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 2021

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 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2021

	Note	**Six months ended 30 June 2021** HK$'000 (unaudited)	2020 HK$'000 (unaudited)
Revenue	4	**74,534**	15,809
Purchases		**(35,937)**	(6,374)
Staff costs		**(8,664)**	(7,288)
Short-term leases expenses		**(757)**	–
Other tax expenses		**(438)**	(19)
Depreciation of property, plant and equipment		**(9)**	(11)
Depreciation of right-of-use assets		**(1,125)**	(859)
Other operating expenses		**(4,291)**	(2,773)
Other gains and losses	5	**5,506**	(6,202)
Other income		**645**	37
Profit/(Loss) from operations		**29,464**	(7,680)
Finance income	6	**275**	48,589
Finance costs	6	**(37)**	(6,682)
Finance income – net	6	**238**	41,907

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Note	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
Profit before tax		**29,702**	34,227
Income tax expense	*7*	**(3,090)**	(1,597)
Profit for the period		**26,612**	32,630
Attributable to:			
Owners of the Company		**19,611**	24,565
Non-controlling interests		**7,001**	8,065
		26,612	32,630
Earnings per share	*9*		
		HK cents	*HK cents*
Basic and diluted		**1.54**	1.93

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**26,612**	32,630
Other comprehensive income/(expenses), net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**12,038**	(16,875)
Total comprehensive income for the period	**38,650**	15,755
Attributable to:		
Owners of the Company	**29,163**	481
Non-controlling interests	**9,487**	15,274
	38,650	15,755

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Note	**30 June 2021** **HK$'000** **(unaudited)**	31 December 2020 *HK$'000* *(audited)*
Non-current assets			
Property, plant and equipment		**94**	67
Right-of-use assets		**3,192**	4,178
Investment property		**312,748**	308,880
Intangible assets		**7,096**	7,096
Goodwill		**2,049**	2,049
Loan receivables	*10*	**–**	1,703
Deferred tax assets		**33,628**	33,236
		358,807	357,209
Current assets			
Loan receivables	*10*	**573,570**	502,178
Trade receivables		**14,082**	5,466
Prepayments, deposits and other receivables		**18,632**	9,374
Financial assets at fair value through profit or loss		**15,289**	8,712
Bank and cash balances		**43,503**	146,099
		665,076	671,829
Current liabilities			
Accruals and other payables		**31,613**	35,385
Lease liabilities		**2,675**	3,299
Current tax liabilities		**15,290**	54,316
		49,578	93,000
Net current assets		**615,498**	578,829
Total assets less current liabilities		**974,305**	936,038

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2021

	30 June 2021	31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Non-current liabilities		
Lease liabilities	**635**	1,045
Deferred tax liabilities	**4,365**	4,338
	5,000	5,383
NET ASSETS	**969,305**	930,655
Capital and reserves		
Share capital	**1,174,378**	1,174,378
Reserves	**(391,902)**	(421,065)
Equity attributable to owners of the Company	**782,476**	753,313
Non-controlling interests	**186,829**	177,342
TOTAL EQUITY	**969,305**	930,655

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"), and provision of distressed assets management, investment holding and sales of flowers and plants.

In the opinion of the directors (the "Directors") of the Company, as at 30 June 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 condensed 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 2020 that is included in these unaudited condensed financial statements for the six months ended 30 June 2021 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 2020 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 2020 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 2020 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 2021. 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 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, short-term loan business and factoring business
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 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**
Six months ended 30 June 2020					
Disaggregated by timing of revenue recognition					
Point in time	–	–	6,606	–	6,606
Over time	4,891	4,312	–	–	9,203
Revenue from external customers	4,891	4,312	6,606	–	15,809
Inter-segment revenue	–	152	–	–	152
Reportable segment revenue	4,891	4,464	6,606	–	15,961
Purchases	–	–	(6,374)	–	(6,374)
Depreciation	(2)	(178)	–	–	(180)
Finance income	11,345	15,677	–	–	27,022
Finance costs	(1,032)	(68)	–	–	(1,100)
Income tax expense	(317)	(586)	–	–	(903)
Segment profit after tax	13,884	17,085	232	–	31,201

4. SEGMENT INFORMATION (continued)

Reconciliation of segment profit or loss:

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Revenue		
Total revenue of reportable segments	**76,736**	15,961
Elimination of inter-segment revenue	**(2,202)**	(152)
Consolidated revenue	**74,534**	15,809
Profit or loss		
Total profit of reportable segments after tax	**29,094**	31,201
Unallocated amounts:		
Staff costs	**(4,095)**	(4,946)
Depreciation of right-of-use assets	**(922)**	(690)
Fair value gain/(loss) on financial assets at fair value through profit and loss	**4,806**	(1,773)
Exchange gain/(loss) – net	**700**	(4,429)
Finance income	**25**	21,567
Finance costs	**(30)**	(5,582)
Other corporate expenses	**(2,966)**	(2,718)
Consolidated profit after tax for the period	**26,612**	32,630

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Fair value gain/(loss) on financial assets at fair value through profit or loss	**4,806**	(1,773)
Exchange gain/(loss) – net	**700**	(4,429)
	5,506	(6,202)

6. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Finance income		
Interest income on bank deposits	**275**	146
Interest income on loans to a related company	**–**	48,443
	275	48,589
Finance costs		
Interest on bank loans	**–**	(1,032)
Interest on other borrowings – bonds	**–**	(5,520)
Interest on lease liabilities	**(37)**	(130)
	(37)	(6,682)
Finance income – net	**238**	41,907

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax		
PRC Enterprise Income Tax ("EIT")	**3,090**	1,597

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 June 2021 and 2020.

PRC EIT has been provided at a rate of 25% (2020: same).

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 10% (2020: same) on the gross interest income from a related party.

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

8. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2021 and 2020.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	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)	**19,611**	24,565

	Six months ended 30 June	
	2021	2020
	'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 2021 and 2020 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	31 December
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Loan receivables	**645,936**	575,404
Less: Impairment allowances	**(72,366)**	(71,523)
	573,570	503,881
Analysis as:		
Non-current portion	**–**	1,703
Current portion	**573,570**	502,178
	573,570	503,881

As at 30 June 2021, the Group's loans to customers comprise the following:

(a) Loans to customers of approximately HK$573.6 million (31 December 2020: approximately HK$575.4 million) were secured by the plant and equipment or trade receivables of the relevant customers and repayable by instalments within one to three years (31 December 2020: within three years) from the draw-down dates. The effective interest rate on such loans ranged from 10.0% to 15.4% (31 December 2020: 10.1% to 15.4%) per annum.

As at 30 June 2021, 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 2021, no loan receivables were pledged as security for the Group's bank loans (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For six months ended 30 June 2021, Doyen International Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") recorded revenue of approximately HK$74.5 million (2020: approximately HK$15.8 million), representing an increase of 371.5%. After the Company recovered the principal and interest on a loan receivable from a related company in October 2020, the Group invested the funds in the factoring business and the sales of flowers and plants business. With sufficient capital and our staff's efforts in exploring customers, the factoring business and the sales of flowers and plants business recorded a significant increase in revenue in the first half of 2021.

For the six months ended 30 June 2021, the Company recorded an operating profit of approximately HK$29.5 million (2020: loss of approximately HK$7.7 million). The turnaround was mainly due to the positive impact of foreign exchange and fair value changes, in addition to the increase in revenue for the period. For the six months ended 30 June 2021, the Company recorded a foreign exchange profit of approximately HK$0.7 million (2020: loss of approximately HK$4.4 million). Furthermore, a profit of approximately HK$4.8 million (2020: loss of approximately HK$1.8 million) was generated from financial assets at fair value through profit or loss in the first half of 2021.

The profit for the period attributable to owners of the Company for the six months ended 30 June 2021 is approximately HK$19.6 million (2020: approximately HK$24.6 million), representing a decrease of 20.3%. As in the first half of 2020, the Company still has a loan receivable from a related company with a principal amount of RMB420 million (equivalent to approximately HK$504.8 million), which bears an interest rate of 15.5% (including 5% as default interest rate), the principal and interest receivable of which was settled in October 2020, and the amount of interest receivable contributed to an unusual financial income in the first half of 2020 and therefore resulted in a higher profit in the first half of last year.

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, the principal and interest on a loan receivable from a related company recovered in October 2020 was put into 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. For the first half year of 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 over long-term.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Loan Financing Business

In respect of the engagement in loan financing, which is referred to as leaseback in the People's Republic of China (the "PRC"), Shanghai Dongkui will continue to select projects with relatively reliable grading, sufficient security and controllable risks through assessment of profit, financial and credit status of enterprises. The registered capital of Shanghai Dongkui amounted to US$51.3 million (equivalent to approximately HK$400.1 million).

Shanghai Dongkui is now providing loan financing to one hospital, an independent third hospital with project amount of RMB40 million (equivalent to approximately HK$48.1 million). The effective interest rate of Shanghai Dongkui's loan financing ranged from 10.0% to 15.4% (31 December 2020: 10.1% to 15.4%). Among the loan financing of the above hospital, one will expire in 2021 and one will expire in 2022. During the year, all the customers have excellent repayment records and each project amount and interest are collected on time. Decrease in loan financing income was mainly attributable to the Group's operating strategy. The uncertainty of the current economy has increased the risk of the finance lease business, which has an average placement period 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 placement period. As such, the number of completed sizeable loan financing project reduced in the first half of 2021.

Short-term Loan Business

Shanghai Dongkui is now providing short-term loan financing to two companies, namely 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") with project amount of RMB40 million (equivalent to approximately HK$48.1 million) and 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd.) with project amount of RMB25 million (equivalent to approximately HK$30.1 million), among which, the loans of one company will be due in October 2021. Regarding Shaanxi Taibai's default of the agreement, on 6 November 2020, Shanghai Dongkui received a judgment from Shanghai Pudong New District People's Court dated 26 October 2020 regarding the legal proceeding in its favour. For details, please refer to the announcement dated 10 November 2020.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring Business

In May 2020, the Company established 東銳商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd.) ("Shanghai Dongrui") (a wholly owned subsidiary of Shanghai Dongkui) with a registered capital of RMB50 million (equivalent to approximately HK$60.1 million). It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

On 26 March 2021, Shanghai Dongrui entered into a supplemental agreement to the factoring agreement with 綿陽華藍建設工程有限公司 (for identification purpose, Kum Yang Wa Nan Building and Constructions Ltd.) ("Kum Yang") to amend certain terms of the factoring agreement to extend the financing term to which the expiry date of the financing term was revised from 27 March 2021 to 27 September 2021. While the accounts receivable and interest rate remain unchanged, Shanghai Dongrui and Kum Yang has confirmed that the consideration should be reduced from approximately RMB50.5 million (equivalent to approximately HK$60.7 million) to approximately RMB48.0 million (equivalent to approximately HK$57.7 million) (the "New Consideration") for the transfer of all the accounts receivable. The aggregate of the difference of the consideration and the New Consideration, i.e. approximately RMB2.5 million (equivalent to approximately HK$3.0 million) and the interest incurred during the period from 28 December 2020 to 27 March 2021 i.e. approximately RMB67.5 thousand (equivalent to approximately HK$81.1 thousand) being approximately RMB2.6 million (equivalent to approximately HK$3.1 million) has been paid by Kum Yang to Shanghai Dongrui on 27 March 2021.

On 26 March 2021, Shanghai Dongrui entered into the 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 2020 re-factoring agreement to extend the financing term to which the expiry date of the financing term was revised from 27 March 2021 to 27 September 2021. While the accounts receivable and interest rate remains unchanged, Shanghai Dongrui and Pun Yu have confirmed that the consideration should be reduced from approximately RMB40.3 million (equivalent to approximately HK$48.4 million) to approximately RMB38.3 million (equivalent to approximately HK$46.0 million) for the transfer of all the accounts receivable. The aggregate of the difference of the consideration and the new consideration, i.e. approximately RMB1.9 million (equivalent to approximately HK$2.3 million) and the interest incurred during the period from 28 December 2020 to 27 March 2021 i.e. approximately RMB48.8 thousand (equivalent to approximately HK$58.7 thousand) being approximately RMB2.0 million (equivalent to approximately HK$2.4 million) has been paid by Pun Yu to Shanghai Dongrui on 27 March 2021.

BUSINESS REVIEW (continued)

Dongkui Business (continued)

Factoring Business (continued)

On 26 March 2021, Shanghai Dongrui entered into the 2021 re-factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Pun Yu from the factoring customers of Pun Yu for a period of 200 calendar days from the date of signing of the re-factoring agreement with the factoring principal amount of approximately RMB18.7 million (equivalent to approximately HK$22.5 million) and an interest rate of 10.10% per annum.

On 26 March 2021, Shanghai Dongrui and 中豪商業保理有限公司 (for identification purpose, Chung Ho Commercial Factoring Ltd.) ("Chung Ho") entered into the re-factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Chung Ho from the factoring customers of Chung Ho for a period of 200 calendar days from the date of signing of the re-factoring agreement with the factoring principal amount of approximately RMB21.5 million (equivalent to approximately HK$25.8 million) and an interest rate of 10.10% per annum.

On 15 April 2021, Shanghai Dongrui and 重慶嘉望商貿有限公司 (for identification purpose, Chongqing Jia Wang Trading Ltd.) ("Chongqing Jia Wang") entered into the factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Chongqing Jia Wang from the factoring customers of Chongqing Jia Wang for a period of one year from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB20.5 million (equivalent to approximately HK$24.6 million) and an interest rate of 12% per annum.

For the six months ended 30 June 2021, the Dongkui Business segment contributed revenue of approximately HK$32.4 million (2020: approximately HK$4.5 million) and recorded profit after tax of approximately HK$26.5 million (2020: approximately HK$17.1 million).

BUSINESS REVIEW (continued)

Distressed Assets Management

In December 2020, Shanghai Dongkui, a 77.58% owned subsidiary of the Company, acquired 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd.) ("Anxin Wanbang"), with a cash amount of RMB60 thousand (equivalent to approximately HK$72.1 thousand). On the date of acquisition, the net liabilities of Anxin Wanbang were RMB1.7 million (equivalent to approximately HK$2.0 million),the purchase price was RMB60 thousand (equivalent to approximately HK$72.1 thousand), and registered capital of Anxin Wanbang was RMB50 million (equivalent to approximately HK$60.1 million). Anxin Wanbang is principally engaged in provision of distressed assets management.

There was no significant adverse impact of the COVID-19 on the distressed assets management business during the first half year of 2021. For the six months ended 30 June 2021, the Group's distressed assets management segment has no contributed revenue (2020: nil). Meanwhile, this segment has recorded a loss after tax of approximately HK3.7 million for the six months ended 30 June 2021 (2020: nil). Anxin Wanbang is currently in the stage of team building and market development and therefore no business revenue was generated in the first half of the year.

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 2021, the COVID-19 control and preventive measures taken in the country had achieved tangible results, and the citizens had gradually resumed their normal lifestyles, and the demand for outbound consumption and shopping rebounded. The merchants of Dong Dong Mall, which is held by Chongqing Baoxu, a subsidiary of the Group, had been operating normally. Therefore, Dong Dong Mall maintained a sound and stable operation and did not provide any rental waiver to the merchants during the first half of the year.

For the six months ended 30 June 2021, the Group's property investment segment has contributed revenue of approximately HK$7.7 million (2020: approximately HK$4.9 million). For the six months ended 30 June 2021, this segment has recorded a profit after tax of approximately HK$5.5 million (2020: approximately HK$13.9 million).

Sales of Flowers and Plants

Since December 2019, Chongqing Baoxu has managed its property valued-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 2020, Chongqing Baoxu maintained active communications and established positive relationships with customers to expand the business segment of the sales of flowers and plants and this business segment was well received by the market. Despite the fact that in 2021, the sales of flowers and plants of Chongqing Baoxu was affected by the COVID-19 pandemic, the sales of flowers and plants recorded revenue of approximately HK$36.7 million, which became the growth driver for the Company's revenue during the first half of the year.

For the six months ended 30 June 2021, the Group's sales of flowers and plants segment has contributed revenue of approximately HK$36.7 million (2020: approximately HK$6.6 million). For the six months ended 30 June 2021, this segment has recorded a profit after tax of approximately HK$0.8 million (2020: approximately HK$0.2 million).

PROSPECTS

In the first half of 2021, as the COVID-19 pandemic began to subside, the global economy had shown a gradual reboot and slow recovery. Despite the severity of the divergence in overseas outbreaks, the PRC has achieved significant results in the prevention and control of the pandemic by the ramp-up of COVID-19 vaccination rates and stringent prevention and control measures, which has led to a rising trend at a stable pace in the economy and basically eliminating the negative impact caused by the COVID-19 outbreak in early 2020. In the future, the PRC government will maintain a steady pace of development and progress in a prudent manner as well as promote high-quality development in the economy with reform and innovation as the fundamental driving force. An improving economic environment will facilitate the Group to seek suitable investment opportunities or business opportunities. The Group will maintain a stable and low-risk investment attitude so as to broaden the Group's source of income. Meanwhile, pending the identification of potential investment opportunities, the Group will seize the opportunity to make short-term and low-risk investments to generate long-term stable returns for shareholders.

Dongkui Business

Loan Financing Business

In the first half of 2021, with the apparent sustained economic recovery of the PRC and the ever-changing regulatory environment, the loan financing industry in the PRC was also in a critical period of transformation.

The 14th Five-Year Plan and the outline of the Long-Range Objectives through the Year 2035 proposed for the innovation of the policy tools for financial support to private enterprises, improvement in the financing credit enhancement support system, fair treatment for private enterprises in terms of credit rating and bond issuance, and the reduction in comprehensive financing costs. In the mid- to long-term, interest rates are likely to fall, which will place higher demands on companies providing loan financing services and is expected to drive up industry concentration.

On 1 February 2021, the Shanghai Municipal Financial Regulatory Bureau has officially released the "Interim Measures for the Supervision and Management of Shanghai Finance and Leasing Companies (Draft for Public Comments)" (the "Interim Measures") to solicit opinions from the public, aiming to regulate the supervision and management of finance and leasing companies, guide enterprises to operate in accordance with the law and promote high-quality development of the industry. The Interim Measures firstly established a collaborative regulatory mechanism for the financing and leasing industry given the large scale of the financing and leasing business, which enhanced early warning and prevention of risks; secondly, it clarified the contribution requirements for the registered capital of financing and leasing companies, raising the industry threshold to relatively reduce the potential risks of the financing and leasing industry; it also stipulated flexible requirements for business concentration and affiliation, which are conducive to guiding financing and leasing companies in areas that are in line with the national and local industrial development guidelines so as to better serve the real economy.

PROSPECTS (continued)

Dongkui Business (continued)

Loan Financing Business (continued)

The continuous improvement of industry-related policies is bound to promote the healthy development of the industry and the continuous optimization of the operating environment, which will also lead to a continuous increase in the concentration of the industry and the rapid elimination of shell companies. The Group has continued to step up its innovation efforts and has been improving its business model and product matrix under the loan financing division to actively respond to the ever-changing needs of corporate financing and proactively integrate into the fast-growing trend of the industry in the future.

Short-term Loan Business

For short-term loan business, the Group has made proper adjustments to its business regarding short-term borrowings pursuant to the "Interim Measures for the Supervision and Management of Shanghai Finance and Leasing Companies" published by the Shanghai Municipal Financial Regulatory Bureau on 1 February 2021. Shanghai Dongkui will use its capital in a more flexible manner, properly assess the relevant risks and possible returns in accordance with the market environment to achieve reasonable investment opportunities and strongly support the factoring business of Shanghai Dongrui to better serve its corporate customers and ultimately enhance the revenue of the Group. At the same time, the Group will actively identify investment opportunities in quality projects and prudently consider increasing short-term loans on the basis of the reasonable control of short-term risks to generating higher returns for shareholders.

Factoring Business

On 1 January 2021, the "Civil Code of the PRC" came into force, in which Article 761 defines a factoring contract: "A factoring contract is a contract whereby a creditor of receivables assigns existing or future receivables to a factor, and the factor provides services such as capital financing, receivables management or collection, and payment guarantee for debtors of receivables". The factoring business has thus leaped from a nameless 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.

PROSPECTS (continued)

Dongkui Business (continued)

Factoring Business (continued)

In the future, the Company hopes to seek potential customers through its expanded business channel and customer resources to enter into factoring agreements with recourse, at an estimated cost of approximately 10% to 12% to be paid by the customer, with customer bearing the actual repayment obligations, and through the establishment of a custody account or account escrow during implementation to secure the safe recovery of funds.

Distressed Assets Management Business

The significant impact of the COVID-19 pandemic and the economic restructuring has placed pressure on the economy, further increasing the supply of distressed assets, and the distressed assets market has been expanding. As of the end of 2020, the balance of distressed loans in the banking sector of the PRC was approximately RMB3.5 trillion, representing an increase of approximately RMB281.6 billion from the beginning of the year.

The Group has entered into the distressed asset industry through the acquisition of Anxin Wanbang, and believes that the distressed assets business will contribute to the continuous development of the Group's business. Anxin Wanbang is principally engaged in provision of distressed assets management. By leveraging a core competitiveness of investment capability, financing capability and management capability, the Company is committed to developing the PRC market of distressed assets management business.

Property Investment Holding

On 31 May 2021, the meeting of the Communist Party of China Central Committee Political Bureau formally proposed the three-child policy, implementing the policy of allowing one couple to have three children and supporting measures. With the gradual implementation of the three-child policy, the number of newborns is expected to increase, which will directly promote the expansion of the overall market size of the parent-child industry. At the same time, with continuous upgrade of residents' spending power and concept as well as the increasing demand for parent-child products, China's parent-child industry is looking forward to a time of rapid growth in the overall market. According to iiMedia Research, from March to April 2021, there were 4 financing cases in the parent-child industry, with a total amount of nearly RMB600 million. It is expected that the overall parent-child industry market will reach RMB7.63 trillion in 2024 given the good development prospects.

PROSPECTS (continued)

Property Investment Holding (continued)

In this regard, Dong Dong Mall, a property held by the Company, 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 the children and parent-child neighborhood centre with an industry-adjusted layout, business solicitation, and with operation and promotion focusing on the children industry, which maintained a steady growth in the number of tenants in the project. The rapid development of the parent-child industry as a result of the three-child policy will continue to increase Dong Dong mall's operating revenue, which thereby will improve the Company's results.

Despite the fact that the rise of online stores has created competitive pressure on offline shopping malls, offline shopping malls are still an important element in creating a good consumer environment, guiding consumption upgrades and promoting economic growth. In the future, Dong Dong Mall will continue to focus on creating a "one-stop education and training area for children" centered on the children's training business format, constantly optimize the business layout of the project, and cope with the healthy competition brought by online stores by increasing publicity in order to enrich the differentiation of children's derivative businesses to create core competitiveness while increasing the rental of shops. With the continuous optimization of portfolio of business of Dong Dong Mall, it is expected to attract more high-end merchants to move in.

Sales of Flowers and Plants

In recent years, the rapid development of the PRC real estate industry has stimulated the increase in demand for greening services such as greening, gardening, landscape and plant nurseries in communities and public. During the 14th Five-Year Plan period, real estate is facing a new stage of development with a better external environment, changes in the mode of development and the rise of digital development, and the demand for green services is expected to further increase. The Group's sales of flowers and plants segment has positioned itself as the landscaping flowers and plants suppliers for small to medium scale real estate developers in the PRC aiming to provide high-quality flower and plant supply for their real estate projects, which is a viable and sustainable business with sound prospects.

On 15 June 2021, the General office of the people's government of Chongqing Municipality issued the "Fourteenth Five-Year Plan for Chongqing Municipal Spiritual Civilization Construction (2021-2025)", which emphasized the need to deepen the creation of civilized cities and villages. During the reporting period, Chongqing Baoxu actively promoted the sales of flowers and plants, which was in line with the national green industry development plan as well as the plan to build Chongqing into a civilized city.

PROSPECTS (continued)

Sales of Flowers and Plants (continued)

As people's living standard are increasing, the consumption level and structure of residents are upgrading, and the construction of eco-friendly cities in the PRC is accelerating and green development has become a top priority for future social development, which drives the proportion of flower consumption to increase year by year, and the prospects of the flower market are becoming increasingly broad.

The Group has commenced the sales of flowers and plants segment in 2019 by adhering to its reasonable positioning as the landscaping flowers and plants suppliers for small to medium scale real estate developers in the PRC. The Group will leverage on the existing tenant network of Dong Dong Mall and look for more network of landscaping companies and property management companies of real estate developers, to provide diversified flower and plant supply and value-added services at competitive prices, which will in turn drive up the Group's revenue from the sales of flowers and plants business.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 30 (31 December 2020: 31) 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

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK$43.5 million (31 December 2020: approximately HK$146.1 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 30 June 2021, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 13.4 (31 December 2020: approximately 7.2).

As of 30 June 2021, the Group's nil gearing ratio (2020: nil), which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the condensed consolidated statement of financial position plus net debt. As at 30 June 2021, the Group's nil borrowings exceeded the bank and cash equivalents (31 December 2020: nil).

Capital structure

As at 30 June 2021, the Group's nil current and non-current bank borrowings (31 December 2020: nil). All the bank borrowings bore interest at floating rates while the bond bore interest of fixed rate.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the six months ended 30 June 2021 and the year ended 31 December 2020. The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 30 June 2021, the Group's has no pledged asset (2020: 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 except certain amounts due from a related company denominated in RMB other than the functional currency of the respective group entity expose the Group to foreign exchange exposure.

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

Commitments

As at 30 June 2021 and 31 December 2020, the Group had no capital commitment.

As at 30 June 2021, the total future minimum lease payments under non-cancellable operating leases for properties amounted to approximately HK$5.0 million (31 December 2020: approximately 6.1 million).

FINANCIAL REVIEW (continued)

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2021 and 31 December 2020.

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 2021 (2020: 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 2021.

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 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 considered that this is no less exacting than those provided in the CG Code.

Code Provision E.1.2 specifies that the chairman of the Board should attend the AGM. Mr. Lo Siu Yu ("Mr. Lo"), the chairman of the Board has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's AGM held on 4 May 2021, he was unable to attend the said meeting. 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 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 2021.

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 2021 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 2021 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 2021 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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

Hong Kong, 5 August 2021

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