2020 INTERIM REPORT

東銀國際
DOYEN INTERNATIONAL HOLDINGS

DOYEN INTERNATIONAL HOLDINGS LIMITED

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

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive directors

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

Non-executive directors

Ms. Luo Shaoying, *Vice Chairman*
Mr. Pan Chuan
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Mr. Leung Kin Hong
Mr. Wang Jin Ling

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Mr. Cho Chun Wai

Authorised Representatives

Mr. Lo Siu Yu
Mr. Cho Chun Wai

Registered Office

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Share Registrar

Computershare Hong Kong Investor
Services Limited
46/F., Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Share Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-16, 17/F., Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong.

Principal Bankers

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

Solicitors

Mason Ching & Associates

Auditor

Baker Tilly Hong Kong Limited

Stock Code

668

Website

http://www.doyenintl.com

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For six months ended 30 June 2020, Doyen International Holdings Limited (the "Company", together with its subsidiaries, collectively the "Group") recorded revenue of approximately HK$15.8 million (six months ended 30 June 2019: approximately HK$16.5 million), representing a decrease of 4.29% as compared with that of the same period in prior year. The profit attributable to owners of the Company for the six months ended 30 June 2020 was approximately HK$24.6 million (six months ended 30 June 2019: approximately HK$23.7 million), representing an increase of 3.48%, which was primarily attributable to the revenue of approximately HK$41.9 million derived from net finance income in the first half of 2020. Exchange loss of approximately HK$4.4 million was recorded in the first half of 2020, while there was no substantial exchange loss in the first half year of 2019. In addition, loss of approximately HK$1.8 million on financial assets at fair value through profit and loss and an increase in the cost of purchasing flowers and plants by approximately HK$6.4 million were recorded in the first half year of 2020, whereas there were no costs and expenses in the first half year of 2019.

Loan Financing Business

東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co., Ltd.) ("Shanghai Dongkui"), a subsidiary of which 77.58% equity interest is owned by the Company, is mainly engaged in provision of secured 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).

As at the date of this report, 陝西太白山投資集團有限公司 (for identification purpose, Shaanxi Taibai Mountain Investment Group Co., Ltd.) ("Shaanxi Taibai") has not yet paid the lease rent of approximately RMB3.7 million (equivalent to approximately HK$4.1 million) which was due in 25 October 2019. The Company has made repeated demands and requests to Shaanxi Taibai. Since, but Shannxi Taibai has still failed and/or refused to pay the lease rent and purchase price of approximately RMB35.4 million (equivalent to approximately HK$38.8 million) payable under the finance lease agreement. The Company has sought legal advice and instituted a legal proceeding in the Shanghai Pudong New District People's Court against Shaanxi Taibai and its guarantor for the sum of approximately RMB36.6 million (equivalent to approximately HK$40.2 million) to recover, among others, the outstanding payment, interest and legal costs on 7 April 2020 (the "Legal Proceeding").

* *For identification purpose only*

BUSINESS REVIEW *(continued)*

Loan Financing Business *(continued)*

Shanghai Dongkui is now providing loan financing to five hospitals, namely 桃江縣人民醫院 (for identification purpose, Taojiang County People's Hospital) with project amount of RMB40 million (equivalent to approximately HK$43.9 million); 祿豐縣人民醫院 (for identification purpose, Lufeng People's Hospital) with project amount of RMB12 million (equivalent to approximately HK$13.2 million); 泗縣人民醫院 (for identification purpose, Sixian People's Hospital) with project amount of RMB30 million (equivalent to approximately HK$32.9 million); an independent third hospital with project amount of RMB40 million (equivalent to approximately HK$43.9 million); and 淮安市洪澤區人民醫院 (for identification purpose, Hongze Huaian District People's Hospital) with project amount of RMB30 million (equivalent to approximately HK$32.9 million).

The effective interest rate of Shanghai Dongkui's loan financing ranged from 11.0% to 12.4% (2019: 11.0% to 12.9%). Among the loan financing of the above hospitals, one will expire in 2020, three 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 increasingly severe regulatory environment in the PRC financial market which resulted in difficulties of the Group in securing bank factoring finance for potential loan financing project. As such, the number of completed sizeable loan financing project reduced this year. Strict regulatory policy also led to temporary insufficient liquidity so the Group reduced its reliance on bank loans and raised the overall market interest cost.

Short-term Loan Business

Shanghai Dongkui is now providing loan financing to three companies, namely Shaanxi Taibai with project amount of RMB40 million (equivalent to approximately HK$43.9 million); Taian Huayang Redian Company Limited with amount of RMB20 million (equivalent to approximately HK$21.9 million); and 儋州中誠裝修有限公司 (for identification purpose, and Dan Zhou Zhongcheng Decoration Co., Ltd.) with project amount of RMB30 million (equivalent to approximately HK$32.9 million), among which, the loans of two companies are due in 2020 while the financing loan of a company is due in 2021.

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$54.9 million). It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

On 22 April 2020, Shanghai Dongkui and 深圳聯合保理有限公司 (for identification purpose, Shenzhen United Factoring Company Ltd.) ("Customer A") entered into a factoring agreement, pursuant to which Shanghai Dongkui agreed to provide financing being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A for a period of 12 months from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB10.3 million (equivalent to approximately HK$11.3 million) under the above factoring agreement for a period of one year with an annual interest rate of 10.06%.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS *(continued)*

BUSINESS REVIEW *(continued)*

Factoring Business *(continued)*

On 30 June 2020, Shanghai Dongrui and Customer A entered into the refactoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A for a period of 6 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB12.4 million (equivalent to approximately HK$13.6 million) for a period of 180 days with interest rate of 6% and an annual interest rate of 12%. For further details regarding the refactoring agreement, please refer to the announcement of the Company dated 30 June 2020.

For the six months ended 30 June 2020, the loan financing segment contributed revenue of approximately HK$4.3 million (six months ended 30 June 2019: approximately HK$9.7 million) and recorded profit after tax of approximately HK$17.1 million (six months ended 30 June 2019: approximately HK$15.7 million).

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 meters. Dong Dong Mall is adjacent to a main pedestrian street and a number of shopping malls, where is a hot-spot of fashion, shopping, entertainment and business for residents around south Chongqing due to its convenient public transportation.

Sales of Flowers and Plants

Since December 2019, Chongqing Baoxu 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 explores the sales of flowers and plants market in PRC. In the first half of 2020, Chongqing Baoxu maintained active communications and established positive relationships with customers to expand the sales of flowers and plants business. This business segment is well received by the market, revenue from sales of flowers and plants amounted to approximately HK$6.6 million amid the harsh economic environment in 2020, and becomes the growth driver for the Company's revenue during the first half of the year.

For the six months ended 30 June 2020, the Group's property investment segment has contributed revenue of approximately HK$4.9 million (six months ended 30 June 2019: approximately HK$6.8 million), representing a decrease of approximately 28.2%. And the Group's sales of flowers and plants segment has contributed revenue of approximately HK$ 6.6 million (six month ended 30 June 2019: Nil). For the six months ended 30 June 2020, this segment has recorded a profit after tax of approximately HK$14.1 million (six months ended 30 June 2019: approximately HK$9.4 million).

Advancement of the Loans

On 8 November 2016, the Company granted a loan ("Doyen Loan") with a principal amount of RMB80 million (equivalent to approximately HK$87.8 million) to 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd.) ("Chongqing Doyen"). On the same date, Chongqing Baoxu granted a loan ("Baoxu Loan") with a principal amount of RMB80 million (equivalent to approximately HK$87.8 million) to Chongqing Doyen.

BUSINESS REVIEW *(continued)*

Advancement of the Loans *(continued)*

On 11 November 2016, Shanghai Dongkui granted a loan ("Shanghai Dongkui Loan") with a principal amount of RMB110 million (equivalent to approximately HK$120.7 million) to Chongqing Doyen.

On 6 March 2017, the Company granted a loan ("Doyen 2nd Loan") with a principal amount of RMB150 million (equivalent to approximately HK$164.6 million) to Chongqing Doyen.

The aggregate amount of the Doyen Loan, the Baoxu Loan, the Shanghai Dongkui Loan and the Doyen 2nd Loan (collectively, the "Loans") granted to Chongqing Doyen amount to RMB420 million (equivalent to approximately HK$460.7 million).

Pursuant to the terms of relevant loan agreements, the maturity date of the Loans falls on 18 January 2018 (or such later date as shall be agreed by Chongqing Doyen and the respective lenders prior to the maturity date). The maturity date of the Loans has not been extended and accordingly, on 18 January 2018, each of the Loans has become due and payable by Chongqing Doyen.

In relation to the Loans advanced by the Company to Chongqing Doyen, Chongqing Doyen agrees to reimburse the Company any tax expenses on the interest income generated from the Loans advanced by the Company. In addition, Chongqing Doyen is also liable to pay in full all costs incurred by the Group in connection with any breach by Chongqing Doyen.

Status of the Loans

On 2 July 2019, the Company received a notice (the "Notice") from the Chongqing Doyen which stated that 中國華融資產管理股份有限公司重慶市分公司 (for identification purpose, China Huarong Asset Management Co., Ltd. Chongqing City Branch, ("Huarong")) has applied to the relevant PRC court such that the 51% Equity Interest in 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd.) ("Doyen Shell"), owned by 重慶東銀碩潤石化集團有限公司 (for identification purpose, Chongqing Doyen Shuorun Petrochemical Group Ltd.) ("Shuorun Petrochemical"), (the "Pledged Collateral"), be judicially preserved before litigation (the "Property Preservation"). Based on the public information, the Pledged Collateral owned by Shuorun Petrochemical has been preserved since 27 June 2019. The Notice further stated that subsequent to the Property Preservation, one of the following scenarios will occur: (1) within 30 days from the commencement of the Property Preservation (i.e. on or before 26 July 2019), Chongqing Doyen and Huarong reach a consensus such that Huarong applies to the PRC court to withdraw the Property Preservation; (2) Huarong files a claim or applies for arbitration to the PRC court within 30 days from the commencement of the Property Preservation (i.e.. on or before 26 July 2019), subsequent to which Chongqing Doyen and Huarong can still reach a consensus under which Huarong would apply to the PRC court to withdraw the Property Preservation; or (3) where the Property Preservation is not withdrawn, and no claim or arbitration is filed or applied for by Huarong within 30 days from the commencement (i.e.. on or before 26 July 2019), the Property Preservation shall lapse after 30 days from its commencement.

BUSINESS REVIEW *(continued)*

Status of the Loans *(continued)*

On 12 August 2019, the Company received a further notice (the "Further Notice") from the Chongqing Doyen which stated that, based on Chongqing Doyen's understanding from the committee of creditors of the Chongqing Doyen (the "Creditors' Committee"), a claim against the Chongqing Doyen was filed by Huarong, yet the Chongqing Doyen has not received any court documents. In addition, according to the Further Notice, the Creditors' Committee has demanded Huarong to withdraw its claim against the Chongqing Doyen.

However, on 9 September 2019, the Company was informed that, among others, Chongqing Doyen, Mr. Lo Siu Yu ("Mr. Lo") and Shuorun Petrochemical were served with a summons in relation to a legal claim brought by Huarong in relation to a debt of a principal amount of RMB100 million (equivalent to approximately HK$109.7 million), together with relevant interests and penalties (the "Claim"). As advised by the PRC legal adviser of the Company on 9 September 2019, the Claim was filed with the PRC court on 22 July 2019 and the Property Preservation will continue to be in effect up to 26 June 2022. Therefore, the Company sought legal advice from the PRC lawyer. Assuming the Company, Shanghai Dongkui and Chongqing Baoxu have obtained a legal basis for their rights, no matter the Company, Shanghai Dongkui and Chongqing Baoxu or Huarong whoever applied for the enforcement at first, it will not affect the Company and its subsidiaries to realize their priority of compensation.

According to the opinion issued by the PRC lawyer on 10 September 2019, as required by the laws, 重慶市第一中級人民法院 (for identification purpose, Chongqing First Intermediate People's Court (the "First Intermediate Court")) will pass the pre-litigation preservation procedure of Huarong to 重慶市第五中級人民法院 (for identification purpose, Chongqing Fifth Intermediate People's Court (the "Fifth Intermediate Court")). The Company, Shanghai Dongkui and Chongqing Baoxu file a lawsuit at the Fifth Intermediate Court, after they have obtained a legal basis for rights and entered the enforcement procedure before Huarong through the Fifth Intermediate Court, the executive court may begin the disposal of the Pledged Collateral. Upon the valuation, auction or sale of the Pledged Collateral and the buyer has paid the transfer price, the executive court will issue an execution judgment (《執行裁定書》) and a supplementary execution notice (《協助執行通知書》) to discharge the freezing order and pledge over the Pledged Collateral. The buyer may process the transfer registration of the Pledged Collateral with the execution judgment and the supplementary execution notice at relevant authority of industry and commerce. If Huarong has entered the enforcement procedure before the Company, Shanghai Dongkui and Chongqing Baoxu, as the Pledged Collateral has already gone through the registration of pledge, the acting judge of Huarong's case will also reserve corresponding amount for the pledgee to safeguard the priority compensation of the pledgee. After the Company , Shanghai Dongkui and Chongqing Baoxu have obtained a legal basis for rights, they may also apply for the enforcement through the Fifth Intermediate Court and submit the application form for participation in allocation to claim the priority compensation. As such, the order of application for enforcement will not affect the Company, Shanghai Dongkui and Chongqing Baoxu to realize their priority compensation. However, the Company, Shanghai Dongkui and Chongqing Baoxu can only activate or participate in the disposal procedure of the Pledged Collateral and realize the priority compensation after obtaining the legal basis for rights.

BUSINESS REVIEW *(continued)*

Status of the Loans *(continued)*

In October 2019, Chongqing Doyen proposed to the Company that it intended to settle its debts to the Company, Shanghai Dongkui and Chongqing Baoxu by way of disposal of the Pledged Collateral, and the proceeds from the disposal of the Pledged Collateral will be first used for the repayment of the debt and release of the pledge. Chongqing Doyen was seeking a grace period of three months from the Company, Shanghai Dongkui and Chongqing Baoxu and to stay the proceedings against Chongqing Doyen and Shuorun Petrochemical. In this regard, according to the legal opinion (the "Legal Opinion") issued by the PRC lawyer on 30 October 2019 and 10 March 2019, which set out the legal advice on stay of the proceedings against Chongqing Doyen and Shuorun Petrochemical. Firstly, the settlement of the debt by way of disposal of the Pledged Collateral can expedite the process, thus avoid the risk of impairment loss, i.e. the time needed for the settlement of the debt will be shortened if the debt is to be settled by way of the Pledged Collateral, the Company, Shanghai Dongkui and Chongqing Baoxu receive the repayment of the debt of by way of disposal of the Pledged Collateral within the three-month period, and this way can avoid the risk of impairment due to the disposal of the Pledged Collateral by way of auction or sale of the Pledged Collateral during the execution of the proceedings. Secondly, the stay of the proceedings will not affect the enforcement of priority of claims, and will only result in a delay for the claim, i.e. if the disposal of the Pledged Collateral and the settlement of the debt are not completed, the parties can subsequently request Chongqing Doyen and Shuorun Petrochemical to repay the loan by way of litigation, and the stay of proceedings will not affect the priority of claims of the Company, Shanghai Dongkui and Chongqing Baoxu to the Pledged Collateral, and will only result in a delay in the enforcement of their rights. Thirdly, the proceedings procedures applicable to the Company, Shanghai Dongkui, Chongqing Baoxu and Huarong: Huarong has filed a lawsuit against Chongqing Doyen and Shuorun Petrochemical in the Fifth Intermediate Court. According to the government agreement entered by the Company, Shanghai Dongkui and Chongqing Baoxu with Chongqing Doyen and Shuorun Petrochemical, the court of first instance shall also be the Fifth Intermediate Court. If during the litigation at the court of first instance, an extension is required under special circumstances, the period can be extended to six months with the approval from the president of the court seised of the case, and if further extension is needed, it will be submitted for the approval of a higher court, and can be further extended for three moths. If the party is not satisfied with the decision of the court of first instance and apply for appeal, provided there is no need for extension, the court of second instance shall conclude the case within three months from the date of filing. If during the litigation at the court of second instance, an extension is required under special circumstances, the period can be extended for three months with the approval from the president of the court seised of the case. During the litigation at the court of first instance and second instance, the court may carry out mediation after the plea period is expired before the judgment is made. If the parties agree with a mediation settlement, the court will prepare a mediation letter; if the parties cannot come up with a mediation settlement or either party going back of his/her/its words before the mediation letter is served, the court shall give a judgment promptly and prepare a paper judgment. After the Company, Shanghai Doyen and Chongqing Baoxu or Huarong have received the effective judgment made by the court, they may apply for enforcement to the court of first instance or the court of the same level at the place where the property being enforced within two years after the effective date of the judgment.

BUSINESS REVIEW *(continued)*

Status of the Loans *(continued)*

The Company agreed with the opinion and will take following actions: 1. To closely monitor the development of debt restructuring; 2. To continue the negotiation of the repayment arrangement for outstanding balance with Chongqing Doyen; 3. To take appropriate legal actions against the Pledged Collateral in due course; 4. To make announcement in due course for the safeguard of the interests of the Company and shareholders as a whole.

Save as the above-mentioned, the Company did not receive any update on the progress of the negotiation between Chongqing Doyen and Huarong as at the date of this report. The Company has engaged a professional team to closely monitor the progress, and will make announcements as soon as possible in case of any updates on the latest development.

PROSPECTS

The outbreak of COVID-19 epidemic in 2020 poses challenges and impact to the global economy and the PRC's economy. However, in the long term, PRC's economy will continue to remain a stable and favorable development trend with the deepening of supply-side structural reform. The Company has always been identifying suitable investment or business opportunities so as to diversify the business of the Group and broaden the Group's income sources.

Loan Financing Business

The unexpected epidemic unavoidably affected the physical economy. The financial leasing industry, being the most tightly connected with the real economy, plays an important role in servicing the private, micro and small enterprises. The State strongly supported the small and medium enterprises to ride through the tough times and introduced monetary and financial policies to support the epidemic prevention on the state level as well as encouraged the banks to enhance its support to the economy, particularly to the micro and small enterprises and the epidemic prevention related industries. The small and medium enterprises is one of the most contentious topics during the two sessions (Chinese People's Political Consultative Conference and the National People's Congress of the PRC) this year. The Premier of the State Council of the PRC, Mr. Li Keqiang stated in the government work report on 22 May 2020 that the Chinese government shall forcefully implement macro policies to keep businesses and employment stable with further cuts on taxes and fees, reduce enterprises' production and operating costs and increase financial support to maintain the stability of business operations.

In early January 2020, the China Banking and Insurance Regulatory Commission promulgated the Interim Rules on Financial Leasing Companies (Draft for Comments) (「融資租賃公司監督管理暫行辦法(徵求意見稿)」), while on 22 May 2020, the Civil Code of the PRC (Draft) (「中華人民共和國法典(草案)」) was discussed and considered at the 3rd Session of the 13th National People's Congress, which has regulated the relevant contents of financial leasing contracts. The Civil Code (Draft) greatly enriches the terms of financial leasing contracts and reflects the State's attention and emphasis on financial leasing industry. With more policies related to the financial leasing industry being rolled out, it will help eliminating the risks in the industry and promote the healthy development of the leasing business.

PROSPECTS *(continued)*

Loan Financing Business *(continued)*

In fact, the business environment of the financial leasing industry has improved continuously with the gradual increase in market demand to provide favorable room for development and opportunities for the financial leasing industry. On the other hand, under the backdrop of continuous promotion of macro economy and interest rate liberalization, the quality of leasing enterprise assets was still facing downward pressure and the narrowed interest margins posed pressure on earnings on businesses in the financial leasing industry. With the increased competition from competitors and increased homogeneity in business area, the business development of financial leasing has enhanced its requirement on the leasing enterprise's risk management and professional operation standard. Moreover, with the regulation duty upon financial leasing enterprises returned to the China Banking and Insurance Regulatory Commission, the financial leasing industry will encounter stricter regulation, but it will also benefit from the prevention of financial risk and facilitate the healthy development of the industry. In summary, Lianhe Credit considered that the credit risk outlook of financial leasing industry as stable for a certain period into the future.

Short-term Loan Business

For short-term loan business, pursuant to the requirements by the Interim Measures for Supervision and Administration of the Financial Leasing Companies (《融資租賃公司監督管理暫行辦法》) issued by the China Banking and Insurance Regulatory Commission on 9 June 2020, adjustments were made to the short-term loan business under the requirement for professionalism upon the scope of business of financial leasing companies. Thus, Shanghai Dongkui will use more capital from loan repayments to invest into financial leasing projects, transfer and reception of financial leasing asset, fixed income securities and the factoring business of Shanghai Dongrui for providing better service to customer enterprises. Shanghai Dongkui will strengthen capital liquidity and effectively utilize the capital so that it will have safe and adequate capital to increase lending projects (within one-year term) should any exceptional projects arise.

If it is possible that collection of repayments in respect of the Doyen Loan may commence in the second half of the year, the Company will plan to invest the amounts obtained from such repayments in Shanghai Dongkui business and then expand the financial leasing or factoring business segment based on the existing market environment and upon evaluation of risks and rewards, so as to increase the Group's income and profit eventually.

Factoring Business

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

For factoring business, we hope to source potential customers through the development of business pipeline and customer resources, and execute factoring agreement with recourse. It is estimated that costs paid by customers will be approximately 11% to 13% of interest and customers will also bear the actual repayment obligations. To safeguard the secured recovery of funds, a supervised account or custody account will be created during implementation.

PROSPECTS *(continued)*

Property Investment Holding

The COVID-19 epidemic was rampant around the globe. Since the epidemic, the local governments in PRC have actively adopted prevention measures. Chongqing Baoxu has responded to the government's appeal and decided to reduce the rents of all the Dong Dong Mall's merchants from 25 January to 29 February 2020 and recommended the merchants to suspend operation temporarily. Since the end of January 2020, 47 merchants in total in Dong Dong Mall have suspended operation temporarily with only the post office, supermarket and drug store were continued to operate to meet the needs of the citizens. Dong Dong Mall allowed the caterers, entertainment and training merchants to resume operation when the epidemic was under control in late April 2020.

The overall income of Dong Dong Mall dropped in the first half of the year. The sales by merchants decreased drastically, and they were difficult to maintain cost in the long term, resulting in the difficulty in collecting rents and posing an early warning to the increase in shops with risks. To assist the merchants to pass through hard times and contribute to stabilize the rental income of Dong Dong Mall and protect employment, Chongqing Baoxu decided to introduce the waiver of charging only half of the rent. From March to May 2020, all the rents of merchants were halved and lease term extension contracts were signed with merchants with reduced rent totaled approximately RMB1.73 million. The rent waiver not only enhanced the confidence of merchants, but also maintained the favorable operation of the merchants, which enabled the establishment of long-term cooperative relationship with merchants, guaranteed the occupancy rate of the project and provided long-term stable rental income to Dong Dong Mall, resulting in lowering the impact to overall and subsequent business solicitation and operation of the Dong Dong Mall project. It is believed that after the recovery of the real economy, the rental income and growth rate of return of Dong Dong Mall are expected to maintain a continuous and stable growth.

On the other hand, there is a huge market potential for the overall parent-child industry in PRC. The favorable two-child policy led to a stable growth of new-born population resulted in the continuous expansion in parent-child family base. At the same time, the family's consumption power and concepts have been upgrading, and family's consumption demand for parent-child related products is increasing. It is expected that the overall market size of China's parent-child industry will experience a period of rapid growth. In 2020, the market size of China's parent-child industry is expected to exceed 4 trillion. According to conservative estimate, the market size of Chongqing's parent-child industry is in trillions.

The Dong Dong Mall project 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. During 2017-2020, the number of merchants in the project has increased gradually. In the future, Dong Dong Mall will continue to focus on the development of the "One-stop children's education and training zone", which is all about the trainings of children and continuous optimization of the business of the Dong Dong Mall project. On the one hand, it enriches the differentiation of children's derivative businesses to create core competitiveness, and it increases the rent premium of shops in Dong Dong Mall. Currently, Dong Dong Mall has introduced a total of 13 shops with children and parent-child business formats, which initially formed a parent-child consumption destination with certain influence at the Nanping business zone in Chongqing. Coupled with the optimizing business portfolio of Dong Dong Mall, it may attract more high-ended tenants to join.

PROSPECTS *(continued)*

Sales of flowers and plants

Regarding the sales of flowers and plants project, the implementation of the project is in line with the national agricultural industry policy and development plan, and is also in line with the plan to build Chongqing city as civilized city. Therefore, the market outlook of flowers and plants project is promising. The market demand for flowers and plants is growing, leading to a rising trend of the price of flowers and plants. Chongqing Baoxu is in its effort to differentiate customer groups in terms of demand, purchasing power and decision-making power and it has also established a sales department to be mainly responsible for the integrated management of flowers and plants procurement, sales and aftersales services. Looking forward, Chongqing Baoxu plans to recruit 10 to 20 dedicated sales and marketing personnel who are familiar with the flowers and plants industry to actively explore the market. Currently, the project is still under planning and is expected to be further implemented within this year. Under the impact caused by the epidemic to the market, the sale of plants realized an income of approximately RMB6.6 million in the first half of 2020. The total income for the year from the flowers and plants project is expected to be no less than approximately RMB20 million with an annual growth rate of approximately 5% in the next three years. It is believed that when the epidemic is over, the economy of the PRC will recover slowly and the demand for marketing services will grow, it is expected that as client's demand for product promotion, venue decoration, etc. increases, it will stimulate the sales services of flowers and plants and eventually drive up the income from the sales of flowers and plants.

Currently, the epidemic in the PRC is under effective control. Different businesses have gradually resumed their operations and conditions before the epidemic and the economy is gradually recovering. Looking forward, the Group will adhere to the focus on merchant customers, continue to seek for suitable investment opportunities and create an enhanced value for customers from a professional and highly effective service concept.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2020, the Group had a total of 36 (31 December 2019: same) 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 2020, the Group had cash and cash equivalents of approximately HK$34.4 million (31 December 2019: approximately HK$39.0 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 30 June 2020, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 3.36 (31 December 2019: approximately 3.27).

As of 30 June 2020, the gearing ratio of the Group was 0.16 (31 December 2019: 0.16), 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 2020, the Group's total borrowings exceeded the bank and cash balances by approximately HK$148.6 million (31 December 2019: approximately HK$150.3 million).

Capital structure

As at 30 June 2020, the Group's current and non-current bank borrowings amounted to approximately HK$172.1 million (31 December 2019: approximately HK$167.0 million) and approximately HK$11.0 million (31 December 2019: approximately HK$22.4 million) respectively. 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 2020 and the year ended 31 December 2019. 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 2020, the Group's bank loans of approximately HK$32.9 million (31 December 2019: approximately HK$44.8 million) were secured by the Group's investment property amounted to approximately HK$308.8 million (31 December 2019: approximately HK$315.0 million) and its right to receive rental income.

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.

FINANCIAL REVIEW *(continued)*

Commitments

As at 30 June 2020 and 31 December 2019, the Group had no capital commitment.

As at 30 June 2020, the total future minimum lease payments under non-cancellable operating leases for properties amounted to approximately HK$1.5 million (31 December 2019: nil).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.

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 2020 (six months ended 30 June 2019: Nil).

OTHER INFORMATION

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and any associated corporation

As at 30 June 2020, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company as at 30 June 2020:

Name of Directors	Capacity	Interests in shares		Interests in underlying shares pursuant to share options	Total number of shares interested	Approximate percentage of the Company's issued shares
		Corporate interest	Personal interest			
Mr. Lo Siu Yu ("Mr. Lo")	Interest of controlled corporation and beneficial owner	760,373,018 *(Note a)*	25,000,000 *(Note b)*	–	785,373,018	61.64%
Mr. Cho Chun Wai	Beneficial owner	–	10,000	–	10,000	0.00%
Mr. Qin Hong	Beneficial owner	–	–	2,100,000	2,100,000	0.16%

Notes:

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

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

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Equity-settled share option scheme

Share options were granted to eligible participants under a share option scheme approved and adopted by the shareholders of the Company at the annual general meeting ("AGM") held on 11 September 2008 ("Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the growth and development of the Group.

Movement in the Company's outstanding share options granted under the Share Option Scheme during the six months ended 30 June 2020 is set out below:

	Date of grant	Exercisable period	Exercise price HK$	Closing price per share immediately before the date of grant HK$	No. of options outstanding as at 1 January 2020	No. of options granted during the six months ended 30 June 2020	No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2020	No. of options outstanding as at 30 June 2020	Approximate percentage of the underlying shares for the options outstanding in the issued shares of the Company
Mr. Qin Hong *(Note 1)*	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	–	–	2,100,000	0.16%

Notes:

1. The options have a term of ten years commencing on 2 December 2010 and shall vest (if applicable) and become exercisable in three tranches in the proportion of approximately $33^{1}/_{3}$%, $33^{1}/_{3}$% and $33^{1}/_{3}$% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

Substantial shareholders' interests and short positions in shares and underlying shares and debentures of the Company

As at 30 June 2020, according to the register of interests in shares of the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or chief executives of the Company, having interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

Name of substantial shareholder	Capacity	Number of shares interested	Approximate percentage of the Company's issued shares
Chongqing Mingna Trading Co., Ltd.	Person having a security interest in shares *(Note a)*	785,373,018	61.64%
Mr. Lin Xuegang	Interest of controlled corporation *(Note b)*	785,373,018	61.64%
Ms. Chen Aini	Interest of spouse *(Note c)*	785,373,018	61.64%
Ms. Chiu Kit Hung	Interest of spouse *(Note d)*	785,373,018	61.64%
Wealthy In Investments Limited	Interest of controlled corporation *(Note e)*	760,373,018	59.68%
Money Success Limited	Beneficial owner *(Note f)*	670,373,018	52.62%
	Interest of controlled corporation	90,000,000	7.06%
Jiangsu Huaxi Group Co. Ltd.	Interest of controlled corporation *(Note g)*	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co., Limited	Beneficial owner *(Note g)*	120,000,000	9.42%
Mr. Xue Yuewu	Beneficial owner	108,000,000	8.48%
Mr. Gao Yi Xin	Interest of controlled corporation *(Note h)*	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation *(Note h)*	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation *(Note h)*	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner *(Note h)*	90,000,000	7.06%

Notes:

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

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

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

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

Substantial shareholders' interests and short positions in shares and underlying shares and debentures of the Company *(continued)*

Notes: (continued)

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

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

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

h. 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons or corporations (other than Directors or chief executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

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 2020.

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 2020, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the non-executive Directors of the Company is appointed for a specific term. However, in accordance with the articles of association of the company at each 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.

Compliance with the Code on Corporate Governance Practices *(continued)*

Code Provision E.1.2 specifies that the chairman of the Board should attend the AGM. Mr. Lo, the chairman of the Board has been heavily involved in the business operation of the Group in the PRC. Despite his utmost intention to be present at the Company's AGM held on 13 May 2020, 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 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 2020.

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 2020 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.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank all employees for their contributions to the Group and all the shareholders for their continuous support.

By order of the Board
DOYEN INTERNATIONAL HOLDINGS LIMITED
Lo Siu Yu
Chairman

Hong Kong, 5 August 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Note	Six months ended 30 June **2020** **HK$'000** **(unaudited)**	 2019 HK$'000 (unaudited)
Revenue	*5*	**15,809**	16,517
Purchases		**(6,374)**	–
Staff costs		**(7,288)**	(5,602)
Short-term leases expenses		**–**	(1,902)
Other tax expenses		**(19)**	(1,082)
Depreciation of property, plant and equipment		**(11)**	(13)
Depreciation of right-of-use assets		**(859)**	–
Other operating expenses		**(2,773)**	(4,210)
Other gains and losses	*6*	**(6,202)**	2,223
Other income	*7*	**37**	262
(Loss)/Profit from operations		**(7,680)**	6,193
Finance income	*8*	**48,589**	38,211
Finance costs	*8*	**(6,682)**	(10,405)
Finance income – net	*8*	**41,907**	27,806
Profit before tax		**34,227**	33,999
Income tax expense	*9*	**(1,597)**	(3,917)
Profit for the period	*10*	**32,630**	30,082
Attributable to:			
Owners of the Company		**24,565**	23,739
Non-controlling interests		**8,065**	6,343
		32,630	30,082
Earnings per share	*12*		
		HK cents	HK cents
Basic and diluted		**1.93**	1.86

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**32,630**	30,082
Other comprehensive expenses, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(16,875)**	(1,794)
Total comprehensive income for the period	**15,755**	28,288
Attributable to:		
Owners of the Company	**481**	21,524
Non-controlling interests	**15,274**	6,764
	15,755	28,288

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Note	**30 June 2020 HK$'000 (unaudited)**	31 December 2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*13*	**59**	66
Right-of-use assets	*14*	**3,326**	4,320
Investment property	*15*	**308,806**	314,999
Intangible assets		**7,096**	7,096
Loan receivables	*16*	**8,440**	26,192
Deferred tax assets		**17,171**	20,761
		344,898	373,434
Current assets			
Loan receivables	*16*	**88,208**	86,412
Trade receivables		**196**	577
Prepayments, deposits and other receivables		**4,681**	4,892
Financial assets at fair value through profit or loss		**8,929**	10,702
Amounts due from a related company	*17*	**548,998**	510,078
Bank and cash balances		**34,395**	39,047
		685,407	651,708
Current liabilities			
Accruals and other payables		**25,480**	15,863
Borrowings	*18*	**172,054**	166,974
Lease liabilities	*14*	**1,890**	2,032
Current tax liabilities		**4,264**	14,507
		203,688	199,376
Net current assets		**481,719**	452,332
Total assets less current liabilities		**826,617**	825,766
Non-current liabilities			
Borrowings	*18*	**10,970**	22,380
Lease liabilities	*14*	**1,609**	2,469
Deferred tax liabilities		**8,022**	10,656
		20,601	35,505
NET ASSETS		**806,016**	790,261
Capital and reserves			
Share capital	*19*	**1,174,378**	1,174,378
Reserves		**(568,430)**	(568,911)
Equity attributable to owners of the Company		**605,948**	605,467
Non-controlling interests		**200,068**	184,794
TOTAL EQUITY		**806,016**	790,261

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital HK'000	Merger reserve HK'000	Exchange reserve HK'000	Statutory reserve HK'000	Other reserve HK'000	Retained earnings HK'000	Total HK'000	Non-controlling interests HK'000	Total equity HK'000
At 1 January 2019 (audited)	1,174,378	(409,968)	(48,680)	12,497	1,396	(35,509)	694,114	194,207	888,321
Total comprehensive income for the period	–	–	(2,215)	–	–	23,739	21,524	6,764	28,288
At 30 June 2019 (unaudited)	1,174,378	(409,968)	(50,895)	12,497	1,396	(11,770)	715,638	200,971	916,609
At 1 January 2020 (audited)	1,174,378	(409,968)	(57,636)	13,975	1,396	(116,678)	605,467	184,794	790,261
Total comprehensive income for the period	–	–	(24,084)	–	–	24,565	481	15,274	15,755
At 30 June 2020 (unaudited)	1,174,378	(409,968)	(81,720)	13,975	1,396	(92,113)	605,948	200,068	806,016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	**43,539**	(12,333)
Net cash generated from investing activities	**1,773**	41,958
Net cash used in financing activities	**(43,136)**	(54,089)
Net increase/(decrease) in cash and cash equivalents	**2,176**	(24,464)
Cash and cash equivalents at beginning of period	**39,047**	133,222
Effect of foreign exchange rate changes	**(6,828)**	(2,235)
Cash and cash equivalents at end of period, represented by	**34,395**	106,523
Bank and cash balances	**34,395**	106,523

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 financing to customers in the PRC (the "Dongkui business"), investment holding and sales of flowers and plants.

In the opinion of the directors (the "Directors") of the Company, as at 30 June 2020, Money Success Limited, a company incorporated in the British Virgin Islands ("BVI"), is the immediate parent; Wealthy In Investments Limited, a company incorporated in the BVI, is the ultimate parent and Mr. Lo Siu Yu ("Mr. Lo") is the ultimate controlling party of the Company.

2. Basis of preparation

These 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 2019 that is included in these unaudited condensed financial statements for the six months ended 30 June 2020 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 2019 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 2019 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 2019 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 2020. 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. Fair value measurements

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

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

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

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

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

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value of the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

(a) Disclosures of level in fair value hierarchy

At 30 June 2020

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2020 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Listed equity securities – held for trading	8,929	–	–	8,929
Investment property				
Shopping mall – PRC	–	–	308,806	308,806
Total	8,929	–	308,806	317,735

4. Fair value measurements *(continued)*

(a) Disclosures of level in fair value hierarchy *(continued)*

At 31 December 2019:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2019 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at fair value through profit or loss				
Listed equity securities – held for trading	10,702	–	–	10,702
Investment property				
Shopping mall – PRC	–	–	314,999	314,999
Total	10,702	–	314,999	325,701

No valuation has been conducted by independent valuer for the current period. As at 30 June 2020, the Board considered no material changes in the fair value of the investment property during the period under review.

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

Description	**Investment property HK$'000**
At 1 January 2020	**314,999**
Exchange differences	**(6,193)**
At 30 June 2020	**308,806**

Description	Investment property HK$'000
At 1 January 2019	318,868
Additions	8
At 30 June 2019	318,876

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

4. Fair value measurements *(continued)*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2020:

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

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

The valuation technique and inputs used in level 3 fair value measurements for the Group's investment property are disclosed in note 15.

5. 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 three reportable segments. No operating segments have been aggregated to form the following reportable segments:

Investment property holding	–	property investment and rental activities
Dongkui business	–	provision of loan financing
Sales of flowers and plants	–	selling of flowers, seedings and plants

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.

5. Segment information *(continued)*

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")) represents the operating and reportable segment of Dongkui business.

The measure used for reporting segment profit is "profit after tax".

Information about operating segment profit or loss:

	Investment property holding HK$'000 (unaudited)	Dongkui business HK$'000 (unaudited)	Sales of flowers and plants HK$'000 (unaudited)	Total HK$'000 (unaudited)
Six months ended 30 June 2020				
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**
Six months ended 30 June 2019				
Revenue from external customers	6,812	9,705	–	16,517
Depreciation	(2)	(12)	–	(14)
Finance income	7,146	10,132	–	17,278
Finance costs	(1,702)	–	–	(1,702)
Income tax expense	(964)	(2,073)	–	(3,037)
Segment profit after tax	9,441	15,659	–	25,100

5. Segment information *(continued)*

Reconciliation of segment profit or loss:

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Revenue		
Total revenue of reportable segments	**15,961**	16,517
Elimination of inter-segment revenue	**(152)**	–
Consolidated revenue	**15,809**	16,517
Profit or loss		
Total profit of reportable segments after tax	**31,201**	25,100
Unallocated amounts:		
Staff costs	**(4,946)**	(3,965)
Depreciation of property, plant and equipment	**–**	–
Depreciation of right-of-use assets	**(690)**	–
Fair value gain on financial assets at fair value through profit and loss	**(1,773)**	2,229
Exchange loss – net	**(4,429)**	(6)
Finance income	**21,567**	20,933
Finance costs	**(5,582)**	(8,703)
Other corporate expenses	**(2,718)**	(5,506)
Consolidated profit after tax for the period	**32,630**	30,082

6. Other gains and losses

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(1,773)**	2,229
Exchange loss – net	**(4,429)**	(6)
	(6,202)	2,223

7. Other income

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividend income from equity investments	**37**	262

8. Finance income and costs

	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Finance income		
Interest income on bank deposits	**146**	481
Interest income on loans to a related company	**48,443**	37,730
	48,589	38,211
Finance costs		
Interest on bank loans	**(1,032)**	(1,702)
Interest on other borrowings – bonds	**(5,520)**	(8,703)
Interest on lease liabilities	**(130)**	–
	(6,682)	(10,405)
Finance income – net	**41,907**	27,806

9. Income tax expense

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

	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	**1,597**	3,917

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the six months ended 30 June 2020 and 2019.

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

10. Profit for the period

The Group's profit for the period is arrived at after charging:

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Auditor's remuneration		
– Audit	**–**	–
– Others	**–**	–
Direct operating expenses of investment property that generate rental income	**450**	1,381

11. Dividends

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020 and 2019.

12. Earnings per share

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

	Six months ended 30 June	
	2020	2019
	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)	**24,565**	23,739

	Six months ended 30 June	
	2020	2019
	'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 2020 and 2019 as the exercise prices of those share options and warrants were higher than the average market price for shares, and, therefore, diluted earnings per share are the same as the basic earnings per share.

13. Property, plant and equipment

No acquisition of property, plant and equipment during the six months ended 30 June 2020 and 2019.

14. Leases

The consolidated statement of financial position shows the following amounts relating to leases:

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Right-of-use assets		
Buildings	**3,326**	4,320
Lease liabilities		
Current	**1,890**	2,032
Non-current	**1,609**	2,469
	3,499	4,501

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

	30 June 2020 HK$'000 (unaudited)
As 1 January 2020	**4,320**
Depreciation charge for the period	**(859)**
Exchange differences	**(135)**
At 30 June 2020	**3,326**

	31 December 2019 HK$'000 (audited)
As 1 January 2019 upon adoption of HKFRS 16	–
Additions	5,786
Depreciation charge for the period	(1,454)
Exchange differences	(12)
At 31 December 2019	4,320

15. Investment property

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
At 1 January	**314,999**	318,868
Fair value gain	**–**	1,476
Exchange differences	**(6,193)**	(5,345)
Ending balance at fair value	**308,806**	314,999

The Group's investment property represents a shopping mall in the PRC. The Group's investment property held under operating lease for rental purposes is measured using fair value model. No valuation has been conducted by independent valuer for the current period. As at 30 June 2020, the Board considered no material changes in the fair value of the investment property during the period under review. The fair value as at 31 December 2019 was based on a valuation carried out by Vigers Appraisal & Consulting Limited, an independent qualified professional valuer not connected with the Group with substantial experience in valuation of properties. The valuation was derived using the income capitalisation approach. The valuation is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

16. Loan receivables

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Loan receivables	**120,304**	136,734
Less: Impairment allowances	**(23,656)**	(24,130)
	96,648	112,604
Analysis as:		
Non-current portion	**8,440**	26,192
Current portion	**88,208**	86,412
	96,648	112,604

As at 30 June 2020, the Group's loans to customers comprise the following:

(a) Loans to customers of approximately HK$120.3 million (31 December 2019: approximately HK$136.7 million) were secured by the plant and equipment of the relevant customers and repayable by instalments within one to five years (31 December 2019: from one to five years) from the draw-down dates. The effective interest rate on such loans ranged from 11.9% to 13.9% (31 December 2019: 11.0% to 12.9%) per annum.

16. Loan receivables *(continued)*

As at 30 June 2020, 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 2020, no loan receivables were pledged as security for the Group's bank loans (2019: Nil).

17. Amounts due from a related company

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Loan to a related company	**460,740**	469,980
Interest receivable	**119,888**	73,052
Reimbursement of tax and other expenses	**16,422**	16,062
	597,050	559,094
Less: Impairment allowance	**(48,052)**	(49,016)
	548,998	510,078

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

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

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

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

In relation to the Loans advanced by the Company to Chongqing Doyen, Chongqing Doyen agrees to reimburse the Company any tax expenses on the interest income generated from the Loans advanced by the Company. In addition, Chongqing Doyen is also liable to pay in full all costs incurred by the Group in connection with any breach by Chongqing Doyen.

During the period 30 June 2019, 51% of the equity interest of Doyen Shell (the "Collaterals") was charged to the Group as security for the amounts due from a related company.

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

17. Amounts due from a related company *(continued)*

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

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

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

17. Amounts due from a related company *(continued)*

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

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

On 9 September 2019, the Company was informed that, among others, Chongqing Doyen, Mr. Lo and Shuorun Petrochemical were served with a summons in relation to a legal claim brought by Huarong in relation to a debt of a principal amount of RMB100 million (equivalent to approximately HK$109.7 million), together with relevant interests and penalties (the "Claim"). According to the legal opinion issued by the Company's PRC lawyer on 10 September 2019, which opined that the Claim will not affect the Company and its subsidiaries, Chongqing Baoxu and Shanghai Dongkui, to realise their priority compensation in the Pledged Collaterals.

In the opinion of the directors, the fair value from the foreclosure of the Pledged Collaterals exceeded the aforesaid amounts.

The amounts due from a related company is denominated in RMB.

18. Borrowings

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Bank loans – secured (note (a))	**32,910**	44,760
Bonds – unsecured (note (b))	**150,114**	144,594
	183,024	189,354

The borrowings are repayable as follows:

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Within one year	**172,054**	166,974
In the second year	**10,970**	22,380
In the third to fifth years	**–**	–
	183,024	189,354
Less: Amount due within 12 months (shown under current liabilities)	**(172,054)**	(166,974)
Amount due after 12 months	**10,970**	22,380

(a) Bank loans – secured

The Group's bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. As at 30 June 2020, the effective interest rate is 5.4% (31 December 2019: 5.4%) per annum.

As at 30 June 2020, the Group's bank loans of approximately HK$32.9 million (31 December 2019: approximately HK$44.8 million) were secured by the Group's investment property amounted to approximately HK$308.8 million (31 December 2019: approximately HK$315.0 million) and its right to receive rental income, and were guaranteed by Chongqing Doyen.

18. Borrowings *(continued)*

(b) Bonds – unsecured

In January 2015, the Group issued bonds (the "Bonds") with an aggregate face value of HK$195,000,000 at par to Haitong International Finance Company Limited ("Haitong"). The Bonds are denominated in HK$, unsecured, bear interest at 9.5% per annum payable quarterly in arrears and has a maturity period of 24 months after the first issuance of the Bonds. The Bonds are guaranteed by Mr. Lo, Director and ultimate controlling party of the Company. In addition, the immediate parent of the Company undertakes that until the Bonds are fully repaid, its shares in the Company deposited in a designated margin securities account will not be at any time less than 52.19% of the total issued and outstanding shares of the Company, and will not be subject to any pledge (except in relation to the margin facility arranged). If there is any default on the Bonds, Haitong will have a right to sell the said shares which the immediate parent holds in the securities account for repayment of any outstanding amounts of the Bonds. Loan arrangement fees amounting to approximately HK$3,665,000 have been amortised over the term of the Bonds.

On 20 January 2017, the Group entered into a supplemental deed (the "Supplemental Deed") with Haitong, Mr. Lo, being the guarantor, and Chongqing Doyen, being the corporate guarantor (under a corporate guarantee agreement dated 20 January 2017) whereby the parties amended certain terms and conditions of the Bonds, inter alia:

(i) The maturity date shall be extended to the date falling upon the expiry of 12 months from the expiry of 24 months after the first issuance of the Bonds (the "Maturity Date") and the Group may further extend the maturity date to a date falling upon the expiry of 24 months from the expiry of 24 months after the first issuance of the Bonds (the period of such 12 or 24 extended months as applicable, from the original Maturity Date being called the "Extension Period").

(ii) The Bonds bear interest at 9% per annum during the Extension Period.

Loan arrangement fees amounting to approximately HK$3,899,000 regarding the Supplemental Deed have been amortised over the Extension Period.

Pursuant to the Supplemental Deed in relation to the Bonds, an email and a written notice were issued by the Group to Haitong, the bondholder, on 17 January 2018 and 7 February 2018 respectively in respect of the extension of the maturity date of the Bonds to 18 January 2019. Haitong acknowledged receipt of the aforesaid email and written notice on 7 February 2018; accordingly, the maturity date of the Bonds has been extended to 18 January 2019.

On 7 February 2018, Haitong transferred the Bonds to Hua Sing (Cayman) Energy Holdings Limited ("Hua Sing"), whose intermediate holding company indirectly holds 9.42% equity interest of the Company and 30% equity interest of the Company's subsidiary, Chongqing Baoxu as at 30 June 2020.

18. Borrowings *(continued)*

(b) Bonds – unsecured *(continued)*

Pursuant to a confirmation letter dated 7 February 2018, Hua Sing confirmed, among others, the following:

(i) The maturity date of the Bonds has been extended to 18 January 2019.

(ii) The failure by the Company to pay interest between 7 February 2018 to 17 January 2019, both dates inclusive (the "Period") shall not constitute a breach of the bond instrument dated 19 January 2015 (the "Bond Instrument") and the Supplemental Deed or an event of default under the Bond Instrument (the "Event of Default").

(iii) Any interest due but remain unpaid during the Period (the "Accrued Interest") shall become immediately payable by the Company on the first business day (excluding Saturday, Sunday and public holidays on which banks in Hong Kong are open for business) immediately after the Period.

(iv) No interest shall accrue on the Accrued Interest itself and the default interest pursuant to the Bond Instrument shall not be applicable to any Accrued Interest.

(v) If any of the Event of Default (except for the non-payment of interest during the Period) should occur, Hua Sing shall have the right to revoke the effect of any or all of the paragraphs (i) to (iv) above, any right exercisable by Hua Sing pursuant to the Bond Instrument may be exercised in respect of the Accrued Interest and the Bond Instrument shall apply to the Accrued Interest from the date of any demand by Hua Sing to pay the Accrued Interest accordingly.

On 29 March 2018, Full Brilliant Limited ("Full Brilliant"), Mr. Lo and Ms. Chiu Kit Hung, the spouse of Mr. Lo, Sino Consult Asia Limited ("Sino Consult") and the immediate parent of the Company entered into charge over shares in the Company, pursuant to which they agreed to charge aggregate of 785,373,018 shares of the Company in favor of Hua Sing as security to the Bonds. Full Brilliant and Sino Consult are companies wholly-owned by the immediate parent of the Company.

Pursuant to a confirmation letter dated 18 January 2019 executed by the Group and Hua Sing whereby the parties amended certain terms and conditions of the Bonds based on a supplemental deed poll dated 18 January 2019 (the "Supplemental Deed Poll"), inter alia:

18. Borrowings *(continued)*

(b) Bonds – unsecured *(continued)*

The maturity date of the Bonds shall be 17 April 2019 or such later date as agreed by the bondholder(s) and the Company, which shall not be a date which falls after 17 April 2021 (the "New Maturity Date"). The Company may, by notice in writing to the bondholder(s), extend the New Maturity Date to a date no later than 3 months from the New Maturity Date (in no event should the New Maturity Date fall on a date after 17 April 2021) as last agreed by the bondholder(s) and the Company, subject to the written consent of all the bondholder(s). The extension notice shall be served by the Company at least 20 business days prior to the New Maturity Date as last agreed by the bondholder(s) and the Company.

Pursuant to another confirmation letter dated 18 January 2019, issued by Hua Sing whereby Hua Sing confirmed, among others, the following:

(i) The failure by the Company to pay interest between 7 February 2018 to the New Maturity Date, both dates inclusive (the "New Period") shall not constitute a breach of the Bond Instrument and the Supplemental Deed Poll or Event of Default.

(ii) Any interest due but remain unpaid during the New Period (the "New Accrued Interest") shall become immediately payable by the Company on the first business day (excluding Saturday, Sunday and public holidays) on which banks in Hong Kong are open for business) immediately after the New Period.

(iii) No interest shall accrue on the New Accrued Interest itself and the default interest pursuant to the Bond Instrument shall not be applicable to any New Accrued Interest.

(iv) If any of the Event of Default (except for the non-payment of interest during the New Period) should occur, Hua Sing shall have the right to revoke the effect of any or all of the paragraphs (i) to (iii) above, any right exercisable by Hua Sing pursuant to the Bond Instrument may be exercised in respect of the New Accrued Interest and the Bond Instrument shall apply to the New Accrued Interest from the date of any demand by Hua Sing to pay the New Accrued Interest accordingly.

18. Borrowings *(continued)*

(b) Bonds – unsecured *(continued)*

Pursuant to the Supplemental Deed Poll in relation to the Bonds, three notices were issued by the Group to Hua Sing on 19 March 2019 in respect of the extension of the New Maturity Date of the Bonds to 17 January 2020. Hua Sing acknowledged receipt of the aforesaid three notices and issued three written consents on 19 March 2019; accordingly, the New Maturity Date of the Bonds has been further extended to 17 January 2020.

On 29 May 2019, the aggregate of 785,373,018 shares of the Company, which were charged as security to the Bonds in favor of Hua Sing, had been fully released. Those shares are held by Full Brilliant, Mr. Lo, Ms. Chiu Kit Hung, Sino Consult and the immediate parent of the Company.

On 13 December 2019, the Company has irrevocably redeemed part of the Bonds with a principal amount of HK$72,000,000 and paid the interest accrued up to the day of redemption.

Pursuant to the Supplemental Deed Poll in relation to the Bonds, a notice was issued by the Group to Hua Sing on 16 January 2020 in respect of the extension of the New Maturity Date of the Bonds to 17 March 2020. Hua Sing acknowledged receipt of the aforesaid notice and issued written consent on 17 January 2019; accordingly, the New Maturity Date of the Bonds has been further extended to 17 March 2020.

Pursuant to the Supplemental Deed Poll in relation to the Bonds, two notices were issued by the Group to Hua Sing on 17 March 2020 in respect of the extension of the New Maturity Date of the Bonds to 17 September 2020. Hua Sing acknowledged receipt of the aforesaid two notices and issued two written consents on 17 March 2020; accordingly, the New Maturity Date of the Bonds has been further extended to 17 September 2020.

As at 30 June 2020, the effective interest rate on the Bonds was 9% (2019: 9%) per annum.

19. Share capital

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Issued and fully paid: 1,274,039,000 ordinary shares	**1,174,378**	1,174,378

20. Related party transactions

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

(a) Transactions with related parties

Name of related party	Nature of transactions	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Chongqing Doyen (note)	Interest income on Loans to a related company	**48,443**	37,730

(b) Key management personnel compensation

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

	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Short-term benefits	**2,336**	2,389
Post-employment benefits	**18**	27
	2,354	2,416

Note:

Chongqing Doyen is considered as a related company of the Group as it is wholly owned by Mr. Lo, the Director and ultimate controlling party of the Company, and his spouse.

21. Lease commitments

The Group as lessor

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

As at 30 June 2020, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Within one year	**5,920**	6,779

22. Event after the reporting period

Save as disclosed, there have been no events to cause material impact on the Group from 30 June 2020 to the date of this report that need to be disclosed.