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

(incorporated in Hong Kong with limited liability)

(Stock Code: 668)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of Doyen International Holdings Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Note	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
Revenue	*4*	**60,710**	74,534
Purchases		**(20,975)**	(35,937)
Staff costs		**(8,289)**	(8,664)
Short-term leases expenses		**–**	(757)
Other tax expenses		**(2,719)**	(438)
Depreciation of property, plant and equipment		**(5)**	(9)
Depreciation of right-of-use assets		**(1,548)**	(1,125)
Other operating expenses		**(4,856)**	(4,291)
Other gains and losses	*5*	**(1,528)**	5,506
Other income		**671**	645
Profit from operations		**21,461**	29,464
Finance income	*6*	**217**	275
Finance costs	*6*	**(270)**	(37)
Finance income – net	*6*	**(53)**	238

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 June 2022

	Note	Six months ended 30 June **2022** *HK$'000* *(unaudited)*	2021 *HK$'000* *(unaudited)*
Profit before tax		**21,408**	29,702
Income tax expense	*7*	**(7,897)**	(3,090)
Profit for the period		**13,511**	26,612
Attributable to:			
Owners of the Company		**8,349**	19,611
Non-controlling interests		**5,162**	7,001
		13,511	26,612
Earnings per share	*9*	***HK cents***	*HK cents*
Basic and diluted		**0.66**	1.54

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**13,511**	26,612
Other comprehensive (expenses)/income, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(80,588)**	12,038
Total comprehensive income for the period	**(67,077)**	38,650
Attributable to:		
Owners of the Company	**(50,085)**	29,163
Non-controlling interests	**(16,992)**	9,487
	(67,077)	38,650

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Note	**30 June 2022 HK$'000 (unaudited)**	31 December 2021 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**18**	70
Right-of-use assets		**5,321**	1,401
Investment property		**320,058**	335,364
Intangible assets		**7,096**	7,096
Deferred tax assets		**19,775**	20,721
		352,268	364,652
Current assets			
Loan receivables	*10*	**584,136**	657,678
Trade receivables		**17,906**	11,019
Prepayments, deposits and other receivables		**4,968**	6,740
Financial assets at fair value through profit or loss		**9,294**	7,262
Bank and cash balances		**63,140**	40,204
		679,444	722,903
Current liabilities			
Accruals and other payables		**43,473**	29,712
Amounts due to related companies		**988**	1,035
Lease liabilities		**1,904**	1,284
Current tax liabilities		**23,356**	28,222
		69,721	60,253
Net current assets		**609,723**	662,650
Total assets less current liabilities		**961,991**	1,027,302

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2022

	Note	30 June 2022 HK$'000 (unaudited)	31 December 2021 HK$'000 (audited)
Non-current liabilities			
Lease liabilities		**3,359**	172
Deferred tax liabilities		**2,586**	4,007
		5,945	4,179
NET ASSETS		**956,046**	1,023,123
Capital and reserves			
Share capital		**1,174,378**	1,174,378
Reserves		**(399,587)**	(349,502)
Equity attributable to owners of the Company		**774,791**	824,876
Non-controlling interests		**181,255**	198,247
TOTAL EQUITY		**956,046**	1,023,123

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 ("PRC"), provision of secured loan financing, short-term loan business, factoring business 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 (the "Directors") of the Company, as at 30 June 2022, 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The financial information relating to the year ended 31 December 2021 that is included in these unaudited condensed financial statements for the six months ended 30 June 2022 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis with qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

These condensed financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key source of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021 except as stated below.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise individual Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed financial statements. The Group has not early adopted any other standard interpretation or amendment that has been issued but is not yet effective.

4. SEGMENT INFORMATION

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

The CODM reviews the business principally from an industry perspective and has identified four (2021: 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, seedings and plants
Distressed assets management	–	provision of distressed assets management

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

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

The operation of 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd.) ("Shanghai Dongkui") and 東銳商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd.) ("Shanghai Dongrui") represents 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".

4. SEGMENT INFORMATION (continued)

Information about operating segment profit or loss:

	Investment property holding *HK$'000* *(unaudited)*	**Dongkui business** *HK$'000* *(unaudited)*	**Sales of flowers and plants** *HK$'000* *(unaudited)*	**Distressed assets management** *HK$'000* *(unaudited)*	**Total** *HK$'000* *(unaudited)*
Six months ended 30 June 2022					
Disaggregated by timing of revenue recognition					
Point in time	**–**	**–**	**20,629**	**–**	**20,629**
Over time	**7,628**	**32,453**	**–**	**–**	**40,081**
Revenue from external customers	**7,628**	**32,453**	**20,629**	**–**	**60,710**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**
Reportable segment revenue	**7,628**	**32,453**	**20,629**	**–**	**60,710**
Purchases	**(963)**	**–**	**(20,012)**	**–**	**(20,975)**
Depreciation of property, plant and equipment	**(3)**	**(2)**	**–**	**–**	**(5)**
Finance income	**82**	**77**	**–**	**9**	**168**
Finance costs	**(210)**	**–**	**–**	**–**	**(210)**
Income tax expense	**(1,253)**	**(7,582)**	**(154)**	**–**	**(8,989)**
Segment profit/(loss) after tax	**3,604**	**20,743**	**616**	**(3,351)**	**21,612**
Six months ended 30 June 2021					
Disaggregated by timing of revenue recognition					
Point in time	–	–	36,699	–	36,699
Over time	7,685	30,150	–	–	37,835
Revenue from external customers	7,685	30,150	36,699	–	74,534
Inter-segment revenue	–	2,202	–	–	2,202
Reportable segment revenue	7,685	32,352	36,699	–	76,736
Purchases	–	(52)	(35,884)	–	(35,936)
Depreciation of property, plant and equipment	(2)	(210)	–	–	(212)
Finance income	31	199	–	20	250
Finance costs	–	(7)	–	–	(7)
Income tax expense	(1,091)	(1,917)	(82)	–	(3,090)
Segment profit/(loss) after tax	5,492	26,486	815	(3,699)	29,094

4. SEGMENT INFORMATION (continued)

Reconciliation of segment profit or loss:

	Six months ended 30 June 2022 HK$'000 (unaudited)	2021 HK$'000 (unaudited)
Revenue		
Total revenue of reportable segments	**60,710**	76,736
Elimination of inter-segment revenue	**–**	(2,202)
Consolidated revenue	**60,710**	74,534
Profit or loss		
Total profit of reportable segments after tax	**21,612**	29,094
Unallocated amounts:		
Staff costs	**(3,881)**	(4,095)
Depreciation of right-of-use assets	**(736)**	(922)
Fair value gain on financial assets at fair value through profit and loss	**1,418**	4,806
Gain on disposal of subsidiary	**608**	–
Exchange (losses)/gains – net	**(3,958)**	700
Finance income	**49**	25
Finance costs	**(60)**	(30)
Other corporate expenses	**(1,541)**	(2,966)
Consolidated profit after tax for the period	**13,511**	26,612

5. OTHER GAINS AND LOSSES

	Six months ended 30 June 2022 HK$'000 (unaudited)	2021 HK$'000 (unaudited)
Fair value gain on financial assets at fair value through profit or loss	**1,418**	4,806
Gain on disposal of subsidiary	**608**	–
Exchange (losses)/gains – net	**(3,554)**	700
	(1,528)	5,506

6. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Finance income		
Interest income on bank deposits	**217**	275
Finance costs		
Interest on lease liabilities	**(270)**	(37)
Finance income – net	**(53)**	238

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax		
PRC Enterprise Income Tax ("EIT")	**7,897**	3,090

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 June 2022 and 2021.

PRC EIT has been provided at a rate of 25% (2021: same).

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

8. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2022 and 2021.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**8,349**	19,611

	Six months ended 30 June	
	2022	2021
	'000	*'000*
	(unaudited)	*(unaudited)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**1,274,039**	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the six months ended 30 June 2022 and 2021 as the exercise prices of those share options and warrants were higher than the average market price for shares, and, therefore, diluted earnings per share are the same as the basic earnings per share.

10. LOAN RECEIVABLES

	30 June 2022	31 December 2021
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Loan receivables	**594,218**	668,242
Less: Impairment allowances	**(10,082)**	(10,564)
	584,136	657,678
Analysis as:		
Current portion	**584,136**	657,678

As at 30 June 2022, the Group's loans to customers of approximately HK$594.2 million (31 December 2021: approximately HK$668.2 million) were secured by either the plant and equipment or trade receivables of the relevant customers and repayable by instalments within three years (31 December 2021: within three years) from the draw-down dates. The effective interest rate on such loans ranged from 10.0% to 15.4% (31 December 2021: 10.1% to 15.4%) per annum.

As at 30 June 2022, the Group's loan receivables were neither past due nor impaired. These relate to a number of independent customers for whom there is no recent history of default.

As at 30 June 2022, no loan receivables were pledged as security for the Group's bank loans (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For six months ended 30 June 2022, Doyen International Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") recorded revenue of approximately HK$60.7 million (2021: approximately HK$74.5 million), representing a decrease of 18.52%. The COVID-19 pandemic in the first half of 2022 and change in government policy on real estate in the People's Republic of China (the "**PRC**") has led to a decrease in demand for the flowers and plants for property development and related industry, resulting in decrease in revenue of approximately HK$16.1 million from the sales of flowers and plants compared to the same period last year.

For the six months ended 30 June 2022, the Company recorded an operating profit of approximately HK$21.5 million (2021: profit of approximately HK$29.5 million). It was mainly due to the negative impact of foreign exchange and fair value changes for the period. For the six months ended 30 June 2022, the Company recorded a foreign exchange loss of approximately HK$3.6 million (2021: profit of approximately HK$0.7 million). Furthermore, a profit of approximately HK$1.4 million (2021: profit of approximately HK$4.8 million) was generated from financial assets at fair value through profit or loss in the first half of 2022, these two items had a negative impact on operating profit of approximately HK$7.7 million in the first half of 2022.

The profit for the period attributable to owners of the Company for the six months ended 30 June 2022 is approximately HK$8.3 million (2021: approximately HK$19.6 million), representing a decrease of 57.65%.

Dongkui Business

東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co., Ltd.) ("**Shanghai Dongkui**"), a subsidiary in which the Company owns 77.58% equity interest, is principally engaged in the provision of secured loan financing, short-term loan business and factoring business (collectively, the "**Dongkui Business**").

The operating environment has become volatile due to the uncertain impacts of COVID-19 pandemic and the specific policies after the adjustment of the loan financing regulatory system. After careful consideration of the risk assessment of the business environment, and continued to invest the majority of the Company's capital in the factoring business of the Dongkui Business. At the same time, in view of the current financial environment and cost considerations, the Group has chosen to operate with its own funds as the main source of funding. For the first half year of 2022, as the customers repaid their loans on time and its business remained sound and stable, the Dongkui Business 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 over long-term.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

For the six months ended 30 June 2022, the Dongkui Business segment contributed revenue of approximately HK$32.5 million (2021: revenue of approximately HK$32.4 million), representing an increase of approximately 0.31%. This segment has recorded profit after tax of approximately HK$20.7 million (2021: profit after tax of approximately HK$26.5 million).

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$5.3 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.

Short-term Loan Business

Shanghai Dongkui is now providing short-term loan business for a company, namely 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd ("**Dan Zhou Zhongcheng**.")) with a project amount of RMB25 million (equivalent to approximately HK$29.3 million).

On 20 September 2021, Dan Zhou Zhongcheng has paid interest of approximately RMB1.0 million (equivalent to approximately HK$1.1 million) to Shanghai Dongkui as an installment of payment. However, on 22 October 2021, Dan Zhou Zhongcheng has not repaid the loan of RMB25 million (equivalent to approximately HK$29.3 million) together with all outstanding accrued interest (i.e. interest of approximately RMB0.3 million (equivalent to approximately HK$0.4 million) on the last instalment of payment), totalling approximately RMB25.3 million (equivalent to approximately HK$29.6 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.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring/Refactoring Business

On 15 April 2021, 東銳商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Co., Limited ("**Shanghai Dongrui**"), a wholly owned subsidiary of Shanghai Dongkui, 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$26.9 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$24.0 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 14 April 2022, Shanghai Dongrui has recovered all the principal and interest from Chongqing Jia Wang.

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$21.7 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$19.3 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 30 May 2022, Shanghai Dongrui has recovered all the principal and interest from Chongqing Jia Wang.

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$37.5 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 approximately RMB28.6 million (equivalent to approximately HK$33.5 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.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring/Refactoring Business (continued)

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$38.6 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$34.5 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$20.1 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$18.9 million) and an interest rate of 12.00% per annum.

On 29 October 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 RMB31.6 million (equivalent to approximately HK$37.0 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$33.4 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$65.6 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$59.4 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.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring/Refactoring Business (continued)

On 10 November 2021, Shanghai Dongrui entered into a refactoring agreement with 磐嶼商業保理有限公司 (for identification purpose, Pun Yu Commercial Factoring Ltd.) ("**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$68.5 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$61.9 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$68.2 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 million (equivalent to approximately HK$60.9 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 重慶潮豐聯物資有限公司 (for identification purpose, Chongqing Chaofung United Material Supplies Limited ("**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$67.3 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 million (equivalent to approximately HK$60.9 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.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring/Refactoring Business (continued)

On 16 November 2021, Shanghai Dongrui entered into a factoring agreement with 廣東大地鋼鐵有限公司 (for identification purpose, Guangdong Dadi Iron Supplies Limited ("**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$62.2 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 million (equivalent to approximately HK$56.2 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 million (equivalent to approximately HK$52.7 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 approximately RMB40.7 million (equivalent to approximately HK$47.7 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 上海翊眩實業有限公司 (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$48.5 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 million (equivalent to approximately HK$43.3 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$9.5 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 million (equivalent to approximately HK$9.4 million) and an interest rate of 12.00% per annum. On 10 January 2022, Shanghai Dongrui has recovered all the principal and interest from Chongqing Baicui.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring/Refactoring Business (continued)

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$27.2 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 million (equivalent to approximately HK$26.9 million) and an interest rate of 12.00% per annum. On 10 January 2022, Shanghai Dongrui has recovered all the principal and interest from Shanghai Hongxuan.

On 15 April 2022, 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 RMB7.8 million (equivalent to approximately HK$9.1 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 RMB7.0 million (equivalent to approximately HK$8.2 million) and an interest rate of 12.00% per annum.

On 15 April 2022, Shanghai Dongrui entered into a factoring agreement with Chongqing Fanhai, pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB11.2 million (equivalent to approximately HK$13.1 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 approximately RMB10.0 million (equivalent to approximately HK$11.7 million) and an interest rate of 12.00% per annum.

On 29 June 2022, Shanghai Dongrui entered into a refactoring business with 江蘇鵬輝融資租賃有限公司 (for identification purpose, Jiangsu Penghui Financial Leasing Co., Ltd. ("**Jiangsu Penghui**")), pursuant to which, Shanghai Dongrui agreed to provide financing secured by the accounts receivables of approximately RMB16.7 million (equivalent to approximately HK$19.6 million) assigned to Jiangsu Penghui from the factoring customers of Jiangsu Penghui for a term of 1 year from the date of execution of the refactoring agreement, with the refactoring principal amount of RMB15.1 million (equivalent to approximately HK$17.7 million) and an interest rate of 10.63% per annum. For further details, please refer to the announcement of the Company dated 29 June 2022.

BUSINESS REVIEW (continued)

Distressed Assets Management

In December 2020, the wholly-owned subsidiary of Shanghai Dongkui, wholly-owned acquired安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd.) ("**Anxin Wanbang**") with a cash amount of RMB0.6 million (equivalent to approximately HK$0.7 million). On the date of acquisition, the net liabilities of Anxin Wanbang were RMB1.7 million (equivalent to approximately HK$2.0 million), the purchase price was RMB0.6 million (equivalent to approximately HK$0.7 million), and registered capital of of Anxin Wanbang was RMB50 million (equivalent to approximately HK$58.6 million). Anxin Wanbang is principally engaged in provision of distressed assets management.

Since the acquisition, Anxin Wanbang's team has explored two business models for the distressed assets management business, studying a number of projects and exploring how to take the business forward in compliance with relevant regulations. However, in the implementation of these two models, we have not been able to find a suitable business model solution for the Company and a project with a high return and low risk. In view of this, in June 2022, Shanghai Dongkui, a 77.58% owned subsidiary of the Company, disposed (the "**Disposal**") its entire interest in Anxin Wanbang for a consideration of RMB0.1 million (equivalent to approximately HK$0.1 million). This was a way to terminate the labour relationship with the team members of Anxin Wanbang and at the same time, to delineate the risks faced by the Company.

For the six months ended 30 June 2022, the Group's distressed assets management segment has no contributed revenue (2021: nil). Meanwhile, this segment has recorded a loss after tax of approximately HK$3.4 million for the six months ended 30 June 2022 (2021: loss after tax of approximately HK$3.7 million). At present, the Company is continuing to identify suitable professional teams and business models to develop its distressed assets management business.

Property Investment Holding

重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Ltd.) ("**Chongqing Baoxu**"), a subsidiary of which 70% equity interest is owned by the Company, is principally engaged in the investment holding of Dong Dong Mall ("**Dong Dong Mall**"), a shopping arcade for commercial use and located at No.2, Second Lane, Nanping East Road, Nanan District, Chongqing in the PRC with a total gross floor area of 18,043.45 square metres. 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.

BUSINESS REVIEW (continued)

Property Investment Holding (continued)

In the first half of 2022, the ever-evolving COVID-19 pandemic situation continues to affect Chongqing repeatedly, the overall consumer sentiment of the people decreased and people demand for outbound consumption and shopping decreased. In order to mitigate its impact, Dong Dong Mall wished to maintain good relations among tenants by reducing rents to relieve tenants' pressure, thus provided a total of approximately RMB0.2 million (equivalent to approximately HK$0.2 million) rental waiver to the tenants in the first half of 2022, which accounted for 2.66% of the revenue of Dong Dong Mall in the first half of 2022.

For the six months ended 30 June 2022, the Group's property investment segment has contributed revenue of approximately HK$7.6 million (2021: approximately HK$7.7 million). For the six months ended 30 June 2022, this segment has recorded a profit after tax of approximately HK$3.6 million (2021: profit after tax of approximately HK$5.5 million), in the first half of 2022, renovation works were carried out to develop diversified rental income Dong Dong Mall at a cost of approximately HK$0.8 million (2021: nil), the cost of the renovation works was the main reason for the decrease in profit after tax compared to the same period last year.

Sales of Flowers and Plants

Since December 2019, Chongqing Baoxu has managed its property value-added business with a focus on the sales of flowers and plants, therefore it has established a sales of flowers and plants department which is mainly responsible for the integrated management of flowers and plants procurement, sales and after-sales services and proactively develops value-added service income items of the sales of flowers and plants and explores the sales market in the PRC. In the first half of 2022, there was a significant reduction in demand for flowers and plants due to changes in the PRC real estate policy and the recurrence of COVID-19 pandemic outbreak. Chongqing Baoxu strived to explore other sales channels and expects demand for flowers and plants to grow and return to previous levels in the second half of 2022 as the real estate and related sectors are stabilised and stimulated.

For the six months ended 30 June 2022, the Group's sales of flowers and plants segment has contributed revenue of approximately HK$20.6 million (2021: approximately HK$36.7 million). For the six months ended 30 June 2022, this segment has recorded a profit after tax of approximately HK$0.6 million (2021: profit after tax of approximately HK$0.8 million).

PROSPECTS

In the first half of 2022, the sporadic outbreak of the COVID-19 pandemic in the PRC has had a significant impact on domestic production, consumer demand as well as imports and exports, adversely affecting the PRC economy. Internationally, with the continued geopolitical conflicts and increasing overseas demand uncertainty, the gradual tightening of United States Federal Reserve policy has led to an inverse interest rate peg between the United States and the PRC. Under the influence of multiple factors, the PRC has been facing increasing economic risks. The PRC government has introduced a series of policies to stabilize growth and support economic development. As the bloodline of the economy, since this year, the PRC has continued to guide financial institutions to increase their efforts in supporting the financing of the real economy to ensure the steady development of the PRC economy. Looking ahead to the second half of the year, growth stabilization remains a priority for the PRC government and financial policy is expected to remain focused on serving the real economy, particularly in key areas that support the smooth circulation of the national economy, and financial support is expected to be stepped up as well. Facing the uncertainties in economic development, the Group will closely follow the direction of the national industrial policy, prudently grasp the market investment opportunities and make timely adjustments to the Group's business layout in order to seek development in a stable manner. In addition, if the pandemic situation continues to improve in the second half of the year, with more growth stabilization policies and increased government subsidies for the property sector, the Group expects a gradual recovery in its results.

DONGKUI BUSINESS

During the first half of 2022, home quarantine was implemented in Shanghai, the PRC in view of the COVID-19 pandemic. The Group has followed the regulation requirements to implement the work from home arrangement for its employees. Although the arrangement has hindered the development of recruiting new customers for Dongkui Business in the first half of the year, the Dongkui Business remained stable as customers made their payments on time and business operations remained robust.

Loan Financing Business

On 14 January 2022, the PRC, together with the Banking and Insurance Regulatory Commission, have amended the "Provisional Measures for the Administration of the Acceptance, Discounting and Rediscounting of Commercial Notes", and formed the "Provisional Measures for the Administration of the Acceptance, Discounting and Rediscounting of Commercial Notes (Draft for Public Comments)", further regulating the acceptance, discounting and rediscounting of commercial bills of exchange, which is conducive to promoting the healthy development of bills business and better serving the real economy. With the continuous deepening and refinement of industry regulation, this will effectively promote the regulated development of the loan financing industry and accelerate the industry integration, providing a clear direction for the development of loan financing companies that operate in a compliant and standardized manner and driving the positive development of the industry.

DONGKUI BUSINESS (CONTINUED)

Loan Financing Business (continued)

While strengthening the regulation of the financial industry, the PRC government has also introduced a series of policies to support the development of the loan financing industry. On 24 May 2022, the State Council issued a circular on the "A Package of Policies and Measures to Stabilize the Economy", proposing to increase support for small and medium-sized loans for the general public, instruct financial institutions and large enterprises to support financing such as pledging of accounts receivable of Small and Medium-sized Enterprises (**SMEs**), expedite the amendment of the system to shorten the acceptance period of commercial bills of exchange from 1 year to 6 months, and increase the rediscounting support for supply chain financing and cooperation between banks and enterprises to support the integration and development of small, medium and large enterprises. On 2 June 2022, the PRC and the state administration of foreign exchange held a press conference to explain the financial policies on economy stabilization deployed at the state council executive meeting, which explicitly proposes the innovation and optimization of commercial bills of exchange, accounts receivable financing, financing guarantees, special financial bonds and other instruments, and the increase of support for micro and small enterprises financing; the continuous guidance for financial institutions in enhancing the stability of total credit growth and increase credit support for key areas such as water conservancy, transportation, energy and other infrastructure construction and major projects through the establishment of a government-bank-enterprise docking mechanism. Specifically in Shanghai, on 28 March 2022, the "Several Policies and Measures to Combat the Pandemic and Promote the Development of Enterprises in Shanghai" published by the general office of Shanghai municipal people's government highlighted the enhancement of the creditworthiness of financing guarantees, increase of support for inclusive finance, and the promotion of fee reductions and concessions for financial institutions to alleviate the difficulties of SMEs. The introduction of the relevant policies has provided direction for the business development of loan financing companies, which is conductive to guiding loan financing companies to carry out loan financing business in areas that are in line with the national and Shanghai's industrial development guidelines and provide financing support for the real economy.

In the future, the Group will accurately study the industry development trends in accordance with the direction of the PRC policies and, on the basis of risk prevention and control, continue to innovate its service approach, enrich its service tools and improve its service capabilities, as well as choose projects with more reliable ratings, adequate guarantees and manageable risks by assessing the profitability, financial and credit profile of the enterprise, so as to serve the development of real economy in a better way. At the same time, the Group will also fully leverage on the strengths and advantages of its existing resources to develop its service approach and improve its business layout, with a view to continuously improving its overall comprehensive operating capability.

DONGKUI BUSINESS (CONTINUED)

Short-term Loan Business

In terms of short-term loan business, on 7 January 2022, the PRC banking and insurance regulatory commission published the "Management Measures for Project Companies of Finance Leasing Companies", which regulates the financing leasing business carried out by finance leasing companies by way of project companies with a sound and improved regulatory regime for the business of finance leasing companies to strengthen risk prevention and promote sustainable business development. On 15 February 2022, the PRC banking and insurance regulatory commission published the "Regulatory Procedures for Off-site Supervision of Financial Leasing Companies" which clarifies the division of responsibilities for off-site supervision of financial leasing companies, and standardizes the procedures, contents, methods and reporting paths of off-site supervision to improve the off-site supervision reporting system. The gradual improvement of the relevant regulatory rules for financial leasing companies will further facilitate the standardized development of the financial leasing industry.

In the future, Shanghai Dongkui will continue to strictly comply with the regulatory requirements and, on the basis of legal compliance and reasonable control of short-term risks, prudently consider increasing short-term loan business and developing more diversified sources of business income in order to enhance the professional service capability of short-term loan business and promote the healthy development of short-term loan business.

Factoring/Refactoring Business

Commercial factoring companies are born with the function of serving the real economy and providing financing services to small, medium and micro enterprises. With the development of supply chain finance and favourable policies to support the financing of SMEs, the commercial factoring industry has a bright development prospect. In the first half of 2022, in view of the impact of the COVID-19 pandemic, the PRC government introduced a series of policies to support the development of supply chain finance to solve the financing difficulties of small and micro enterprises.

On 29 March 2022, the Shanghai municipal financial regulatory bureau published the "Several Opinions on the Further Support for the Prevention and Control of the COVID-19 Pandemic and Economic and Social Development by Shanghai Local Financial Organizations" ("**Several Opinions**"), which encourages and supports microfinance companies to raise capital through issuing bonds, shareholder loans, peer-to-peer lending, and issuing asset securitization products based on loans granted by the company to serve the real economy; encourages and supports financial institutions in the banking sector to strengthen cooperation with local financial organizations, provides financing support to local financial organizations that operate in compliance with the law, increases the credit lines for small loan companies, finance leasing and commercial factoring, and reduces financing costs. In addition, the Several Opinions also propose to appropriately adjust the regulatory tolerance for the relevant financial institutions. For example, financial leasing companies and commercial factoring companies may relax the assessment requirements on indicators such as business concentration, non-performing ratio and risk reserve ratio as appropriate; in principle, overdue payments and payments in lieu of reimbursement due to the pandemic, as well as reduced profits due to reasonable concessions, will not affect the grading in the regulatory ratings.

DONGKUI BUSINESS (CONTINUED)

Factoring/Refactoring Business (continued)

In the future, Shanghai Dongkui will choose its investments prudently according to the economic situation, continue to explore new factoring business areas and enrich its business income sources so as to serve the real economy continuously. At the same time, the Group will make full use of the customer credit data and payment clearing data accumulated in its own business system to continuously improve its risk prevention and control capabilities, and actively promote the integration of financial technology with factoring business to enhance the convenience and efficiency of business operations and promote the quality development of the Group's factoring/refactoring business.

Distressed Assets Management Business

The outbreak of the COVID-19 pandemic and the downturn in economic growth have further increased the supply of distressed assets and the demand for their disposal. The Company believes that the business outlook for distressed assets management business remains positive. The key success factor for the future development of the distressed assets management business lies in finding the right team of talents and designing a business model that suits the rules of listed companies to develop various types of distressed asset businesses.

At present, the Company is looking for a suitable team to design and optimise a business model that suits the management parameters and management characteristics of a listed company, and to find more and better project options, which we believe can contribute to the sustainable development of the Company.

Property Investment Holding

Chongqing's overall economic development slowed down amidst the impact of the COVID-19 pandemic. To stimulate consumption, on 1 March 2022, the National Development and Reform Commission, together with the relevant departments issued the "Measures to Implement the "Several Policies to Promote the Recovery of Difficult Industries in the Service Sector"" to support the recovery of service industries with special difficulties that were more severely affected by the pandemic, such as catering, retail, culture and tourism. However, due to the impact of the pandemic on people's income, consumer spending tends to be conservative, and consumption in large shopping malls still take time to recover. In addition, the development of e-commerce also has had an impact on the operation of traditional shopping malls, further inhibiting the development of offline shopping malls.

Property Investment Holding (continued)

Dong Dong Mall, a property held by the Group, is located in a shopping mall located at No.2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC. In addition to meeting people's shopping needs, it also provides consumers with a full range of facility services for dining and entertainment, as well as a wide range of shops, including fashion boutiques, restaurants and lifestyle centres. In recent years, in response to the impact of online consumerism, Dong Dong Mall has continued to broaden its business by adding parent-child entertainment items to achieve transformational development.

On 1 June 2022, Chongqing officially published the "Implementation Plan for the Establishment of a Child-Friendly City in Chongqing" to clarify the establishment of a child-friendly city and propose that Chongqing will improve its children's policy system, optimize public services for children, strengthen the protection of children's rights, expand the space for children's growth and improve the environment for children's development. Improvements in the fertility environment are expected to boost fertility intentions. In the short term, the COVID-19 pandemic has dampened fertility intentions, but in the medium to long term, the number of newborns will increase, which will in turn boost the maternity and parenting markets.

Dong Dong Mall 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 to attract customers and tenants. In the first half of the year, Dong Dong Mall offered rent reductions to the tenants to tide over the tough times. Looking ahead to the second half of the year, consumer confidence is expected to recover slowly with the improvement in the pandemic, and the results of Dong Dong Mall are expected to improve. In the long run, with the implementation of the three-child policy and the promotion of a child-friendly city, Dong Dong Mall is expected to continue to benefit, bringing more potential customers to the Company and boosting its profitability.

Sales of Flowers and Plants

Under the "Dual Carbon" objective, the Chongqing municipal government has continued to promote the green transformation of economic and social development, continuously driving the demand for greening in urban buildings. On 10 January 2022, the Housing and urban-rural development committee of Chongqing city published the "Chongqing Green Building "14th Five-Year" Plan (2021-2025)", which stated that Chongqing will strive to increase the proportion of green buildings in new construction in urban areas from 57.24% in 2020 to 100% in 2025; the proportion of green building materials used in new construction in the city will exceed 70%. On 10 March, the official website of the Chongqing municipal economic and information commission has issued a notice, mentioning that in 2022, Chongqing will foster the creation of 50 municipal-level green factories and 5 municipal-level green industrial parks. The development of green buildings and green industrial parks will create a huge demand for gardening and floral market in Chongqing, which is estimated to be beneficial to the gardening industry in Chongqing in the long run and relatively it will also benefit Chongqing Baoxu, a subsidiary of the Group.

Chongqing Baoxu has positioned itself as a supplier of 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. Against the backdrop of the Chongqing Municipal Government's long-term promotion of green building development, the Group's business of sales of flowers and plants have good prospects.

In the future, Chongqing Baoxu will continue to develop with innovation and, according to the policy direction of Chongqing city, expand its sales channels to constantly expand the flower and plant market, while supporting the construction of an ecological civilisation in Chongqing, it will also identify more extensive areas for its organic growth and bring more returns to its shareholders.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total of 30 (31 December 2021: 30) full-time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. The Group's remuneration package includes basic salaries, sales incentives (which are only payable to certain operational staff), medical insurance plans and retirement benefit schemes. Discretionary bonus and share options may be granted to eligible employees based on the performance of the Group and individual employees.

The emoluments of the directors ("**Directors**") are determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics.

The Company encourages its employees to enhance their competence, and also provides training to improve working capabilities of staff members and creates opportunities for long-term growth of employees.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had bank and cash balances of approximately HK$63.1 million as at 30 June 2022 (31 December 2021: approximately HK$40.2 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 30 June 2022, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 9.7 (31 December 2021: approximately 12.0).

As at 30 June 2022, the Group had no gearing ratio (2021: 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 30 June 2022 and 31 December 2021, the Group's gross debt had not exceeded cash and cash equivalents.

Capital structure

As at 30 June 2022, the Group had no current and non-current borrowings (31 December 2021: nil).

The Group did not use any derivatives to hedge its exposure to interest rate risks for the six months ended 30 June 2022 and the year ended 31 December 2021. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 30 June 2022, the Group had no pledged asset (2021: nil).

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 instruments to hedge its exposure to foreign exchange risks.

Contingent Liabilities or Commitments

As at 30 June 2022 and 31 December 2021, 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (continued)

FINANCIAL REVIEW (continued)

Interim dividend

The board (the "**Board**") of Directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares for the six months ended 30 June 2022.

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 the development of the Group and to safeguard the interests of the shareholders. The Directors are of the opinion that the Company has complied with the code provisions ("**Code Provision**") as set out in the Code on Corporate Governance Practices (the "**CG Code**") in Appendix 14 of Listing Rules ("**Listing Rules**") throughout the six months ended 30 June 2022, save for deviations from Code Provision A.4.1 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 considered 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.

The Company regularly reviews its corporate governance practices to ensure its compliance with the CG Code and its alignment with the latest development.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the model code ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") comprised all three independent non-executive Directors, namely, Mr. Chan Ying Kay, Mr. Leung Kin Hong and Mr. Wang Jin Ling with written terms of reference in compliance with the Listing Rules.

The Audit Committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 June 2022 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that such financial information has been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the interim report.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2022 is published on both the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.doyenintl.com). The interim report of the Company for the six months ended 30 June 2022 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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

Hong Kong, 10 August 2022

As at the date of this announcement, the Board comprises Mr. Lo Siu Yu (Chairman), Mr. Tai Xing (Chief Executive Officer) and Mr. Cho Chun Wai as executive Directors; Mr. Pan Chuan and Ms. Sun Lin as non-executive Directors; and Mr. Chan Ying Kay, Mr. Leung Kin Hong and Mr. Wang Jin Ling as independent non-executive Directors.