the year ended 31 December 2021, one Nomination Committee meeting was held. All members of the Nomination Committee are attended.

In accordance with the Articles of Association, Mr. Lo, Ms. Luo and Mr. Leung shall retire, and being eligible, offer themselves for re-election at the forthcoming AGM.

A circular containing detailed information of the Directors of the Company standing for re-election at the forthcoming AGM would be sent to the shareholders.

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association, 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) should retire from office by rotation at each AGM of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following AGM and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Audit Committee has been established since 1999 with written terms of reference pursuant to all the duties set out in Code Provision C.3.3 of the CG Code (which has been re-numbered as Code Provision D.3.3, following the amendments to the CG Code which took effect on 1 January 2022). Currently, there are three committee members, all of whom are independent non-executive Directors of the Company, namely Mr. Chan (Committee Chairman), Mr. Leung and Mr. Wang. Mr. Chan possesses extensive experience in accounting and financial matters and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee is accountable to the Board and its principal duties include the review and supervision of the financial reporting process and internal control system of the Group.

During the year ended 31 December 2021, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, risk management, internal controls system and financial reporting matters. It also reviewed the consolidated financial statements of the Group and the Company's annual and interim reports.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent non-executive Directors	
Mr. Chan Ying Kay, *Committee Chairman*	2/2
Mr. Leung Kin Hong	2/2
Mr. Wang Jin Ling	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Audit Committee was revised and approved by the Board on 20 March 2012.

REMUNERATION COMMITTEE

The Remuneration Committee (the "**Remuneration Committee**") was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code (which has been re-numbered as Code Provision E.1.1, following the amendments to the CG Code which took effect on 1 January 2022). Currently, there are three committee members, all of whom are independent non-executive Directors, namely Mr. Leung (Committee Chairman), Mr. Chan and Mr. Wang.

The Remuneration Committee is accountable to the Board and its principal duties include review and determination of the Board policy for the remuneration of executive Directors and senior management and make recommendation to the Chairman and the executive members of the Board of Directors' remuneration.

During the year ended 31 December 2021, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

The individual attendance of each committee member is set out below:

	Number of meetings Directors attended/ eligible to attend
Independent non-executive Directors	
Mr. Leung Kin Hong, *Committee Chairman*	2/2
Mr. Chan Ying Kay	2/2
Mr. Wang Jin Ling	2/2

In compliance with the amendments to the Listing Rules which was effective on 1 April 2012, the terms of reference of the Remuneration Committee was revised and approved by the Board on 20 March 2012.

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 results and cash flows for each financial periods. The statement of the Group's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on pages 73 to 78.

AUDITOR'S REMUNERATION

During the year ended 31 December 2021, the remuneration for the Company's auditor, Baker Tilly Hong Kong, for services rendered is as follows:

	HK$'000
Audit fee	1,700

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems of the Group. The systems play an important role in maintaining and improving accountability and transparency in the conduct of the Group's business and are designed for the Group to identify and manage the significant risks to achieve its business objectives, safeguard the interests of the Company's shareholders, ensure compliance with relevant laws and regulations and assists in enhancing investor's confidence. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material risk issues or loss.

The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against all risk issues. A bottom-up approach is applied for identification, assessment and mitigation of risk at all business unit levels and across all functional areas. The Company established an internal audit function to perform annual financial review and risk management and assessment on internal control systems. The Board and the Audit Committee are responsible to review and monitor the effectiveness of the risk management and internal control systems. These systems are reviewed on a regular basis for the controls of handling and dissemination of information. Reasonable measures are taken from time to time to ensure adequate disclosure policy has been adopted.

In relation to the Loan Financing Segment, taking into account that (i) the Group has an established operational workflow to the Group's loan financing and factoring/refactoring transactions, in particular, the comprehensive due diligence performed against the relevant customers (including the potential lessees (i.e. the borrowers) in the loan financing agreements; and the customers and the ultimate debtor in the factoring/refactoring agreements as mentioned above); (ii) the business model of the Group regarding its operation in the Loan Financing Segment and the choice of customers have always been focusing on projects with reliable ratings, sufficient security and controllable risks, the credit risk or the rates of default had been relatively low; and (iii) additional impairment loss was made in respect of default of a certain loan, while all other impairment loss merely reflected changes in macro-economic environment and the financial conditions of the counterparties, which were beyond the control of the Group, the Directors consider the existing internal procedures of loan approval were sound and effective.

PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

During the process of risk assessment, the Board is responsible for identifying the risk of the Group and deciding on the risk levels and the Board is responsible for assessing and determining the nature and extent of the risks that are acceptable to the Group when achieving its strategic objectives. After discussing and taking into consideration the risk response, the relevant departments and business units shall be assigned to implement the risk management solutions in accordance with their respective roles and responsibilities.

During the year, the Board has reviewed the effectiveness of the risk management and internal control systems through the Board. The Board considered the risk management and internal control systems effective and adequate in all material aspects in both design and operations, and no material internal control deficiencies were identified by the Board for the year ended 31 December 2021.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which, the Board shall consider the following factors before declaring or recommending any dividends:

1. The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Articles of Association.

2. The Company may by ordinary resolution declare dividends according to the respective rights of the shareholders, but no dividend shall exceed the amount recommended by the Board and be payable except out of the profits of the Company.

3. The Board may also pay to the shareholders interim dividends and declare special dividends from time to time as appear to the Board to be justified by the position of the Company.

4. The dividends may be paid up in the form of the Company's shares in addition to cash, by the distribution of specific assets of any kind or by distribution of any form.

5. Subject to compliance with applicable laws, rules, regulations and the Articles of Association, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings, losses and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

The Board will review the Dividend Policy from time to time and reserves its right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy. There can be no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDER RIGHTS

The Company has only one class of shares, all shares have the same voting rights and are entitled to the dividends declared. The Articles of Association set out the rights of our shareholders.

Procedures for the Shareholders to convene an extraordinary general meeting

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene a general meeting pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The objects of the meeting must be stated in the related requisition deposited at the registered office of the Company.

Procedures for the Shareholders to put forward proposals at general meeting

For including a resolution relating to other matters in a general meeting, shareholders are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Procedures for the Shareholders to propose a person for election as a director

Pursuant to Article 75 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should deposit a written notice of nomination which shall be given to the company secretary within the 7-day period commencing the day after the despatch of the notice of the meeting (or such other period as may be determined and announced by the Directors from time to time). In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders not less than ten (10) business days prior to the general meeting.

Shareholders' right to receive corporate information

Shareholders have the right to receive corporate communication issued by the Company in hard copies or through electronic means.

Shareholders whose shares held in the Central Clearing and Settlement System (CCASS) may notify us from time to time through Hong Kong Securities Clearing Company Limited if they wish to receive our corporate communications.

SHAREHOLDERS' COMMUNICATION POLICY

The Company understands that maintaining close and effective communication with its Shareholders is an integral part of its sustainable corporate development. Therefore, the Group has proactively adopted initiatives to enhance close communication with its Shareholders by collecting opinions and understanding the expectations of its Shareholders via various channels, thereby facilitating the establishment of the Company's corporate operational policies and enhancing its corporate values. Meanwhile, the Company will also conduct regular review on the effectiveness of its Shareholders' communication policy annually, and revise the Shareholders' communication policy based on the results of the review.

In order to ensure a smooth, timely and effective communication between the Company and its Shareholders, Shareholders and other stakeholders may send their enquiries and raise questions to the Board at any time in writing by addressing to the Company Secretary. The Company Secretary will then forward (i) communication relating to matters within the Board's purview to the Directors; (ii) communication relating to matters within a Board committee's terms of reference to the chairman of the relevant committee; and (iii) communications relating to ordinary business of the Group matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Group.

CORPORATE GOVERNANCE REPORT

The contact details of the Company are as follows:

Doyen International Holdings Limited
Address: Suite 2206, 22/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
Tel: 852 2596 0668
Fax: 852 2511 0318
E-mail: enquiry@doyenintl.com
Attn: The Company Secretary

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to given effect thereto. Shareholders' information may be disclosed as required by law. The Company will not normally deal with verbal or anonymous enquiries.

The Board considered the Shareholders' Communication Policy effective and adequate in all material aspects in both design and operations.

CONSTITUTIONAL DOCUMENTS

During the year 2021, the Company has not made any amendment to its Articles of Association. The Company's Articles of Association is available on the websites of the Company and the Stock Exchange.

1. ABOUT THIS REPORT

The Group is pleased to present this Environmental, Social and Governance Report (the "**Report**") to provide a comprehensive report on the Group's environmental, social and governance ("**ESG**") policies, initiatives and performance for the period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**"), to enhance stakeholders' understanding of and confidence in the Group's sustainability efforts, and to respond to the expectations and needs of all parties.

1.1. Basis of preparation and reporting principles

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and based on the four reporting principles set out in the ESG Guide: materiality, quantitative, balance and consistency. In addition, the Group adheres strictly to the mandatory disclosure requirements and the "comply or explain" provisions in an effort to fully reflect the Group's approach, strategy, relevance and objectives in relation to ESG.

In the preparation of the Report, the Group's application of the reporting principles set out in the ESG Guide is as follows:

Reporting principles	Application
Materiality	The Group identified its materiality issues for the Reporting Period by carrying out materiality assessment and highlighted the materiality issues verified by the Board; For details of the materiality assessment process, please refer to section 2.2 Materiality survey of the Report.
Quantitative	The Group made quantitative disclosures of the applicable key performance indicators ("**KPIs**") set out in the ESG Guide and stipulated the standards, methodologies, assumptions and/or references for the calculation of the quantitative KPIs.
Balance	The Group detailed the sustainability issues that had a material impact on its businesses and should present a fair picture of the its overall sustainability performance, including the results achieved and the challenges faced.
Consistency	The Group maintained a substantially consistent scope of disclosure and reporting methodology with that of the previous reporting period to enhance comparability of environmental and social performance. If the statistical methodology and the method for collecting KPI-related information for the current Reporting Period is different from that of previous reporting periods, the Group will specify such difference in the form of a note.

1.2. Reporting scope

The contents of the Report, including policy papers, statements and figures, primarily cover the Group's principal subsidiaries that have a material impact on the Group's results, including the Company, Shanghai Dongkui and Chongqing Baoxu, as well as a shopping mall owned and managed by Chongqing Baoxu, namely Dong Dong Mall. The Company operates at its Hong Kong office, while Shanghai Dongkui and Chongqing Baoxu operate at its Shanghai office and Chongqing office respectively.

As at December 2020, Shanghai Dongkui acquired Anxin Wanbang, which is not included in the Report as it is currently at the stage of team building and market development. The Group will constantly update its recent business status and consider further expansion of the reporting scope in the future to ensure a more complete overview and presentation of the Group's ESG performance.

2. ESG RESPONSIBILITIES

2.1. Board statement

The Board is dedicated to protecting and enhancing long-term shareholder value, leading and managing the Group to achieve long-term returns, and making positive contributions to the society and environment. The Board recognises the importance of ESG to the Group's sustainability and is solely responsible for the strategy and reporting on all ESG matters. The Board has actively fulfilled its ESG responsibilities, such as holding meetings to discuss ESG matters of the Group when necessary. The Board also has an oversight role over the Group's ESG matters, requiring the Company's management to report regularly and make timely decisions on important ESG matters, including reviewing and adjusting annual materiality issues, approving ESG reports, to understand the ESG performance of the Group's businesses. The Board regularly reviews the progress of ESG objectives relating to the Group's businesses and promotes and revises such objectives where appropriate to enhance the ESG performance of the Group. At the same time, the Board is dedicated to maintaining good communication with the management of the Company and ensuring that the Group's ESG strategy is effectively implemented and consistent across its subsidiaries by delegating to the management of the Company the responsibility for coordinating and harmonising ESG efforts.

The Board proactively participates in the materiality issue assessment work each year. Apart from maintaining good communication and interaction with stakeholders, the Board looks forward to listening to stakeholders' views on the sustainable development of the Group and formulating an ESG strategy that meets the needs of the Group's stakeholders. During the Reporting Period, the Board participated in identifying the annual materiality issues and determined the material ESG issues of the Group. The Board will continue to enhance the Group's ESG effectiveness in the future based on stakeholders' feedback and the Group's business operation, including identifying the Group's ESG risks and opportunities at all aspects, setting priorities and management strategies for ESG work, and building key ESG strategies that will drive future business growth and address future challenges.

Following the general market trend, ESG matters are becoming more relevant to corporate development and involve different emerging issues. The Group's Board recognises the need for greater thoughtfulness in considering corporate development and the need to strengthen the Board's oversight responsibilities in relation to ESG. The Group has established an ESG Working Group to coordinate ESG efforts. Meanwhile, members of the ESG Working Group communicate closely with the Board and share with the Board from time to time examples of ESG management from industry peers for reference, and keep abreast of market trends on ESG matters to help enhance the Board's understanding and knowledge on ESG matters. Members of the ESG Working Group will continue to participate in ESG training seminars and professional development on sustainability to keep the Group up-to-date on ESG matters.

The Board is considering enhancing the current ESG management structure and evaluating and managing ESG matters in a more effective and detailed manner. The Board looks forward to leading the working group to develop internal ESG management approaches, strategies and objectives through the analysis and recommendations of the ESG Working Group, and to further examine and enhance the reporting framework. Currently, the Board is actively discussing how to further integrate ESG and topical market trends, including climate related risks and opportunities, into key governance processes in order to enhance the Board's effectiveness in monitoring ESG matters. The Group's Board is committed to more actively reviewing and considering how to devote sufficient resources to the Group's ESG development.

2.2. Materiality survey

The Group attaches great importance to the valuable views of its stakeholders. The stakeholders' concerns on the Group's sustainability are of great reference value to the Group in formulating its sustainability strategy. In order to further systematically assess the Group's material ESG issues and understand stakeholders' views, the Group engaged a third party consulting firm during the Reporting Period to assist in identifying materiality issues to ascertain whether the existing materiality issues are still relevant to the business and stakeholders.

The results of materiality issues are reviewed annually by the Group's Board to identify the issues of the greatest importance to the Group and its stakeholders, and are highlighted in the ESG Report in order to address specific stakeholders' concerns. During the Reporting Period, the Board of the Group, with reference to the above basis and after analysing the regulatory requirements and the general trend in the market, made adjustments based on the results of the materiality issues in 2020 and included "Response to climate change and its impacts" in the environmental aspect and "Anti-corruption" and "Staff development and training" in the social aspect in the ESG materiality issues of the Group for 2021 respectively.

The ESG materiality issues of the Group and other sustainability issues of concern to the Group in 2021 are as follows:

Environmental aspect	Social aspect	Governance aspect
1. Waste discharge and management **2. Energy utilization and efficiency** **3. Green office** **4. Exhaust gas emissions and management** 5. Response to climate change and its impacts 6. Wastewater discharge and management 7. Greenhouse gas emissions and management 8. Paper and e-waste management 9. Water usage and efficiency 10. Environmental and natural resources policy	**1. Customer information security and privacy protection** **2. Customer satisfaction** **3. Concept and institutional guarantee of fair competition** **4. Product/service quality control and management** **5. Social impact of investment, products and services** 6. Anti-corruption 7. Staff development and training 8. Employment and staff welfare 9. Observance and protection of intellectual property rights 10. Health and safety 11. Product/service health and safety 12. Environmental risk management of supply chain 13. Social risk management of supply chain 14. Supplier management practices 15. Product/service advertising 16. Green procurement 17. Social participation and contribution 18. Preventing child and forced labour	**1. Compliance operation** **2. ESG and relevant strategy** **3. ESG risk assessment** 4. Communication with stakeholders

* 2021 materiality issues are marked as bolded

To address stakeholders' concerns, the Group will elaborate on its policies, initiatives and performance in relation to materiality issues during the Reporting Period in the Report. At the same time, the Group will continue to review its governance approach in relation to materiality issues in the future and make timely adjustments accordingly to better respond to stakeholders' expectations.

2.3. Risk management

The Group believes that an effective risk management and internal control system is an essential element in maintaining a high standard of corporate governance. The Board is solely responsible for maintaining a sound and effective risk management and internal control system for the Group. Such system play an important role in maintaining and enhancing the accountability and transparency of the Group's business operation, helping the Group to identify and manage the significant risks it faces in achieving its business objectives, protecting the rights of the Company's shareholders, ensuring compliance with relevant laws and regulations, and helping to enhance investor confidence.

Below sets forth the Group's regular procedures established for the identification, assessment and management of risks, including:

- In the risk assessment process, the Board is responsible for identifying the Group's risks and determining the level of such risks, and the Board is responsible for assessing and determining the nature and extent of risks that are acceptable to the Group in achieving its strategic objectives.
- After discussing and considering effective risk countermeasures, the relevant departments and business units are assigned to implement the appropriate risk management solutions in accordance with their respective roles and responsibilities.
- The Board and the Audit Committee continuously monitor the risk and execution management and evaluate and review the effectiveness of the internal control system to ensure that the Group has taken reasonable steps to manage significant risks.

The Group understands that ESG issues are no less important than other types of corporate risks and therefore proactively considers incorporating ESG risks into its development strategies and regular risk management procedures to enhance the Group's overall risk management capabilities. Currently, the Group has developed and adopted diversified ESG risk management policies and measures. For example, on anti-corruption issues, the Group requires its employees to comply with relevant anti-corruption laws and adopts and adheres to the highest standard of ethical business practices under internal guidelines to further strengthen the Group's corporate culture of integrity and compliance and to reduce the likelihood of relevant risks. In the future, the Group will comprehensively identify, manage and monitor ESG risks related to other environmental, employment and operational practices, as well as gradually integrate and establish a regular risk management mechanism incorporating ESG risks, and develop strategies and risk management tools to address the relevant risks.

2.4. Compliance operation

The Group recognises the importance of good corporate governance practices and believes that they are critical to the development of the Group and the protection of shareholders' interests. The Group strives to minimise compliance risks its businesses face and effectively prevent any negative impact on its operation through a range of operational compliance management measures. Based on regular business analysis and professional legal advice on projects undertaken and operational practices provided by professional law firms, the Group provides adequate assurance that the Group is operating in compliance with relevant regulatory requirements and industry regulations.

At the same time, the Group strictly complied with the Listing Rules of the Stock Exchange and regularly reviewed its corporate governance practices to ensure that the Company's internal corporate governance met the relevant requirements during the Reporting Period. In addition, the Group closely monitored and followed the ESG Guide under the Listing Rules of Stock Exchange to prepare for ESG reporting in advance. The Group's internal staff, including the Board, senior management and data collection staff, are invited to undergo annual training on ESG work.

3. ENVIRONMENTAL RESPONSIBILITY

Green development will be a top priority for social development in the future. The Group values sustainable development and strives to minimise the potential environmental impact of its daily operations while promoting good environmental management policies. During the Reporting Period, the Group complied strictly with the environmental laws and regulations in Hong Kong and Mainland China that have a material impact on the Group in relation to emissions of exhaust gas and greenhouse gas, discharges to water and lands, and generation of hazardous and non-hazardous waste, including but not limited to the "Law of the People's Republic of China on the Prevention and Control of Water Pollution" and the local "Regulations on Domestic Waste Management" of various jurisdictions. The subsidiaries in Shanghai and Chongqing, including Shanghai Dongkui, Chongqing Baoxu and Dong Dong Mall, have implemented the "Regulations of Shanghai Municipality on Domestic Waste Management" and the "Regulations of Chongqing Municipality on Domestic Waste Management" respectively since 2019, under which the Group's subsidiaries are required to separate and dispose of domestic waste. The Group also requires the relevant staff to report the disposal status to the management on a regular basis to ensure compliance with the relevant statutory requirements.

The Group's businesses mainly involve in the use of energy and other resources. As the premises where the Group operates are mainly offices and shopping malls, the Group is committed to raising the environmental awareness of its staff and has therefore promoted the "Green Office Policy" since 2018 to promote energy and resource saving measures at its offices. This policy not only encourages staff to implement green practices and raise their awareness of environmental protection, but also effectively reduces the impact of daily operations on the environment. The Group encourages its subsidiaries to implement and enforce the policy and requires its human resources department to brief new employees on its green office policy to ensure that each employee is aware of and cooperates with the implementation of the "Green Office Policy".

In addition, the Group continuously keeps records of resource usage at its offices and in its shopping malls to facilitate statistical and regulatory reporting on the effectiveness of relevant energy saving and emission reduction and resource conservation measures. The Group is in the process of formulating an appropriate environmental approach for the Group's operations in terms of energy saving, emission reduction and water efficiency enhancement, with a view to setting specific and feasible short-, medium- and long-term goals to continuously improve the Group's performance in environmental management.

3.1. Energy saving and emission reduction

The majority of air pollutants and greenhouse gas emissions from the Group's operation are generated from the energy consumption of offices and shopping malls, and the fuel consumed by company vehicles. The Group is concerned about emissions from transportation and travel and has been actively implementing a number of initiatives. The Group has established a clear vehicle policy to centrally manage the use of vehicles to ensure that company vehicles are allocated to employees base on their needs and utilized in a reasonable manner, thereby reducing emissions from the use of vehicles. At the same time, the Group encourages its Directors and senior staff to use electronic meeting facilities to reduce overseas travel and reduce emissions from travel.

In order to improve the efficiency of the use of energy in its operation, the Group has adopted specific energy saving measures at each of its offices, including but not limited to the following:

(1) Room temperature control:

Maintain the average office room temperature between 24 to 26 degrees Celsius during working hours to reduce the power consumption of the air-conditioning.

(2) Switch off electrical appliances not in use:

Turning off all lights at the offices after working hours and during lunch breaks.

Turn off computer screens and other electrical appliances after working hours.

(3) Adopt energy saving equipment:

Priority is given to energy saving appliances with a Grade 1 energy label at offices.

Low energy consumption lighting such as light emitting diode (LED) lamps are used at offices.

During the Reporting Period, the offices of Shanghai Dongkui have fully adopted LED lamps to reduce electricity consumption, while Chongqing Baoxu has gradually started to adopt LED lamps and has set the standard for energy consumption per capita. The Group's energy saving measures aim at saving electricity consumption at offices and reducing its expenses on electricity consumption.

In terms of shopping mall operation, the Group is committed to reducing electricity consumption in shopping malls through the use of environmentally friendly designs.

Glass walls have been installed in the ceiling of the Dong Dong Mall to bring in and utilize natural light, while LED lighting is widely used in other low light locations. In order to improve the efficiency of lighting, an intelligent light control system and a time control system have also been adopted in Dong Dong Mall to automatically switch on the interior lighting only when there is insufficient natural light and during the prescribed hours, thereby significantly reducing the electricity consumption for lighting. In addition, automatic induction escalators have been installed in Dong Dong Mall to reduce unnecessary electricity consumption during low-traffic hours. In line with the Group's energy saving measures at its offices, Dong Dong Mall and its offices also minimise the use of air-conditioning and require property managers to ensure that computers, lights and air-conditioning systems are properly switched off during non-office hours when conducting mall inspections to avoid the waste of resources.

The Group will continue to review its existing energy saving and emission reduction measures and their effectiveness to further develop energy saving and emission reduction goals, and implement different energy saving and emission reduction strategies.

3.2. Waste management and resource conservation

There is no hazardous waste generated directly from the Group's business operation, except for the hazardous waste generated from the Group's office operation, which includes toner cartridges and batteries. The Group follows the "Waste Disposal Ordinance" and encourages the use and recycling of reusable toner cartridges and the return of used toner cartridges to the suppliers for recycling to ensure proper disposal of hazardous waste. During the Reporting Period, the Group collected a total of 13 toner cartridges, 3 fluorescent tubes and 35 batteries.

During the Reporting Period, the Group's offices generated non-hazardous waste, including domestic waste and paper, mainly from its office and shopping mall operation. As a matter of operational practice, the Group complied with the "Waste Disposal Ordinance" and the local "Regulations on Domestic Waste Management" of various jurisdictions for the proper disposal of office waste. During the Reporting Period, the Group accumulated a total of 220 recyclables. In addition, the majority of the hazardous or non-hazardous waste that the Group may generate comes from residual materials from the operation of shopping malls. Therefore, Dong Dong Mall has established a waste management policy in shopping malls, including the provision of recycling bins at prominent locations in shopping malls to promote the recycling of resources by customers and tenants. In addition, Dong Dong Mall has established the "Management Measures for Material Handling", which requires the use of reusable materials in shopping mall activities and recommends tenants to give priority to recycling when removing or disposing of residual and discarded materials in shopping malls, so as to reduce the amount of waste in shopping malls.

The Group will continue to monitor and review the consumption of resources on an ongoing basis through the implementation of different waste management measures such as waste reduction at source and the collection of relevant information to further achieve and set the target of zero waste.

In terms of the use of water resource, the water consumed by the Group during its operation is from municipal water supply and there are no difficulties for the Group to obtain water. In addition, the Group's businesses do not belong to the industries with high water consumption, while the Group is still committed to reducing water consumption in its operation and will endeavour to obtain data for complete disclosure in the future. The Group also conducts regular inspections of water taps and posts water conservation reminders at various locations to remind staff of the importance of cherishing water resource. In addition to the measures for reducing water consumption at its offices as set out in the "Green Office Policy", the Group also strives to improve water consumption efficiency in other areas. For example, sensor-activated water taps have been installed in the toilets of Dong Dong Mall to prevent the waste of water and reduce water consumption, which will help remind mall customers to treasure water.

Currently, the Group intends to know more details about its overall water demand and consumption in order to develop and implement goals for efficient water consumption and corresponding management measures in the future.

The Group's "Green Office Policy" clearly sets out measures for reducing waste and water consumption to encourage its employees to reduce waste and resource consumption at its offices. Specific measures include:

(1) Reduction of waste	(2) Resource conservation	(3) Encouragement of recycling
Reducing the use of tissue paper; replacing paper hand towels with fabric towels; reducing use of disposable tableware.	Printing on both sides of paper; installing dual-flush toilets and water-saving faucets.	Recycling of office equipment such as calculators, printers and telephones at the products' end-of-life; providing appropriate recycling bins for office waste recycling.

3.3. The environment and natural resources

To be in line with the national green industry development plan, the Group is committed to promoting the idea of environment protection and cherishing natural resources. The Group has been promoting its business of sales of flowers and plants and providing a wide range of landscape greening flowers and plants to small and medium-sized real estate developers in the PRC. During the Reporting Period, Chongqing Baoxu actively developed projects for the sales of flowers and plants and worked with other landscape greening companies to respond to the rising demand for greenery in the PRC and to vigorously promote and enhance the importance of the environment and natural resources to our customers.

In addition, the Group's businesses do not belong to highly polluting industries. The main impacts of the Group's operations on the environment and natural resources are electricity consumption and the use of water resource, which have been minimised by the Group's well-established energy saving and emission reduction and water resource policies. Notwithstanding this, the Group will still actively respond to the global trend of energy saving and emission reduction by establishing the "Green Office Policy" and the "Management Measures for Material Handling" to reduce the Group's resource consumption and carbon footprint and to contribute to the protection of the environment and natural resources. In addition to complying with all relevant laws and regulations relating to environmental protection, the Group will actively explore development opportunities in energy conservation and environmental protection to ensure that environmental protection is gradually incorporated into the Group's investment decisions subject to capital security and adequacy.

3.4. Response to climate change

The Group is aware of the uncertainties that may be brought by climate change to its business operation. It is expected that the Group can identify the significant impact of climate change on its business as early as possible. The Board of the Group is discussing the development and implementation of a climate change reporting approach relevant to the Group and plans to devote systematic efforts to develop measures and policies for mitigating climate change through the identification and monitoring of climate related risks.

During the Reporting Period, the Group has been closely monitoring the impact of climate change as described below in order to mitigate these potential risks. For example, in terms of physical risk, climate change increases the likelihood of extreme weather-related events such as hurricanes and rainstorms. To minimise disruption to its business operation due to extreme weather conditions, the Group has developed a set of contingency measures to cope with extreme weather conditions and related emergencies in its Dong Dong Mall to enhance its ability to adapt to climate change.

In order to reduce the impact of rainstorms, the following countermeasures have been adopted for Dong Dong Mall:

(1) Arrangement for flood prevention work:

- Check all drainage outlets to ensure that there are no obstructions and that they maintain good operation;

- Prepare emergency flood control equipment and supplies, and arrange for flood control emergency team to be responsible for clearing debris from the rain drainage system and disaster relief work.

(2) Monitoring of rainfall:

- Arrange 24-hour patrols to closely monitor the rainfall and report the disaster situation in a timely manner;
- Ensure the smooth operation of the rain drainage system and eliminate abnormal conditions in a timely manner.

(3) Announcement of danger:

- The monitoring room is responsible for monitoring the on-site situation, issuing notice of danger and providing information on surrounding road condition to the tenants in a timely manner.

(4) Onsite treatment:

- Arrange personnel to carry emergency equipment and supplies to deal with malfunction of drainage pipes and drainage equipment in a timely manner;
- Inform the staff of each store to be prepared according to the risk situation, including stabilizing emotions of tenants and customers, to prevent chaos.

(5) Afterward affairs:

- Inspect and commission the equipment and facilities, and arrange professionals to clean the drainage system and the disaster site;
- Organize personnel to control the scene, guide the flow of people and vehicles, and set up reminders;
- Be responsible for the statistics of damage to tenants and damage to project facilities and equipment.

The Group will proactively examine other transition risks of climate change such as policy risks, technology risks and reputational risks, as well as any property damage resulting from climate related disasters caused by the Group.

Although the Group's businesses do not involve significant carbon emissions, it is aware of the increasing government and market interest in a low carbon economy, with other industry peers and listed companies introducing plans and initiatives to reduce emissions along the value chain to satisfy and meet market demand. The Group will continue to explore the potential risks as well as opportunities of climate change to the Group's businesses in the future, and where resources permit, develop policies and plans to further enhance the Group's ability to cope with climate change.

Environmental Performance Data for Year 2021

Air pollutants				
Emission source	**Type**	**Quantity**	**Unit**	
Company vehicles[1]	Nitrogen Oxides NO_x	1.79	kilogram	
	Sulphur Oxides SO_x	0.10	kilogram	
	Particulate Matter $PM_{2.5}$	0.03	kilogram	
Greenhouse gas emissions				
Emission source	**Quantity**	**Unit**	**Intensity**	**Unit**
Total greenhouse gas emissions[2]	189.91	ton of CO_2-e	6.33	ton of CO_2-e/employee
			0.01	ton of CO_2-e/m[2]
Scope 1: Direct greenhouse gas emissions				
Vehicles[3]	13.20	ton of CO_2-e	0.44	ton of CO_2-e/employee
Scope 2: Energy indirect greenhouse gas emissions[4]				
Purchased electricity[5]	175.20	ton of CO_2-e	0.01	ton of CO_2-e /m[2]
Scope 3: Other indirect greenhouse gas emissions				
Employees' business travel[6]	1.51	ton of CO_2-e	0.05	ton of CO_2-e/employee

1 This statistical scope refers to vehicles under the direct operating rights of the Group. This calculation of air pollutant emissions and respective emission factors were stipulated based on the "EMEP/EEA Air Pollutant Emission Inventory Guidebook – 2019".

2 During the Reporting Period, we further refined our data collection and analysis methodology and re-accounted for the electricity-related data for 2020. The updated greenhouse gas emission data for the 2020 reporting period is 170.08 tons of CO_2-e, with an emission intensity of 0.01 ton of CO_2-e/m^2.

3 This calculation scope of greenhouse gas emissions (scope 1) includes vehicles used by the Company in Hong Kong, and its calculation methodology and respective emission factors were stipulated based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)" published by Electrical and Mechanical Services Department and Environmental Protection Department.

4 During the Reporting Period, we further refined our data collection and analysis methodology to include only purchased electricity data for the Group's office and common areas, and re-accounted for the electricity-related data for 2020 to enhance comparability. The updated scope 2 data for the 2020 reporting period is as follows: Energy indirect greenhouse gas emissions were 148.29 tons of CO_2-e, with an emission intensity of 0.01 ton of CO_2-e/m^2.

5 This calculation scope of greenhouse gas emissions (scope 2) includes the electricity purchased by the Group in Hong Kong and the Mainland China, and its calculation methodology and respective emission factors were stipulated based on the "Sustainability Report 2020" published by Hong Kong Electric Investments and the "Guidelines to Account for and Report on Greenhouse Gas Emissions for Power Generating Facilities of Enterprises (2021 Revised Edition)" published by National Development and Reform Commission of the PRC.

6 This calculation of greenhouse gas emissions (scope 3) includes employees' business travel by air, and its calculation methodology and respective emission factors were stipulated based on the carbon emissions calculator developed by the International Civil Aviation Organization, a United Nations agency.

Use of resources				
Total energy consumption	343.4	MWh	11.45	MWh/employee
			0.02	MWh/m^2
Indirect use of energy[7]				
Purchased electricity	298,283.36	kWh	15.87	kWh/m^2
Direct use of energy				
Purchased gasoline[8]	4,963.42	Litre	165.45	Litre/employee
	45,089.95	kWh	1,503	kWh/employee
Water consumption[9]				
Purchased water[10]	1,620.87	m^3	54.03	m^3/employee
Non-hazardous waste				
Total non-hazardous waste	3.28	ton	0.11	ton/employee
Domestic waste	3.01	ton	0.10	ton/employee
Office paper	0.27	ton	0.01	ton/employee
Hazardous waste				
Toner cartridges	0.006	ton	0.0002	ton/employee
Batteries	0.00046	ton	0.0000153	ton/employee
Fluorescent tubes	0.0072	ton	0.00024	ton/employee

7 During the Reporting Period, we further refined our data collection and analysis methodology to include only purchased electricity data for the Group's office and common areas and re-accounted for the electricity-related data for 2020. The updated purchased electricity data for the 2020 reporting period is 240,083.92 kWh, with an emission density of 12.76 kWh/m^2.

8 This purchased gasoline includes the amount of gasoline used in vehicles under the direct operating rights of the Group and is originally collected in liters. The conversion calculation methodology and factors are stipulated based on the Energy Statistics Manual from the International Energy Agency.

9 During the Reporting Period, we further refined our data collection and analysis methodology to include only the Group's purchased water consumption in its office and common areas and re-accounted for the data relating to purchased water consumption for 2020. The updated purchased water consumption for the 2020 reporting period is 1,620.87 tons, with an emission intensity of 54.03 tons/employee.

10 The office of the Company located in Hong Kong is a leased office premise and its supply of water is managed by a third party property management company. Therefore, the calculation scope of purchased water does not include the office of the Company located in Hong Kong.

11 Due to resource constraints, Shanghai Dongkui has not yet calculated the non-hazardous waste generated during the Reporting Period. Therefore, the calculation scope of non-hazardous waste does not include Shanghai Dongkui.

4. SOCIAL RESPONSIBILITY

The Group considers its employees as valuable assets and their support is crucial to the development and success of the Group. Therefore, the Group is committed to attracting and retaining talents by maintaining a quality working environment for its employees and ensuring that employees are provided with opportunities for health and welfare, safety and equal employment. The Group attaches great importance to employees' rights and interests, and has strictly complied with the laws and regulations in Hong Kong and the Mainland China, which have significant impacts on the Group, such as the employment regulations in relation to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, non-discrimination, welfare and other benefits, including but not limited to the "Employment Ordinance", "Disability Discrimination Ordinance", "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China" and "Social Insurance Law of the People's Republic of China". The Group has formulated its human resources system with reference to the aforementioned laws and regulations to ensure that it manage employees in accordance with the laws and regulations. During the Reporting Period, the Group was not aware of any non-compliance in relation to the aforementioned material laws and regulations.

4.1. Employment

The Group has established a sound system for monitoring and protecting employees' rights and interests, including human resources policies such as the "Employee Regulations" and "Human Resources and Administration Handbook". The Group has stipulated the rules and procedures for recruitment, promotion, remuneration, welfare, rest periods and dismissal in the aforementioned policies. In addition, the Group has also constantly reviewed and improved its existing policies to ensure that employees are provided with legitimate rights.

The Group adheres to the principle of "meritocracy" and considers it particularly important for promoting a diverse and equal workforce culture in the Group. The Group strictly prohibits any unfair or unreasonable dismissal. In the process of recruitment and promotion, the Group will take into account the performance, experience and ability of the candidates or employees to ensure that no discrimination will be made against candidates or employees on any grounds, including gender, age, race, family status or physical disability. In addition, the Group has clearly stipulated the terms and conditions for employees including matters relating to dismissal. For example, the labour contracts entered into between Shanghai Dongkui and its employees specify the circumstances under which employees may not be dismissed and the procedures for termination of employment, with an aim to protect the rights and interests of employees.

The Group retains outstanding talents by providing competitive remuneration and benefits. The Group determines employees' remuneration packages on the basis of individual work performance and the market standard of remuneration. Reasonable adjustments are made to remuneration as and when appropriate. The Group provides remuneration packages comprising basic salary, sales commission (only applicable to some of the operational employees), a medical insurance scheme and retirement benefit schemes. Besides, the Group provides discretionary bonuses and issues share options to eligible employees according to their business performance. The Group is also committed to providing other employee benefits such as overtime allowances, holiday working allowances, birthday welfare and meal and transportation allowances. The Group clearly provides the working hours and rest periods of employees in their Labour contracts in accordance with the employment laws of the relevant operating location. The Group also ensures that employees are entitled to statutory holidays, annual leave, sick leave and maternity leave. Unpaid leave, paternity leave, marriage leave and causal leave are provided depending on individual circumstances.

The Group had a total of 30 employees as at the end of the Reporting Period, all of whom were full-time employees. Details of workforce statistics and employee turnover rates are as follows:

Workforce statistics	
Employee category	**Number of employees (person)**
By gender	
Female	14
Male	16
By employment type	
Full-time	30
Part-time	0
By age	
29 or below	2
30-50	24
51 or above	4
By region	
Hong Kong	10
Mainland China	20

Employee turnover rates[12]	
Employee category	**Turnover rates (%)**
By gender	
Female	0%
Male	6%
By age	
29 or below	0%
30-50	0%
51 or above	25%
By region	
Hong Kong	0%
Mainland China	5%

12 Employee turnover rates were calculated as: the number of employees left in the category divided by the total number of employees in the category as at the end of the year.

4.2. Health and safety

The Group also strongly emphasises employee health and safety and is committed to providing a comfortable, healthy and safe workplace to its employees.

The Group has formulated occupational health and safety measures, which are provided in its "Human Resources and Administration Manual" and clearly introduced to each new employee at orientation, with an aim to prevent from any occupational hazards and reduce risks in the working environment as far as possible, thereby striving to achieve the goal of zero injuries. During the Reporting Period, the Group strictly complied with material laws and regulations in Hong Kong and the Mainland China that have a significant impact on the Group relating to provision of safe working environment and protection for employees to avoid occupational hazards, including but not limited to the "Occupational Safety and Health Ordinance", the "Employees' Compensation Ordinance" and "Regulations on Work-Related Injury Insurance". In compliance with provisions of the "Employees' Compensation Ordinance" and "Regulations on Work Related Injury Insurance", the Group has taken out insurance policies against work injuries for its employees. During the Reporting Period, the Group was not aware of any non-compliance in relation to the aforementioned material laws and regulations.

Meanwhile, the Group has implemented a series of measures to ensure the safety of its employees at offices. Adjustable seating is provided by the Group to its employees for effectively minimising physical fatigue from the use of computers over an extended period of time. First-aid kits are provided in all workplaces, and heatstroke prevention items are also available when necessary. Meanwhile, the Group also has feature plants and air purifiers at its offices and regularly engages third parties to clean its air-conditioning systems, thereby maintaining good air quality at offices. The Group reviews the adequacy of office security measures in a timely manner and cares about the needs of its staff in this regard.

During the past three years (including the Reporting Period), the Group did not record any work-related injuries or work-related fatalities among its employees.

The Group also actively promotes occupational safety by posting occupational safety information for different working environments and situations at its offices, and arranging for employees to attend occupational health seminars to raise the awareness of occupational health and safety among all employees. The Group also organises regular fire drills, including simulating fire escape routes and the use of fire-fighting equipment, to enhance the ability of our merchants and staff to respond to fire incidents. In addition, in order to ensure the safety of employees, the Group has put in place a system of work arrangements under typhoon and rainstorm warnings to protect staff from any accidents arising from inclement weather. On business aspect, the Group's property management team regularly inspects and repairs the facilities of the buildings. For example, the fire service installations and lifts in Dong Dong Mall are tested and maintained annually to ensure and protect the safety of staff, mall tenants and customers.

The Group closely monitors the COVID-19 pandemic and takes different levels of precautionary measures as appropriate. We have regularly provided our staff with adequate epidemic prevention supplies, including facial masks and personal disinfectant hand sanitizer, and have posted epidemic prevention information at all of its offices to appeal to staff to observe personal hygiene and further enhance their awareness of hygiene. To protect the health of our staff in the face of the threat of the COVID-19 pandemic, the Group resolutely decided to implement telecommuting during the period when the pandemic was becoming more serious, thereby greatly reducing the risk of cross-contamination among staff.

The Group places great importance on the physical and mental health of its staff and the maintenance of good staff relations. We provide free annual medical check-ups to ensure that our staff are in good physical condition. The Group also encourages its staff to relax after work and invite them to participate in the leisure activities organized by the Group, including team building activities and festive celebrations, in order to foster a greater sense of camaraderie among staff and a sense of belonging to the Group.

4.3. Development and training

The Group encourages employees to upgrade their skills and is willing to invest in training to enhance their skills and capabilities and to create opportunities for their long-term personal growth.

The Group often participates in seminars on topics such as financing, compliance and anti-corruption organised by government agencies and professional bodies such as the Hong Kong Independent Commission Against Corruption and other financial intermediaries. The Group expects every employee holding a financial or job-related licence to keep up with the changes and regulations of the market. In addition, the Group provides induction training for each employee, which includes an introduction to the corporate culture and job skills training, so that employees can integrate into the Group and adapt to their jobs more quickly. In addition, the Group also arranges training activities such as job skills training, health and safety training and internal experience sharing from time to time to broaden the horizons of its staff in their professional fields. To further encourage staff development, the Group conducts staff appraisals at the end of each year to identify promotion and training opportunities based on staff performance and areas of responsibility.

In addition, the Group recognises the importance of talented people and highly competent teams to the long-term development of the Group. The Group is very supportive of employees' participation in personal and professional training and promotes a culture of knowledge and experience sharing among staff. Currently, the Group is considering arranging for each licensed employee and other professional employees to participate in continuous professional training at the activities of professional bodies and to meet a specified number of training hours each year. In the future, the Group will be more committed to enhancing the professional knowledge and skills of its staff and will actively consider developing a staff training policy to establish a systematic staff training mechanism.

During the Reporting Period, the Group has taken into account the Global Reporting Initiative's (GRI) Sustainability Reporting Standards and market trends when reviewing the materiality issues for 2021, and has become more aware of the relevance of a company's focus on people development to its long-term growth. Therefore, the Group will place greater emphasis on staff development and training in the future. Currently, the Group is actively discussing how to align its business with the Group's ESG development strategy and to enhance the ESG expertise of its staff through training, and intends to invite staff to participate in the ESG planning and development of the Company in the future, so as to help them become more involved in the Group's business development in the long run.

Staff training data		
Employee category	**Average training hours (hour)[13]**	**Percentage of employees trained (%)[14]**
By gender		
Female	5.1	25%
Male	13.5	75%
By employee category		
Senior-level	0	0%
Mid-level	8	25%
Entry-level	21.6	75%

13 Averaged training hours were calculated as: the total training hours of employees in the category divided by the total number of employees in the category as at the end of the year.

14 Percentage of employees trained was calculated as: the total number of employees trained in the category divided by the total number of employees trained.

4.4. Labour standards

The Group does not employ children and prohibits any form of forced labour. During the Reporting Period, the Group strictly complied with material laws and regulations in Hong Kong and the Mainland China that have a significant impact on the Group relating to prevention of child and forced labour, including but not limited to the "Regulations on Prohibiting Use of Child Labour" and "Provisions of the State Council on Employees' Working Hours". During the Reporting Period, the Group was not aware of any non-compliance in relation to the aforementioned material laws and regulations. Shanghai Dongkui's labour contracts stipulate the working hours and overtime allowances for its employees to prevent forced work without compensation. In addition, in order to avoid violating labour laws and regulations, the Group checks all applicants' identity certificates during the recruitment process and promises that employees will not be forced to work overtime. If use of child labour or forced labour is discovered, the Group shall seek legal advice and the responsible personnel will be dismissed immediately.

4.5. Supply chain management

The Group's major suppliers include providers of office supplies and business gifts, advertising companies engaged for publicity, and engineering companies engaged for the maintenance of shopping malls or offices. During the Reporting Period, the Group engaged one supplier in the Mainland China.

The Group adheres to the principles of fair competition and looks for win-win partnerships when selecting suppliers. The Group's "Procurement Management Guide" prescribes transparent procurement procedures for selecting suitable suppliers in a fair, impartial and open manner. The Group incorporates procurement procedures for fair competition, including objective selection criteria and the exclusion of recommended suppliers' employees from the bidding process, thereby protecting the interests of both the Group and its suppliers. The Group has also stipulated factors for consideration when making procurement in the "Procurement Management Guide", including the business's reputation, quality, services, and price and terms of sales of the suppliers, with a view to reducing procurement risk and enhancing procurement efficiency. The Group has established a supplier evaluation mechanism to ensure that the products and services provided by the suppliers meet the standards of the Group. The Group's procurement department maintains a working group to inspect suppliers that are engaged for the first time. Subsequent to a comprehensive assessment, the Group enters into agreements with eligible suppliers and requires the suppliers to be compliance with applicable environmental and social laws and regulations. Moreover, the Group conducts annual evaluations on the suppliers to update its supplier database and renew contracts with outstanding suppliers. The Group also monitors the environmental and social performance of its suppliers by taking various measures to ensure that its requirements are met, and to reduce the environmental and social risks caused by procurement. As to engineering and advertising service providers, Chongqing Baoxu inspects and assesses such suppliers through multi-departmental cooperation, to ensure their compliance with the Group's requirements and the regulations of the relevant jurisdictions where they operate. Shanghai Dongkui also evaluates its suppliers' performance regularly and terminates contracts with those suppliers that fail to comply with the requirements. The Group will actively consider developing policies to manage the environmental and social risks of its suppliers in order to further reduce the environmental and social risks inherent to the supply chain.

In addition, the Group also considers factors such as environmental protection when making procurement, with an aim to implement "green procurement". Subject to the Group's requirements, priority is given to local suppliers when making procurement, in order to reduce the carbon emissions generated by the transportation of materials and products. The Group also considers green products, such as recycled paper and electrical appliances with a Grade 1 energy label, to be a priority when marking procurement.

4.6. Service quality

The Group is strongly focused on improving the quality of its services to meet the customers' expectations. The Group strictly complied with laws and regulations in Hong Kong and the Mainland China that have a significant impact on the Group relating to health and safety, advertising and privacy matters relating to services provided and methods of redress, including but not limited to the "Personal Data (Privacy) Ordinance", the "Competition Ordinance", the "Advertising Law of the People's Republic of China" and the "Trademark Law of the People's Republic of China", striving to provide its customers with compliant and quality services. During the Reporting Period, the Group was not aware of any non-compliance in relation to the aforementioned material laws and regulations.

The Group strives to maintain good communications with its customers through its official website, service hotlines, dedicated mailboxes and other channels, thereby understanding the customers' expectations on and suggestions for the Group's performance. The Group and its subsidiaries have established procedures for customer complaints. Chongqing Baoxu maintains a customer service center and customer service hotlines to handle enquiries and complaints from tenants and customers of Dong Dong Mall. The Company has engaged a professional public relations firm to handle customer complaints. During the Reporting Period, the Group did not receive any complaints.

Case – Process of complaints handling of Dong Dong Mall

Dong Dong Mall standardizes its customer complaint handling process and explicitly stipulates the responsibilities and principles for handling complaints, and modifies its "Guidelines on Customer Service Complaint Handling", to achieve timely and effective handling of any complaints and enhance customer satisfaction. When a complaint is received, the customer service department of Dong Dong Mall will immediately determine the level and type of such complaint, then pass it to the appropriate department for a response to the customer within 24 hours. Responsible personnel are required to analyse, report and compile a case study for each complaint for other colleagues' reference, so as to avoid the occurrence of similar incidents.

Meanwhile, the Group is committed to reducing the health and safety risks and takes various mesures to ensure that customers are properly protected. The Group's property management team regularly inspects and repairs the fire equipment and lifts to ensure that they are safe and in good working order, with an aim to reduce accidents or breakdowns, thereby providing a safe and secure shopping environment for tenants and customers.

The Group regards customer privacy as a matter of prime importance, and has accordingly developed a "Customer Data Confidentiality System" and implemented a series of confidentiality measures to ensure secure storage of customer information. When conducting transactions, the Group enters into confidentiality agreements with third parties such as customers, suppliers and investors, as required. The Group requires that all agreements and confidential documents are stored in locked filing cabinet, and stipulates that documents are not to be copied without the approval of the managing personnel. Besides, the Group's employees receive guidance to prevent them from disclosing customer information. In its "Employee Regulations", Shanghai Dongkui explains the obligation of employees to keep the Group's sensitive information confidential and to avoid mentioning work-related details outside the office. Chongqing Baoxu enters into a Confidentiality Agreement with employees which requires the employees to keep any information obtained during their employment regarding project plans, customer lists and financial data confidential, and not to disclose such relevant information to third parties. If any leak of customer information is identified, the Group will rectify it promptly and punish responsible employees based on the severity of the incident. Employees will be held legally responsible for serious circumstances. During the Reporting Period, the Group did not experience any incidents of customer information leakage, nor did it receive any complaints about improper use of customer information that had a significant impact on the Group.

The Group forbids any form of false or misleading description in advertising and the transaction process, and requires that all advertisements or other information to be published shall be reviewed by department heads prior to publication. This ensures that accurate and comprehensive information is provided to customers during business meetings, consultations, and other work-related processes.

The Group is committed to respecting the achievements of copyright owners by protecting intellectual property rights. In order to avoid labour disputes arising from intellectual property rights, the "Confidentiality Agreement" stipulates that the Group can make use of employees' intellectual property only with the authorization of the employees, respecting creative achievements of the employees.

4.7. Anti-corruption

The Group adheres to ethical business practices and does not tolerate any form of corruption, bribery or fraud in its business operation. The Group strictly complied with laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, including but not limited to the "Independent Commission Against Corruption Ordinance", the "Prevention of Bribery Ordinance" and the "Anti-Money Laundering Law of the People's Republic of China". During the Reporting Period, the Group did not receive any allegations against it or its employees regarding bribery, extortion, fraud or money laundering, nor did it receive any whistleblowing relating to bribery or corruption.

The Group prevents corruption, bribery and money laundering in any form through enforcement of the following anti-corruption policies and various measures:

1) Open tendering: When circumstances allow, tenders should be selected from at least three service institutions. Transparency must be ensured during the tendering process.	4) Entering into the Integrity Cooperation Agreement: Chongqing Baoxu requires partners such as customers and suppliers to sign an agreement on the prevention of corruption with a view to eliminating any transfer of benefits.
2) Service agreement review and approval: Service agreements are subject to the review and approval of employees of different ranks according to the value of the agreements, with a countersignature system employed for large-value agreements.	5) Preventing bribery: Shanghai Dongkui's "Employee Regulations" stipulates that employees must abide by professional ethics, and prohibits any form of corruption or bribery. Employees who are found to have involved in corruption will be discharged from their duties immediately and required to indemnify the losses caused. If such corruption is found to be in violation of national or regional laws and regulations, the employees will be held accountable for his/her judicial responsibility.
3) Third-party audit: Third party audit institutions must be engaged to audit financial accounts. This protects shareholder interests by preventing account falsification.	6) Preventing money laundering and fraud: Before and after conducting any loan financing activities, careful pre-leasing investigation, on-site agreement execution, and post-lending examination must be conducted, so as to prevent fraud and ensure that all loan financing items are obtained from official channels.

The Group does not tolerate any fraudulent business activities and encourages anyone with knowledge of any anti-corruption violations within the Group to report them to the Group. The Group has a whistleblowing policy that allows employees and those with information to report and keep confidential. The Group has undertaken to investigate on whistleblowing reports on a strictly confidential basis in all circumstances and no whistleblower will be dismissed or improperly dealt with due to their whistleblowing. The audit monitoring unit has been established in the Group's risk management centre and rewards all reports that are substantiated.

With an aim to further enhance the awareness of the Directors and employees, the Group provides anti-corruption training for the Directors and employees from time to time as well as new employees at their orientation. During the Reporting Period, the Group made reference to the anti-corruption training courses on the online platform of ICAC, which will be consolidated and used as a key reference for internal training materials in the future. Additionally, the Group clearly delegates job duties to relevant departments, such as sales, risk management and property management, to enhance the self-restraint of each and enable the supervisory and restrictive functions within the audit process.

4.8. Community investment

The Group recognises the importance of corporate social responsibility and is considering the establishment of a relevant policy to actively consider giving back to the community and maximising the positive impact on the community when developing its business. For example, Chongqing Baoxu will continue to provide quality landscape greening and related floral services and will be pleased to facilitate the green development of the country and the Mainland China market by promoting green urban environment and helping to create a beautiful community.

At the same time, the Group continues to be proactive in understanding the impact of its businesses on the communities in which it operates and exploring opportunities to contribute to the communities with a view to spreading greater care and concern. As Dong Dong Mall is positioned as a shopping mall focusing on children and the parent-child relationship, the Group will fully support the children-related training activities of Dong Dong Mall according to the business characteristics of the mall. With the Group's support, Dong Dong Mall will focus on creating a "one-stop childhood education and training district" in the future to provide the community with a wide range of childhood education to promote the all-round development of children.

5. APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

General disclosures and KPIs	Description	Corresponding section in the Report or other descriptions
Environmental area		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3. Environmental responsibility
KPI A1.1	The types of emissions and respective emissions data.	3. Environmental responsibility
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3. Environmental responsibility
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3. Environmental responsibility
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3. Environmental responsibility
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.1. Energy saving and emission reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.2. Waste management and resource conservation
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2. Waste management and resource conservation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3. Environmental responsibility
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3. Environmental responsibility
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.1. Energy saving and emission reduction
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.2. Waste management and resource conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, as the Group's businesses do not involve the manufacture of products.

General disclosures and KPIs	Description	Corresponding section in the Report or other descriptions
Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.3. The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.3. The environment and natural resources
Aspect A4: Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.4 Response to climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.4 Response to climate change
Social area		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4. Social Responsibility
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1. Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1. Employment
Aspect B2: Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2. Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.2. Health and safety
KPI B2.2	Lost days due to work injury.	4.2. Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.2. Health and safety
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3. Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3. Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.3. Development and training

General disclosures and KPIs	Description	Corresponding section in the Report or other descriptions
Aspect B4: Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.4. Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.4. Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.4. Labour standards
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	4.5. Supply chain management
KPI B5.1	Number of suppliers by geographical region.	4.5. Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	The Group has disclosed the practices relating to engaging suppliers and how they are implemented and monitored in section 4.5 Supply Chain Management, and will, subject to the availability of future resources, count and disclose the number of suppliers where the practices are being implemented.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.5. Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.5. Supply chain management
Aspect B6: Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	As the Group's businesses do not involve the manufacture of products, matters related to product labelling do not apply to the Group. Other matters related to product responsibility have been disclosed by the Group in section 4.6 Service Quality

General disclosures and KPIs	Description	Corresponding section in the Report or other descriptions
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as the Group's businesses do not involve the manufacture of products.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.6 Service quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.6 Service quality
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable, as the Group's businesses do not involve the manufacture of products.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.6 Service quality
Aspect B7: Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.7 Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.7 Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.7 Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.7 Anti-corruption
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.8 Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.8 Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4.8 Community investment

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

To the members of
Doyen International Holdings Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Doyen International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 79 to 142, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on loan receivables	
Refer to notes 5(b) and 23 to the consolidated financial statements As at 31 December 2021, the Group's loan receivables amounted to approximately HK$657,678,000. With the assistance from independent external valuers, management assessed the provision for impairment of loan receivables based on the expected credit loss ("**ECL**") model. The ECL model involves significant management judgements and assumptions regarding the probability of default, loss given default, collateral values, economic indicators on forward-looking information as well as other significant factors not covered in the ECL model, if applicable. We focused on this area because the carrying amount of loan receivables is significant to the consolidated financial statements and management's estimation of ECL allowance of loan receivables involves significant judgements and estimates.	Our audit procedures in relation to management's assessment on provision for impairment losses of loan receivables included: – understood, evaluated and validated the key control procedures over management's estimation of expected credit losses allowance and periodic review on overdue loan receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors in association with estimation of expected credit losses; – for the historical information, discussed with management to understand the management's identification of significant increase in credit risk, defaults and credit-impaired loans, corroborated management's explanation with supporting evidence; – for forward-looking measurement, we assessed the reasonableness of economic indicator selection, economic scenarios and weightings application, assessed the reasonableness of the estimation by comparing with industry data; – evaluated the competence, independence, capacities and objectivity of the Group's independent external valuers; and – checked major data inputs used in the expected credit losses models on sample basis to the Group's record. Based on the above, we found that the estimates and judgement made by management in respect of the expected credit losses allowance and the collectability of the loan receivables were supportable by the available evidence.

KEY AUDIT MATTERS *(CONTINUED)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment property	
Refer to notes 5(a) and 20 to the consolidated financial statements As at 31 December 2021, the fair value of the Group's investment property, a shopping mall located in the People's Republic of China amounted to approximately HK$335,364,000 and a fair value gains on investment property of approximately HK$15,822,000 was recorded in the consolidated statement of profit or loss for the year ended 31 December 2021. The fair value of the investment property as at 31 December 2021 was assessed by the directors primarily based on an independent valuation report prepared by independent external valuers. We focused on this area because the valuation of the investment property is a level 3 fair value measurement as it uses significant unobservable inputs (e.g. capitalisation rate, long term vacancy rate and expected future market rent) which require significant management's judgements.	Our procedures in relation to this matter included: – evaluated the competence, capabilities and objectivity of the Group's independent external valuers; – assessed the appropriateness of the valuation methodology used; – assessed the reasonableness of the key assumptions, such as long term vacancy rate, expected future market rent and capitalisation rate used in the valuation; – checked, on a sample basis, the accuracy and relevance of the input data used; and – assessed the adequacy of the disclosures in relation to the fair value measurement of the investment property. Based on the procedures described, we found the methodologies used and key assumptions applied in the valuations to be reasonable and supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Chan Sai Ho.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 24 March 2022

Chan Sai Ho
Practising Certificate Number P07705

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	8	**140,974**	103,759
Purchases		**(68,531)**	(32,838)
Staff costs	9	**(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	10	**24,131**	(15,687)
Other income	11	**3,763**	22,851
Profit from operations		**82,982**	39,434
Finance income	13	**474**	124,596
Finance costs	13	**(105)**	(10,994)
Finance income – net		**369**	113,602
Profit before tax		**83,351**	153,036
Income tax expense	14	**(14,377)**	(29,857)
Profit for the year	15	**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	18		
		HK cents	HK cents
Basic and diluted		**4.25**	8.99

The accompanying notes form part of these consolidated financial statements.

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

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	19	70	67
Right-of-use assets	30	1,401	4,178
Investment property	20	335,364	308,880
Intangible assets	21	7,096	7,096
Goodwill	22	–	2,049
Loan receivables	23	–	1,703
Deferred tax assets	31	20,721	33,236
		364,652	357,209
Current assets			
Loan receivables	23	657,678	502,178
Trade receivables	24	11,019	5,466
Prepayments, deposits and other receivables	25	6,740	9,374
Financial assets at fair value through profit or loss	26	7,262	8,712
Bank and cash balances	27	40,204	146,099
		722,903	671,829
Current liabilities			
Accruals and other payables	28	29,712	35,385
Amounts due to related companies	29	1,035	–
Lease liabilities	30	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
Non-current liabilities			
Lease liabilities	30	172	1,045
Deferred tax liabilities	31	4,007	4,338
		4,179	5,383
NET ASSETS		1,023,123	930,655
Capital and reserves			
Share capital	32	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

Approved by the Board of Directors on 24 March 2022 and are signed on its behalf by:

Lo Siu Yu *Director*	**Tai Xing** *Director*

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company								
	Share capital HK$'000	Merger reserve HK$'000 (Note 32(b)(i))	Exchange reserve HK$'000 (Note 32(b)(ii))	Statutory reserve HK$'000 (Note 32(b)(iii))	Other reserves HK$'000 (Note 32(b)(iv))	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2020	1,174,378	(409,968)	(57,636)	13,975	1,396	(116,678)	605,467	184,794	790,261
Profit for the year	–	–	–	–	–	114,552	114,552	8,627	123,179
Other comprehensive income for the year	–	–	33,294	–	–	–	33,294	10,357	43,651
Transfer to statutory reserve	–	–	–	9,486	–	(9,486)	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(26,436)	(26,436)
Vested share options forfeited (note 33)	–	–	–	–	(1,696)	1,696	–	–	–
At 31 December 2020 and 1 January 2021	1,174,378	(409,968)	(24,342)	23,461	(300)	(9,916)	753,313	177,342	930,655
Profit for the year	–	–	–	–	–	54,185	54,185	14,789	68,974
Other comprehensive income for the year	–	–	17,378	–	–	–	17,378	6,116	23,494
Transfer to statutory reserve	–	–	–	4,887	–	(4,887)	–	–	–
At 31 December 2021	1,174,378	(409,968)	(6,964)	28,348	(300)	39,382	824,876	198,247	1,023,123

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit before tax		83,351	153,036
Adjustments for:			
Reimbursement of tax and other expenses from a related company	11	–	(21,924)
Finance income	13	(474)	(124,596)
Finance costs	13	105	10,994
Dividend income from equity investments	11	(214)	(432)
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	–
Loss on disposals of property, plant and equipment	10	–	3
Gain on disposals of financial assets at fair value through profit or loss	10	(3,341)	–
Fair value (gains)/losses on investment property	10	(15,822)	24,600
Fair value losses on financial assets at fair value through profit or loss	10	2,424	1,990
Exchange gains, net	10	(7,399)	(10,906)
Written off of property, plant and equipment	10	7	–
Operating profit before working capital changes		41,913	28,188
Increase in loan receivables		(112,658)	(400,539)
Increase in trade receivables		(5,304)	(4,618)
Decrease/(increase) in prepayments, deposits and other receivables		2,825	(3,568)
(Decrease)/increase in accruals and other payables		(6,251)	6,112
Increase in amounts due to related companies		1,016	–
Cash used in operations		(78,459)	(374,425)
Income taxes paid		(27,353)	(9,203)
Net cash used in operating activities		(105,812)	(383,628)
Cash flows from investing activities			
Interest received		474	124,596
Dividend income received		214	432
Additions of an investment property		(229)	(434)
Purchases of finance assets at fair value through profit or loss		(3,135)	–
Purchases of property, plant and equipment		(52)	–
Proceeds from disposal of finance assets at fair value through profit or loss		5,502	–
Net cash inflow in acquisition of a subsidiary		–	9,693
Repayment of loan to a related company		–	621,216
Net cash generated from investing activities		2,774	755,503

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from financing activities			
Repayment of bank loans	35	–	(44,960)
Repayment of bonds	35	–	(123,000)
Interest paid on bank loans	35	–	(1,775)
Interest paid on bonds	35	–	(30,541)
Interest paid on other borrowings	35	–	(138)
Capital element of lease rentals paid	35	(3,375)	(2,033)
Interest element of lease rentals paid	35	(105)	(134)
Dividend paid to non-controlling interests		–	(26,436)
Net cash used in financing activities		(3,480)	(229,017)
Net (decrease)/increase in cash and cash equivalents		(106,518)	142,858
Cash and cash equivalents at 1 January		146,099	39,047
Effect of foreign exchange rate changes		623	(35,806)
Cash and cash equivalents at 31 December		40,204	146,099
Analysis of cash and cash equivalents			
Bank and cash balances		40,204	146,099

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment property and financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated exchange reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Business combination

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

(c) Goodwill

Goodwill represents the excess of

(i) the aggregate of fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or Groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the year, any attributable amount or purchased goodwill is included in the calculation of the profit or loss on disposal.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation *(Continued)*

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	4-5 years
Motor vehicles	5 years
Computer software	2 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 4(s)).

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment property

Investment property is land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 4(s)). Depreciation is charged on a straight-line basis over the shorter of the lease term and the asset's useful life.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases.

The Group presents right-of-use assets that do not meet the definition of investment property and presents lease liabilities separately in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 4(o).

(h) Intangible assets (other than goodwill)

Intangible assets with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Recognition and derecognition of financial instruments *(Continued)*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments

Debt instruments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the instrument is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the instrument comprise solely payments of principal and interest and the instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the instrument is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL, if the instrument does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the instrument (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the instrument is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 4(t)).

(n) Accruals and other payables

Accruals and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customers, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition polices are as follows:

(i) Sale of goods

Revenue is recognised when the customer accepts and takes the control of the products. Revenue represented the sales value of goods sold less returns, discounts, rebates and value added tax ("**VAT**").

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(o) Revenue and other income *(Continued)*

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when there is reasonable assurance that they will be received.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(v) Dividend income

Dividend income from unlisted investment is recognised when the shareholder's rights to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Asset management fee income

The Group earns management fee income from distressed assets management business which the Group provides to the customers. For services that are provided over a period of time, management fee income is accrued in accordance with the actual progress. For other services, management fee income is recognised when the transactions are completed.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values

(ii) Retirement benefit schemes

The Group has various defined contribution plans in Hong Kong and the PRC for pensions and other social obligation in accordance with the local conditions and practices. The pension plans are generally funded by payments from employees and the relevant group companies. The Group pays contributions to the pension plans on a mandatory, contractual or voluntary basis which are calculated as a percentage of the employees' salaries.

The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

The contributions are recognised as employee benefit expenses when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(q) Share-based payments

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment property that is measured using the fair value model, the carrying amount of such property is presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment property is measured based on the expected manner as to how the property will be recovered.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Taxation *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(t) Impairment of financial assets

The Group recognises a loss allowance for ECL on debt instruments that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represent the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represent the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Impairment of financial assets *(Continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of debt instruments, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Impairment of financial assets *(Continued)*

Measurement and recognition of ECL *(Continued)*

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's estimation of probabilities of default to individual group;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The ECL model involves significant management judgements and assumptions regarding the probability of default, loss given default, collateral values, economic indicators on forward-looking information as well as other significant factors not covered in the ECL model, if applicable;
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the ECL models.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Significant increase in credit risk

ECL are measured as allowances equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair value of investment property

The Group appointed an independent qualified professional valuer to assess the fair value of the investment property. In determining the fair value, the valuer has utilised a valuation technique which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of investment property as at 31 December 2021 was approximately HK$335,364,000 (2020: HK$308,880,000).

(b) Impairment losses allowances on loan receivables and trade receivables

Since the adoption of HKFRS 9, management of the Group estimates the amounts of impairment losses for ECL on loan receivables and trade receivables based on the credit risk of loan receivables and trade receivables. The amounts of the impairment losses for ECL are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment losses may arise.

As at 31 December 2021, the carrying amount of loan receivables and trade receivables are approximately HK$657,678,000 (2020: approximately HK$503,881,000) (after impairment losses allowances of approximately HK$10,564,000 (2020: approximately HK$71,523,000)) and approximately HK$11,019,000 (2020: approximately HK$5,466,000) (after impairment losses allowances of approximately HK$55,000 (2020: approximately HK$27,000)) respectively.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES *(CONTINUED)*

Critical judgements in applying accounting policies *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Classification of finance leases

Management determines whether an arrangement is, or contains, a finance lease based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or group of assets, and the arrangement conveys a right to use the assets.

Situations that would normally lead to a lease being classified as a finance lease include the following:

– The lease transfers ownership of the asset to the lessee by the end of the lease term.

– The lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised.

– The lease term is for the major part of the economic life of the asset, even if title is not transferred.

– At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

– The leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

For sales and lease back transactions with repurchase options which are almost certain to be exercised and do not convey a right to use of the underlying assets, management judges that in substance these transactions are not in the scope of HKFRS 16 Leases, which instead are accounted for as financial instruments under HKFRS 9 Financial Instruments.

(d) Recognition of deferred tax assets

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences or unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each reporting date and to the extent that sufficient taxable profits will be available within the utilisation periods.

(e) Income taxes

The Group is subject to income taxes mainly in the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax of approximately HK$14,377,000 (2020: approximately HK$29,857,000) was charged to profit or loss based on the estimated profit from operations.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES *(CONTINUED)*

Critical judgements in applying accounting policies *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(f) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment losses or further impairment losses may arise.

As at 31 December 2021, the carrying amount of goodwill was HK$nil (2020: approximately HK$2,049,000) (net of accumulated impairment losses of approximately HK$2,116,000 (2020: HK$ nil)). Details of the recoverable amount calculation are disclosed in note 22.

6 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, equity price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as some of its business transactions, assets and liabilities are denominated in currencies other than the functional currencies of the Group entities, including Renminbi ("**RMB**") and United States Dollars ("**US$**"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group's exposure at the end of the reporting period to foreign currency risk arising from recognised monetary assets and liabilities is as follows:

	Assets		**Liabilities**	
	2021 **HK$'000**	2020 HK$'000	**2021** **HK$'000**	2020 HK$'000
RMB	**3,021**	17,177	**11,527**	11,160
US$	**343**	349	**–**	–

As at 31 December 2021, if the HK$ had weakened/strengthened 5% against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$425,000 lower/higher (2020: approximately HK$301,000 higher/lower).

As at 31 December 2021, the Group held certain financial assets which were denominated in US$. The directors are of the opinion that the Group's exposure to US$ foreign currency risk is minimal.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Equity price risk

The Group is exposed to equity price risk through its financial assets at FVTPL. Management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

As at 31 December 2021, if equity prices of the Group's financial assets at FVTPL had been 10% higher/lower with all other variables held constant, consolidated profit after tax for the year would have increased/decreased by approximately HK$726,000 (2020: approximately HK$871,000).

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to loan receivables, trade receivables, prepayments, deposits and other receivables, and bank balances.

In order to minimise the credit risk, the management of the Group has delegated officers responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the credit risk of each material individual debtor at the end of the reporting period to ensure that adequate impairment losses are made for any irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

For prepayments, deposits and other receivables, the management makes periodic individual assessment on the recoverability of prepayments, deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 month expected credit losses. For the year ended 31 December 2021 and 2020, the Group assessed the expected credit losses for prepayments, deposits and other receivables are insignificant and thus no loss allowance is recognised.

Bank balances are placed with various authorised institutions. Accordingly, the management consider the credit risk on liquid funds is limited because the counterparties either state-owned banks located in the PRC or banks with high credit ratings.

The Group is also exposed to concentration of credit risk as 11% (2020: 15%) and 52% (2020: 66%) of the total loan receivables and trade receivables were due from the Group's largest customer and the Group's five largest customers respectively and all of the customers are located in the PRC.

The Group has the following types of financial assets that are subject to expected credit loss model:

- Trade receivables; and
- Loan receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the reporting period.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the end of the reporting period with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, which could include:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

(a) Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of lifetime expected credit loss provision for trade receivables which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2021		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current	**0.5%**	**11,074**	**55**

	2020		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current	0.5%	5,493	27

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

(b) Loan receivables

The Group uses three categories for loan receivables which reflect their credit risk and how the expected credit loss provision is determined for each of those categories. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Expected credit loss rate
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	0% – 2.5%
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses (non-credit impaired)	2.5% – 8.5%
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected credit losses (credit impaired)	8.5% – 100%

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

(b) Loan receivables *(Continued)*

As at 31 December 2021 and 31 December 2020, the Group provided for expected credit losses provision against loan receivables as follows:

2021

	Gross carrying amount HK$'000	Expected credit losses provision HK$'000	Carrying amount (net of impairment provision) HK$'000
Loan receivables	668,242	(10,564)	657,678

2020

	Gross carrying amount HK$'000	Expected credit losses provision HK$'000	Carrying amount (net of impairment provision) HK$'000
Loan receivables	575,404	(71,523)	503,881

The expected credit losses provision for loan receivables as at 31 December 2021 reconciles to the opening expected credit loss provision are as follows:

	12-month ECLs HK$'000	Lifetime ECLs non credit-impaired HK$'000	Lifetime ECLs credit-impaired HK$'000	Total HK$'000
At 1 January 2020	1,386	–	22,744	24,130
Transfer from stage 1 to stage 3	(1,163)	–	1,163	–
(Reversal of impairment losses)/ impairment losses for the year, net	(51)	1,459	42,024	43,432
Exchange differences	17	83	3,861	3,961
At 31 December 2020 and at 1 January 2021	189	1,542	69,792	71,523
Amounts written off	–	–	(40,034)	(40,034)
Transfer from stage 3 to stage 1	3,654	–	(3,654)	–
Reversal of impairment losses	(2,209)	(1,564)	(18,364)	(22,137)
Exchange differences	32	22	1,158	1,212
At 31 December 2021	1,666	–	8,898	10,564

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Total undiscounted cash outflows HK$'000	Carrying amounts HK$'000
At 31 December 2021				
Accruals and other payables	29,712	–	29,712	29,712
Amounts due to related companies	1,035	–	1,035	1,035
Lease liabilities	1,307	175	1,482	1,456
Total	32,054	175	32,229	32,203
At 31 December 2020				
Accruals and other payables	35,385	–	35,385	35,385
Lease liabilities	3,398	1,051	4,449	4,344
Total	38,783	1,051	39,834	39,729

(e) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to certain loan receivables and lease liabilities.

The Group's exposure to cash flow interest rate risk relates primarily to certain loan receivables and bank deposits held at variable rates varied with the then prevailing market conditions.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(e) Interest rate risk *(Continued)*

The following table details the Group's interest-bearing financial assets and liabilities at variable rates and fixed rates as at the reporting date:

	2021 HK$'000	2020 HK$'000
Variable rate financial assets		
Loan receivables	**2,199**	62,107
Bank balances	**29,413**	142,239
Fixed rate financial assets/(liabilities)		
Loan receivables	**666,043**	513,297
Lease liabilities	**(1,456)**	(4,344)

As at 31 December 2021, if interest rates had been 25 basis points lower or reduced to zero, whichever is higher with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$54,000 lower (2020: approximately HK$69,000 higher). If interest rates had been 25 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$60,000 higher (2020: approximately HK$67,000 lower).

(f) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets:		
Financial assets at FVTPL		
Listed equity securities – held for trading	**7,262**	8,712
Financial assets at amortised cost	**713,589**	662,657
Financial liabilities:		
Financial liabilities at amortised cost	**32,203**	39,729

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as at the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

At 31 December 2021

Description	Fair value measurements using:			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2021 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities – held for trading	7,262	–	–	7,262
Non-financial asset				
Investment property				
Shopping mall – the PRC	–	–	335,364	335,364
Total	7,262	–	335,364	342,626

7 FAIR VALUE MEASUREMENTS *(CONTINUED)*

(a) Disclosures of level in fair value hierarchy: *(Continued)*

At 31 December 2020

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2020 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
Listed equity securities – held for trading	8,712	–	–	8,712
Non-financial assets				
Investment property				
Shopping mall – the PRC	–	–	308,880	308,880
Total	8,712	–	308,880	317,592

For the year ended 31 December 2021, there were no transfers between level 1 and level 2, or transfers into or out of level 3 (2020: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Reconciliation of assets measured at fair value based on level 3:

Description	**Investment property 2021 HK$'000**	Investment property 2020 HK$'000
At 1 January	**308,880**	314,999
Additions	**229**	434
Fair value gains/(losses)	**15,822**	(24,600)
Exchange differences	**10,433**	18,047
At 31 December	**335,364**	308,880

The total gains or losses recognised in profit or loss are included in the line item "other gains and losses" on the face of the consolidated statement of profit or loss.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2021:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group normally engages independent external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

The valuation technique and inputs used in level 3 fair value measurements for the Group's investment property are disclosed in note 20.

8 REVENUE

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of flowers and plants	70,284	31,888
Asset management fee income	360	–
	70,644	31,888
Revenue from other sources		
Rental income from investment property	12,042	19,664
Income from provision of financing	58,288	52,207
	70,330	71,871
	140,974	103,759

9 STAFF COSTS

	2021 HK$'000	2020 HK$'000
Salaries, bonuses and allowances	17,823	16,158
Retirement benefit scheme contributions (note)	621	465
	18,444	16,623

Note: Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2020: three) directors whose emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining two (2020: two) individuals are set out below:

	2021 HK$'000	2020 HK$'000
Salaries, bonuses and allowances	2,159	1,124
Retirement benefit scheme contributions	348	243
	2,507	1,367

Their emoluments fell within the following bands:

	Number of individuals 2021	 2020
Nil to HK$1,000,000	–	2
HK$1,000,000 to HK$1,500,000	2	–
	2	2

10 OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'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)

11 OTHER INCOME

	2021 HK$'000	2020 HK$'000
Reimbursement of tax and other expenses from a related company	–	21,924
Dividend income from equity investments	214	432
Government grants (note)	3,348	441
Others	201	54
	3,763	22,851

Note: For the year ended 31 December 2021, the amount represented subsidies given by the government to the Group for the promotion of the loan financing industry. The grants were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, they were recognised in profit or loss when the grants were received. For the year ended 31 December 2020, the amount represented (i) subsidies received from governmental authority in Mainland China for the Group which aims to retain employment, where there are no unfulfilled conditions or contingencies relating to these grants; and (ii) subsidies under the Employment Support Scheme in Hong Kong which the Group required to undertake not to implement redundancy during the subsidy period and to use the subsidy to pay wages of the employees, all conditions relating to these grants have been fulfilled.

12 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

12 SEGMENT INFORMATION *(CONTINUED)*

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.

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 東鋭商業保理(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)

12 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)

12 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

12 SEGMENT INFORMATION *(CONTINUED)*

Reconciliations of segment assets and liabilities: *(Continued)*

	2021 HK$'000	2020 HK$'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 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					
Additions to non-current assets (note)					
Allocated	235	–	–	46	281
Unallocated					443
					724

	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

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

12 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 **HK$'000**	2020 HK$'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.

13 FINANCE INCOME AND COSTS

	2021 **HK$'000**	2020 HK$'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

14 INCOME TAX EXPENSE

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

	2021 HK$'000	2020 HK$'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 (note 31)	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.

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 HK$'000	2020 HK$'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

15 PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2021 HK$'000	2020 HK$'000
Auditor's remuneration	1,700	1,600
Direct operating expenses of investment property that generate rental income	3,998	5,361

16 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2021

Name of director	Directors' fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits HK$'000 (note (i))	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Lo Siu Yu	–	1,440	–	793	18	2,251
Mr. Tai Xing	–	1,634	200	622	140	2,596
Mr. Cho Chun Wai	–	1,004	231	238	18	1,491
Non-executive directors						
Ms. Luo Shaoying	–	–	–	–	–	–
Mr. Pan Chuan	120	–	–	–	–	120
Independent non-executive directors						
Mr. Chan Ying Kay	120	–	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	–	120
Mr. Leung Kin Hong	120	–	–	–	–	120
Total for 2021	480	4,078	431	1,653	176	6,818

Mr. Tai Xing is also the CEO of the Company. His emoluments disclosed above include those for services rendered by him as the CEO.

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 December 2020

Name of director	Directors' fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits HK$'000 (note (i))	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Lo Siu Yu	–	1,440	–	1,570	18	3,028
Mr. Tai Xing	–	1,537	200	369	132	2,238
Mr. Cho Chun Wai	–	992	194	238	18	1,442
Non-executive directors						
Ms. Luo Shaoying	–	–	–	–	–	–
Mr. Qin Hong (note (ii))	116	–	–	–	–	116
Mr. Pan Chuan	120	–	–	–	–	120
Independent non-executive directors						
Mr. Chan Ying Kay	120	–	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	–	120
Mr. Leung Kin Hong	120	–	–	–	–	120
Total for 2020	596	3,969	394	2,177	168	7,304

Note:

(i) Estimated money values of other benefits include rent paid and family education allowances.

(ii) Resigned on 18 December 2020.

Neither the CEO nor any of the directors waived any emoluments for the years ended 31 December 2021 and 2020.

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(b) No loan was entered into by the Company or subsidiary undertaking of the Company in favour of a controlled body corporate of Mr. Lo for the year ended 31 December 2021.

The information about loans entered into by the Company or subsidiary undertaking of the Company in favour of a controlled body corporate of Mr. Lo for the year ended 31 December 2020 is as follows:

Name of the borrower	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Terms	Interest rate	Security
重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd.)						
Loans and interest	543,032	–	710,804	Repayable on the maturity date – 18 January 2018	10.5% per annum on outstanding loans, payable quarterly in arrears (plus default interest of 5% per annum on the outstanding loans and interest in default) due as at 18 January 2018	51% of equity interest in 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd.)#
Reimbursement of tax and other expenses	16,062	–	37,363	Repayable on demand	Nil	51% of equity interest in Chongqing Doyen Shell Petrochemical Co., Ltd.#

The securities were released upon the loans were fully settled during the year.

(c) Directors' material interests in transactions, arrangements or contracts

Pursuant to loan agreements dated 8 November 2016 and 6 March 2017, respectively, the Company advanced two loans of RMB80,000,000 and RMB150,000,000 respectively to 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. ("**Chongqing Doyen**")), a company established with limited liability under the laws of the PRC and wholly owned by Mr. Lo, director and ultimate controlling party of the Company, and his spouse. The loans totalling RMB230,000,000 (equivalent to approximately HK$273,240,000) were interest-bearing at 10.5% per annum and due on 18 January 2018.

In May 2017, approximately 28.19% 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**")) was charged to the Company as security for the loans.

On 18 January 2018, Chongqing Doyen failed to repay the principal amount, the interest thereon and the relevant tax expenses as at the due date and was construed as default in repayment which subject to an additional default interest of 5% per annum according to the loan agreements.

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(c) Directors' material interests in transactions, arrangements or contracts *(Continued)*

On 21 October 2020, the Company received the amount of approximately HK$376,532,000 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**")) as settlement of the loans (inclusive of interest and other relevant expenses incurred). Afterwards, the loans have been fully repaid and settled.

For the year ended 31 December 2020, interest income of approximately HK$93,849,000, reimbursement of tax and other expenses of approximately HK$21,924,000 and reversal of impairment losses of approximately HK$28,436,000 were recognised by the Company.

Save for the aforementioned transactions, no other significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Significant transactions, arrangements or contracts in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year were disclosed in the report of the directors.

17 DIVIDENDS

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

18 EARNINGS PER SHARE

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

	2021 HK$'000	2020 HK$'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 '000	2020 '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.

19 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Computer software HK$'000	Total HK$'000
Cost					
At 1 January 2020	154	181	2,517	–	2,852
Additions	–	8	–	–	8
Acquisition of a subsidiary	–	28	–	–	28
Disposals	–	(13)	–	–	(13)
Exchange differences	10	11	–	–	21
At 31 December 2020 and 1 January 2021	164	215	2,517	–	2,896
Additions	–	22	–	30	52
Written off	–	(66)	–	–	(66)
Exchange differences	5	6	–	1	12
At 31 December 2021	169	177	2,517	31	2,894
Accumulated depreciation					
At 1 January 2020	142	127	2,517	–	2,786
Charge for the year	13	21	–	–	34
Disposals	–	(10)	–	–	(10)
Exchange differences	9	10	–	–	19
At 31 December 2020 and 1 January 2021	164	148	2,517	–	2,829
Charge for the year	–	32	–	12	44
Written off	–	(59)	–	–	(59)
Exchange differences	5	4	–	1	10
At 31 December 2021	169	125	2,517	13	2,824
Carrying amount					
At 31 December 2021	–	52	–	18	70
At 31 December 2020	–	67	–	–	67

20 INVESTMENT PROPERTY

	2021 HK$'000	2020 HK$'000
At 1 January	**308,880**	314,999
Additions	**229**	434
Fair value gains/(losses)	**15,822**	(24,600)
Exchange differences	**10,433**	18,047
At 31 December	**335,364**	308,880

The Group's investment property represents a shopping mall in the PRC. The Group's investment property held under operating lease for rental purposes is measured using fair value model. The fair value as at 31 December 2021 was based on a valuation carried out by HG Appraisal & Consulting Limited, an independent qualified professional valuer with substantial experience in valuation of properties. The Group has a discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed. The valuation was derived using the income capitalisation approach. The valuation is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

The valuation of the Group's investment property is a level 3 fair value measurement. Details of the unobservable inputs in determining the valuation as at 31 December 2021 are as follows:

Unobservable inputs	Range	Effect on fair value for increase of inputs
Long term vacancy rate	10% (2020: 6%)	Decrease
Monthly market rent per sq. m.	RMB38 to RMB256 (2020: RMB21 to RMB160)	Increase
Capitalisation rate	5.25% to 5.75% (2020: 5.9%)	Decrease

The consistent valuation technique was applied for the years ended 31 December 2021 and 2020.

21 INTANGIBLE ASSETS

The intangible assets represent club memberships with indefinite useful lives. The directors of the Company are of the opinion that the Group will continue to hold the club memberships and has the ability to do so. The club memberships have been tested for impairment in the year by reference to second hand market values and no impairment loss has been identified for the current or prior year. There have been no movements for both years.

22 GOODWILL

	2021 HK$'000	2020 HK$'000
Cost	2,116	2,049
Less: impairment losses	(2,116)	–
Net carrying amount	–	2,049

Movements of net carrying amounts during the year were as following:

	2021 HK$'000	2020 HK$'000
Net carrying amount as at 1 January	2,049	–
Acquisition of a subsidiary (note 34)	–	2,049
Impairment loss recognised in the year	(2,078)	–
Exchange differences	29	–
Net carrying amount as at 31 December	–	2,049

For the purposes of impairment testing of goodwill, management allocated goodwill to the Group's cash-generating units ("**CGUs**") identified. At the end of reporting periods, the carrying amount of goodwill is allocated to distressed assets management.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

Goodwill of approximately RMB1,724,000 (equivalent to approximately HK$2,116,000) (2020: equivalent to approximately HK$2,049,000) has been allocated to the CGU of the subsidiary for both years for impairment testing. Management performed an impairment assessment on the goodwill prior to the year end. The recoverable amount of the subsidiary is determined based on value-in-use calculation.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	2021	2020
Revenue growth rate during the forecast period	4.0%	4.0%
Terminal growth rate	3.0%	3.0%
Pre-tax discount rate	13.0%	13.0%

22 GOODWILL *(CONTINUED)*

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Revenue growth rate for next 5 years	Revenue growth rate is for the five-year forecast period. It is based on past performance and management's expectations of market development.
Terminal growth rate	A terminal value related to cash flows beyond the projection period extrapolated at an estimated terminal growth rate.
Pre-tax discount rate	The discount rate reflects specific risks relating to the relevant CGUs in which they operate.

Based on management's assessment on the recoverable amount of the subsidiary as at 31 December 2021 and 2020, an impairment loss of approximately RMB1,724,000 (equivalent to approximately HK$2,078,000) was recognised (2020: HK$nil).

23 LOAN RECEIVABLES

	2021 HK$'000	2020 HK$'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.

23 LOAN RECEIVABLES *(CONTINUED)*

Ageing analysis is prepared based on contractual due date:

	2021 Loan portion HK$'000	2021 Interest portion HK$'000	2021 Total HK$'000	2020 Loan portion HK$'000	2020 Interest portion HK$'000	2020 Total HK$'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 HK$'000	2020 HK$'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

Details on Group's credit policy are set out in note 6(c).

24 TRADE RECEIVABLES

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

Trade receivables are due within 30 (2020: 30) days from the day of the customer accepts and takes the control of the products. Further details on the Group's credit policy are set out in note 6(c).

24 TRADE RECEIVABLES *(CONTINUED)*

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

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

25 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Accrued rent receivable	3,366	6,574
Deposits	872	495
Prepayments	1,586	1,696
Other receivables	916	609
	6,740	9,374

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Equity securities, listed in Hong Kong	7,262	8,712

27 BANK AND CASH BALANCES

As at 31 December 2021, the bank and cash balances total of the Group denominated in RMB amounted to approximately HK$34,789,000 (2020: approximately HK$141,508,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28 ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accrued expenses	4,638	7,144
Other payables	7,965	11,971
Other tax payable	17,109	16,270
	29,712	35,385

29 AMOUNTS DUE TO RELATED COMPANIES

The amounts due are unsecured, interest-free and repayable on demand.

30 RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

	2021 HK$'000	2020 HK$'000
Leased properties	**1,401**	4,178

The movements of right-of-use assets were as follows:

	2021 HK$'000	2020 HK$'000
At 1 January	**4,178**	4,320
Additions	**443**	–
Acquisition of a subsidiary	**–**	1,831
Depreciation charge for the year	**(3,264)**	(2,000)
Exchange differences	**44**	27
At 31 December	**1,401**	4,178
Total cash outflow for lease	**3,480**	2,167

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2021		2020	
	Present value of the lease payments HK$'000	**Total lease payments HK$'000**	Present value of the lease payments HK$'000	Total lease payments HK$'000
Within 1 year	**1,284**	**1,307**	3,299	3,398
After 1 year but within 2 years	**172**	**175**	1,045	1,051
	1,456	**1,482**	4,344	4,449
Less: total future interest expenses		**(26)**		(105)
Present value of lease liabilities		**1,456**		4,344
Analyse as:				
– Current portion		**1,284**		3,299
– Non-current portion		**172**		1,045
		1,456		4,344

31 DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities

	Accrued rental HK$'000	Loan interest income HK$'000	Undistributed profits of a PRC subsidiary HK$'000	Total HK$'000
At 1 January 2020	(761)	(8,262)	(1,633)	(10,656)
(Charge)/credit to profit or loss (note 14)	(1,333)	8,299	(367)	6,599
Exchange differences	(123)	(37)	(121)	(281)
At 31 December 2020 and 1 January 2021	(2,217)	–	(2,121)	(4,338)
Credit/(charge) to profit or loss (note 14)	855	–	(389)	466
Exchange differences	(58)	–	(77)	(135)
At 31 December 2021	(1,420)	–	(2,587)	(4,007)

The following are the deferred tax liabilities and assets recognised by the Group.

Deferred tax assets

	Revaluation of investment property HK$'000	Loss allowances on loan receivables and amounts due from a related company HK$'000	Others HK$'000	Total HK$'000
At 1 January 2020	9,277	11,417	67	20,761
Credit to profit or loss (note 14)	3,965	5,450	1,176	10,591
Exchange differences	799	1,014	71	1,884
At 31 December 2020 and 1 January 2021	14,041	17,881	1,314	33,236
(Charge)/credit to profit or loss (note 14)	(1,614)	(15,543)	3,794	(13,363)
Exchange differences	433	303	112	848
At 31 December 2021	12,860	2,641	5,220	20,721

At the end of the reporting period, the Group has unused tax losses of approximately HK$104,429,000 (2020: approximately HK$104,429,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Unrecognised tax losses are subject to the final approval by the Inland Revenue Department in Hong Kong and can be carried forward indefinitely.

32 SHARE CAPITAL AND RESERVES

(a) Share capital

	2021 Number of shares '000	2021 Amount HK$'000	2020 Number of shares '000	2020 Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January 2020, 31 December 2020 and 31 December 2021	**1,274,039**	**1,174,378**	1,274,039	1,174,378

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Nature and purpose of reserves

(i) Merger reserve

Merger reserve was set up upon accounting for common control combinations, on elimination of the share capital of the subsidiaries against the related investment costs.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(iii) Statutory reserve

According to the relevant rules and regulations in the PRC, subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(iv) Other reserves

Other reserves mainly comprised the loss of acquisition of a subsidiary in prior years.

(c) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio 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.

32 SHARE CAPITAL AND RESERVES *(CONTINUED)*

(c) Capital management *(Continued)*

The gearing ratio as at 31 December 2021 and 2020 was as follows:

	2021 HK$'000	2020 HK$'000
Lease liabilities (note 30)	1,456	4,344
Amounts due to related companies (note 29)	1,035	–
Less: Cash and cash equivalents	(40,204)	(146,099)
	(37,713)	(141,755)
Net debt (note)	–	–
Total equity	1,023,123	930,655
Total capital	1,023,123	930,655
Gearing ratio	N/A	N/A

Note: Net debt is zero when the cash and cash equivalents is higher than gross debt.

The externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

33 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The existing share option scheme of the Group was adopted pursuant to a resolution passed on 11 September 2008. Options are conditional on the employee completing one year's or two years' service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

Details of the movement of share options during the year are as follows:

	2021		2020	
	Number of share options '000	Weighted average exercise price HK$	Number of share options '000	Weighted average exercise price HK$
Outstanding at the beginning of the year	–	–	2,100	1.628
Forfeited during the year	–	–	(2,100)	1.628
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

No options were outstanding and granted for the year ended 31 December 2021 and 2020.

34 ACQUISITION OF A SUBSIDIARY

On 15 December 2020, a subsidiary of the Group, Shanghai Dongkui, entered into a shares transfer agreement with an independent third party, pursuant to which Shanghai Dongkui has acquired 100% equity interest in Anxin Wanbang at a consideration of RMB60,000. The acquisition has been completed on 17 December 2020. Anxin Wanbang was engaged in the provision of distressed assets management in the PRC.

The following tables summarises the net liabilities of Anxin Wanbang at the date of acquisition. Anxin Wanbang had net identifiable liabilities of approximately HK$1,978,000 before the acquisition. The acquisition resulted in a net cash inflow of approximately HK$9,693,000 and goodwill approximately HK$2,049,000 for the year ended 31 December 2020.

Consideration transferred

	HK$'000
Satisfied by:	
Other payables	71

Assets acquired and liabilities recognised at the date of acquisition

	HK$'000
Property, plant and equipment	28
Right-of-use assets	1,831
Prepayments, deposits and other receivables	502
Bank and cash balances	9,693
Accruals and other payables	(12,184)
Lease liabilities	(1,848)
	(1,978)

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	71
Add: Recognised amounts of net liabilities acquired	1,978
Goodwill arising on acquisition	2,049

Goodwill arose on the acquisition of Anxin Wanbang because the acquisition included potential contracts which are still under negotiation with prospective new customers as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow on acquisition of Anxin Wanbang

	HK$'000
Cash and cash equivalents balances acquired	9,693

34 ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2020 was approximately HK$15,000 attributable to the loss incurred by Anxin Wanbang. No revenue was generated from Anxin Wanbang for the year ended 31 December 2020.

Had the acquisition of Anxin Wanbang been completed on 1 January 2020, revenue for the year ended 31 December 2020 of the Group would have been approximately HK$103,759,000, and profit for the year ended 31 December 2020 would have been approximately HK$121,339,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Anxin Wanbang been acquired at the beginning of the year ended 31 December 2020, the directors of the Company calculated depreciation and amortisation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

35 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans	Bonds	Other borrowing	Lease liabilities (Note 30)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	44,760	144,594	–	4,501	193,855
Acquisition of a subsidiary	–	–	–	1,848	1,848
Addition of other borrowing	–	–	7,132	–	7,132
Repayment of bank loans	(44,960)	–	–	–	(44,960)
Repayment of bonds	–	(123,000)	–	–	(123,000)
Repayment of other borrowing	–	–	(7,132)	–	(7,132)
Interest paid on bank loans	(1,775)	–	–	–	(1,775)
Interest paid on bonds	–	(30,541)	–	–	(30,541)
Interest paid on other borrowing	–	–	(138)	–	(138)
Other finance costs	1,775	8,947	138	–	10,860
Interest on lease liabilities	–	–	–	134	134
Capital element of lease rentals paid	–	–	–	(2,033)	(2,033)
Interest element of lease rentals paid	–	–	–	(134)	(134)
Exchange differences	200	–	–	28	228
At 31 December 2020 and 1 January 2021	–	–	–	4,344	4,344
Increase in lease liabilities from entering into a new lease during the year	–	–	–	443	443
Interest on lease liabilities	–	–	–	105	105
Capital element of lease rentals paid	–	–	–	(3,375)	(3,375)
Interest element of lease rentals paid	–	–	–	(105)	(105)
Exchange differences	–	–	–	44	44
At 31 December 2021	–	–	–	1,456	1,456

36 LEASE COMMITMENTS

The Group as lessor

The Group leases out its investment property under operating leases. The leases typically run for a period within eight years. None of the leases includes contingent rentals.

As at 31 December 2021, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**4,073**	6,120

37 MATERIAL RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with its related parties:

(a) Transactions with related parties

Name of related party	**Nature of transactions**	2021 HK$'000	2020 HK$'000
Chongqing Doyen (note (i))	Interest income on loans to a related company	**–**	164,414
Chongqing Doyen	Reimbursement of tax and other expenses from a related company	**–**	21,924
重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Ltd.) (note (ii))	Property management fees paid to a related company	**164**	136

(b) Key management personnel remuneration

The remuneration paid or payable to key management personnel is as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	**9,572**	9,980
Post-employment benefits	**132**	132
	9,704	10,112

As at 31 December 2021, included in accruals and other payables was an amount of HK$nil (2020: approximately HK$255,000) being accrued directors' emoluments which are unsecured, interest-free and settled in cash.

Note:

(i) Chongqing Doyen is considered as a related company of the Group as it is wholly owned by Mr. Lo, the director and ultimate controlling party of the Company, and his spouse.

(ii) Chongqing New Dowell Property Management Ltd. ("**Dowell Property Management**") is considered as a related company of the Group.

38 CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities (2020: nil).

39 STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Right-of-use assets		**349**	1,744
Intangible assets		**7,096**	7,096
Investments in subsidiaries		**298,960**	298,960
		306,405	307,800
Current assets			
Prepayments, deposits and other receivables		**855**	876
Amounts due from subsidiaries		**274,295**	274,311
Bank and cash balances		**3,824**	3,780
		278,974	278,967
Current liabilities			
Accruals and other payables		**13,880**	14,757
Amounts due to subsidiaries		**174,474**	256,197
Lease liabilities		**381**	1,488
Current tax liabilities		**17,061**	16,519
		205,796	288,961
Net current assets/(liabilities)		**73,178**	(9,994)
Total assets less current liabilities		**379,583**	297,806
Non-current liabilities			
Lease liabilities		**–**	381
NET ASSETS		**379,583**	297,425
Capital and reserves			
Share capital		**1,174,378**	1,174,378
Reserves	39(b)	**(794,795)**	(876,953)
TOTAL EQUITY		**379,583**	297,425

Approved by the Board of Directors on 24 March 2022 and are signed on its behalf by:

Lo Siu Yu	**Tai Xing**
Director	Director

39 STATEMENT OF FINANCIAL POSITION FOR THE COMPANNY *(CONTINUED)*

(a) A list of the Company's principal subsidiaries is shown in note 40 to the consolidated financial statements.

(b) Reserve movement of the Company

	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2020	1,696	(774,233)	(772,537)
Vested share options forfeited	(1,696)	1,696	–
Total comprehensive expenses for the year	–	(104,416)	(104,416)
At 31 December 2020 and 1 January 2021	**–**	**(876,953)**	**(876,953)**
Total comprehensive income for the year	**–**	**82,158**	**82,158**
At 31 December 2021	**–**	**(794,795)**	**(794,795)**

40 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2021 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation and kind of legal entity	Issued and paid up capital	Percentage of ownership interest/voting power Direct	Percentage of ownership interest/voting power Indirect	Principal activities
Money Success Corporate Management Limited	Hong Kong, limited liability company	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Money Success Business Management Limited	Hong Kong, limited liability company	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Chongqing Baoxu Commercial Property Management Ltd. △	The PRC, sino-foreign equity joint venture	RMB350,000,000	–	70% (ownership interest)/66.67% (voting power)	Investment property holding and sales of flowers and plants in the PRC
Dongkui Financial Leasing (Shanghai) Co. Ltd. △	The PRC, sino-foreign equity joint venture	US$51,300,000	–	77.58%	Provision of financing to customers in the PRC
Dongrui Factoring (Shanghai) Ltd. △	The PRC, limited liability company (solely invested by foreign owned enterprise)	RMB50,000,000	–	77.58%	Provision of financing to customers in the PRC
Anxin Wanbang Asset Management Co., Ltd. △	The PRC, limited liability company (solely invested by foreign owned enterprise)	RMB10,000,000	–	77.58%	Provision of distressed assets management in the PRC

△ English translation of the name is for identification purpose only.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

40 PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The following table shows information on the subsidiaries that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Chongqing Baoxu		Shanghai Dongkui	
	2021	2020	**2021**	2020
Principal place of business	**The PRC**	The PRC	**The PRC**	The PRC
% of ownership interests/voting rights held by NCI	**30%/ 33.33%**	30%/ 33.33%	**22.42%/ 22.42%**	22.42%/ 22.42%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 December:				
Non-current assets	**348,235**	325,240	**8,584**	25,270
Current assets	**25,983**	18,510	**679,274**	620,854
Non-current liabilities	**(1,420)**	(2,218)	**–**	(664)
Current liabilities	**(21,159)**	(21,227)	**(274,280)**	(283,107)
Net assets	**351,639**	320,305	**413,578**	362,353
Accumulated NCI	**105,492**	96,092	**92,724**	81,240
Year ended 31 December:				
Revenue	**82,326**	51,552	**58,648**	52,207
Profit for the year	**20,447**	16,680	**38,619**	16,155
Total comprehensive income	**31,335**	35,459	**51,364**	37,222
Profit allocated to NCI	**6,134**	5,004	**8,658**	3,623
Dividend paid to NCI	**–**	16,860	**–**	9,576
Net cash used in operating activities	**(4,071)**	(18,684)	**(112,231)**	(177,597)
Net cash generated from investing activities	**8,435**	74,553	**14,630**	215,514
Net cash used in financing activities	**–**	(53,079)	**(56)**	(26)
Net increase/(decrease) in cash and cash equivalents	**4,364**	2,790	**(97,657)**	37,891

41 EVENTS AFTER THE REPORTING PERIOD

The Group had the following events after the end of the reporting period.

Impact of the novel coronavirus

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the disruption to business and economic activities caused by, the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date on which these financial statements are authorised for issue.

42 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation,

GROUP PROPERTY

MAJOR PROPERTY HELD FOR INVESTMENT

Location	Existing use	Term of lease
Shopping Mall-Dong Dong Mall No.2 Second Lane, Nanping East Road, Nanan District, Chongqing City, The People's Republic of China	Commercial	Medium

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	**140,974**	103,759	33,202	30,959	34,920
Profit/(loss) attributable to owners of the Company	**54,185**	114,552	(79,691)	17,053	24,432

ASSETS AND LIABILITIES

	At 31 December				
	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Assets and liabilities					
Total assets	**1,087,555**	1,029,038	1,025,142	1,207,562	1,263,106
Total liabilities	**64,432**	98,383	234,881	319,241	353,781
Net assets	**1,023,123**	930,655	790,261	888,321	909,325
Non-controlling interests	**198,247**	177,342	184,794	194,207	200,652
Capital and reserves					
Equity attributable to owners of the Company	**824,876**	753,313	605,467	694,114	708,673