東銀國際
INTERNATIONAL HOLDINGS

DOYEN INTERNATIONAL HOLDINGS LIMITED

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

ANNUAL REPORT 2020

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 (resigned on 18 December 2020)

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

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SHARE TRANSFER OFFICE
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Shops 1712-16, 17/F, Hopewell Centre
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PRINCIPAL BANKERS
The Hongkong and Shanghai Banking
Corporation Limited
Bank of Communications Co., Ltd.
China Everbright Bank Hong Kong Branch

SOLICITORS
Mason Ching & Associates

AUDITOR
Baker Tilly Hong Kong Limited

STOCK CODE
668

WEBSITE
http://www.doyenintl.com

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors ("Director"), I hereby present the annual report of Doyen International Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2020.

MARKET AND BUSINESS REVIEW

In 2020, the global economy was severely hit by the sudden COVID-19 ("COVID-19") pandemic. Being affected by the pandemic, the financial market fluctuated, global trade contracted and global industrial and supply chains were impacted. On the global front, Brexit, the signing of the Regional Comprehensive Economic Partnership (RCEP) and the US election brought changes to the global geopolitical landscape.

As the global economy was impacted by the pandemic, the Gross Domestic Product (GDP) of many countries fell to record lows. In the shadow of the pandemic, it was a great challenge for all countries to strive for the recovery of the global economy. Given the complex and volatile internal and external environment and the increasing uncertainties, the Group continued to uphold stable operations and seized appropriate investment and business opportunities in a timely manner on the basis of focusing on the Group's existing businesses and industries for further expansion of its business scope so as to enhance the Group's overall competitiveness, maintain prudent financial management, strengthen capital operation and fully utilize the advantages of the Hong Kong listing platform.

In 2020, the overall volume of financial leasing business decreased due to the COVID-19 impact and uncertainties of the specific policies after the adjustment of the financial leasing regulatory regime. According to the China's Lease Industry Development Report for 2020, the balance of domestic finance lease contract amounted to approximately RMB6.5040 trillion as at the end of December 2020, which decreased by approximately RMB150 billion from RMB6.6540 trillion as at the end of December 2019, representing a decrease of 2.3% in 2020 compared to the same period in 2019. Going forward, with the remarkable result of epidemic prevention and control and the recovery of China's economy, the leasing industry will return to a healthy and sound development track. The Group's 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui")) is committed to developing loan financing business and will continue to actively select projects with reliable ratings, adequate guarantees and controllable risks while expanding business network for more development opportunities in the future.

For property investment business, the COVID-19 pandemic was rampant in People's Republic of China ("PRC") in the first half of 2020. In order to support the real economy and help merchants to tide over difficulties, the Group offered preferential terms to the merchants of Dong Dong Mall ("Dong Dong Mall"), held by the Group's 重慶寶旭商業管理有限公司 (for identification purpose, Chongqing Baoxu Commercial Property Management Ltd. ("Chongqing Baoxu")) in response to the call of the government, which helped the occupancy rate of Dong Dong Mall to remain stable. In 2020, Dong Dong Mall's average letting rate reached approximately 88% and the average letting rate in 2019 was approximately 93%. Despite the fact that the letting rate fell compared to the same period of last year, as the pandemic gradually came under control, it is expected that the rental income and return growth rate of Dong Dong Mall will climb healthily in 2021.

In order to effectively expand the revenue sources, the Group has developed a broader range of value-added services in Dong Dong Mall, of which, the sales of flowers and plants project not only meets the national agricultural policy and the industrial development plan, but also is in line with the civilization plan of Chongqing city. In 2020, the market response of our sales of flowers and plants business was good and it has become a new source of revenue growth for the Group.

CHAIRMAN'S STATEMENT

For 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. It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

Since 2013, the scale of distressed assets has been increasing rapidly: the outstanding balance of non-performing assets in PRC grows from approximately RMB1,274.4 billion in 2015 to RMB2,413.5 billion in 2019 at a CAGR of approximately 17.3%. Going forward, the outstanding balance of distressed assets in PRC is expected to increase at a CAGR of 16.6% from approximately RMB3,178 billion in 2020 to RMB5,883 billion in 2024. With the continuous increase in the scale of distressed assets and the continuous expansion of local asset management companies ("AMC"), in the short term, the disposal licence of distressed assets is still a scarce resource, and the industry will maintain a high entry threshold. Therefore, the distressed assets business will still be the primary revenue source of local AMC. As the distressed asset market is expected to enter into a new era of high quality development in December 2020, the Group has entered the distressed asset industry through acquisition of 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd. ("Anxin Wanbang")). The next focal point for the Group's future expansion for its loan financing would be the distressed assets management, in particular, the acquisition, division and resale of distressed assets in relation to real estate industry.

From November 2016 to March 2017, the Group granted a loan in the principal amount of RMB420 million (equivalent to approximately HK$499 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 21 October 2020, the loan was fully repaid and settled. The Company will actively use the funds collected to expand its business. Looking forward to the year of 2021, the Group is confident in the development of its industries. It will leverage on its solid management foundation and development strategies over the years, closely monitor market changes with active response and adjustment, and strive to create greater value for the shareholders while achieving greater development for the Company.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their invaluable efforts and dedication. I would also like to thank our clients and business partners for their continued trust, as well as our shareholders for their constant support. In 2021, the Group will steadily develop the existing business at a new starting point to further identify appropriate investment opportunities and create greater value for our shareholders, partners, staff members and stakeholders.

Lo Siu Yu
Chairman

Hong Kong, 10 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

FINANCIAL HIGHLIGHT

The results of the Group are summarized as follows:

	For the year ended 31 December 2020 HK$'000	For the year ended 31 December 2019 HK$'000
Revenue	**103,759**	33,202
Profit/(loss) from operations	**39,434**	(69,381)
Finance income/(costs) – net	**113,602**	(18,788)
Profit/(loss) before tax	**153,036**	(88,169)
Income tax (expense)/credit	**(29,857)**	4,764
Profit/(loss) for the year	**123,179**	(83,405)

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

	2020 HK$'000	2019 HK$'000
Non-current assets	**357,209**	373,434
Current assets	**671,829**	651,708
Current liabilities	**93,000**	199,376
Non-current liabilities	**5,383**	35,505
Equity attributable to owners of the Company	**753,313**	605,467

BUSINESS REVIEW

For the year ended 31 December 2020, the Group recorded revenue of approximately HK$103.8 million (2019: approximately HK$33.2 million), representing an increase of 212.5%. The Group recorded gain from operations of approximately HK$39.4 million (2019: loss approximately HK$69.4 million). The gain were mainly attributable to the Group received approximately Renminbi ("RMB") RMB 665.6 million (equivalent to approximately HK$790.7 million) from 重慶東銀碩潤石化集團有限公司 (for identification purpose, Chongqing Doyen Shuorun Petrochemical Group Ltd. ("Shuorun Petrochemical")) to settle the relevant outstanding loans granted to a related company, resulting in (i) a reversal of impairment loss of approximately HK$50.1 million in respect of the amount due from a related company for the year ended 31 December 2020; and (ii) an aggregate interest income from the loans granted to the relevant related party of approximately HK$164.4 million being recognised during the year ended 31 December 2020, which resulted in an increase in profit for the year during the year ended 31 December 2020 as stated above. It should be noted that, excluding the above-mentioned one-off gains derived from the settlement of the relevant loans, the Group is expected to record a similar level of loss from operation and loss for the year during the year ended 31 December 2020 as compared with that for the year ended 31 December 2019. On the other hand, assessed fair value losses of Dong Dong Mall of HK$24.6 million (2019: fair value gain approximately HK$1.5 million) and impairment losses on loan receivables of approximately HK$43.4 million (2019: approximately HK$23.3 million) in relation to secured loans. Such impairment represented non-cash accounting charges resulted from the adoption of the HKFRS 9. The profit attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$114.6 million (2019: loss approximately HK$79.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

Dongkui Business

Shanghai Dongkui, a subsidiary of which 77.58% equity interest is owned by the Company, is mainly engaged in provision of loan financing. 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).

Due to the uncertain impact of COVID-19 and specific policies after the adjustment of the loan financing regulatory system, multiple operations of the Company have been severely hindered. As a result, financial performance and business development plans have also been dragged down. Fortunately, the operation of Shanghai Dongkui has not been significantly affected by the COVID-19 epidemic in 2020 as customers repaid the loan on time and business remained sound and stable.

On 6 November 2020, Shanghai Dongkui received a judgment from Shanghai Pudong New District People's Court dated 26 October 2020 regarding the Legal Proceeding (the "Judgment") in its favour. The Judgment ordered, amongst others, that (1) 陝西太白山投資集團有限公司 (for identification purpose, Shaanxi Taibai Mountain Investment Group Company Ltd. ("Shaanxi Taibai")) to pay Shanghai Dongkui all the outstanding lease rent and purchase price of approximately RMB33.0 million (equivalent to approximately HK$39.2 million); (2) Shaanxi Taibai to pay Shanghai Dongkui the default interest till 10 March 2020 totaling approximately RMB0.6 million (equivalent to approximately HK$0.7 million) and the default interest from 11 March 2020 till the actual date of repayment of the default interest; (3) Shaanxi Taibai to pay for the legal fee of Shanghai Dongkui of RMB0.3 million (equivalent to approximately HK$0.4 million); and (4) Baoji City Cultural Tourism Industry Development Group Company Ltd. (the "Guarantor") is jointly and severally liable for the repayment obligations of Shaanxi Taibai in favour of the Shanghai Dongkui. After the Guarantor fulfilled the guarantee obligation, it has the right of recovery against Shaanxi Taibai.

Shanghai Dongkui is now providing loan financing to four hospitals, namely 祿豐縣人民醫院 (for identification purpose, Lufeng People's Hospital) with project amount of RMB12 million (equivalent to approximately HK$14.3 million); 泗縣人民醫院 (for identification purpose, Sixian People's Hospital) with project amount of RMB30 million (equivalent to approximately HK$35.6 million); an independent third hospital with project amount of RMB40 million (equivalent to approximately HK$47.5 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$35.6 million).

The effective interest rate of Shanghai Dongkui's loan financing ranged from 10.1% to 15.4% (2019: 11.0% to 12.9%). Among the loan financing of the above hospitals, three will expire in 2021 and one will expire in 2022. During the year, there was no significant impact of the COVID-19 on Dongkui's business and 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 projects. As such, the number of completed sizeable loan financing projects reduced this year. Strict regulatory policy also led to temporary insufficient liquidity so the Group reduced its reliance on bank factoring and raised the overall market interest cost.

Short-term Loan Business

On 23 October 2020, Shanghai Dongkui entered into a loan agreement with 儋州中誠裝修有限公司 (for identification purpose, Dan Zhou Zhongcheng Decoration Co., Ltd. ("Dan Zhou Zhongcheng")), a company established with limited liability under the laws of the PRC, an independent third party. Shanghai Dongkui has agreed to grant a loan in the amount of RMB25 million (equivalent to approximately HK$29.7 million) to Dan Zhou Zhongcheng for a term of 12 months at the interest rate of 15.4% per annum. All other terms and provisions of the loan agreement shall remain unchanged according to the announcement dated 21 October 2019.

Factoring Business

In May 2020, the Company established Shanghai Dongrui, a wholly owned subsidiary of Shanghai Dongkui with a registered capital of RMB50 million (equivalent to approximately HK$59.4 million). It is principally engaged in importing and exporting factoring business, domestic and offshore factoring business and consulting services related to commercial factoring.

On 28 December 2020, Shanghai Dongrui and 綿陽華藍建設工程有限公司 (for identification purpose, Kum Yang Wa Nan Building and Constructions Ltd. ("Kum Yung")) entered into a factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables of Kum Yang for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB50.5 million (equivalent to approximately HK$60 million) for a period of 90 days with an annual interest rate of 10.78%.

On 28 December 2020, Shanghai Dongrui and 重慶潮豐聯物資有限公司 (for identification purpose, Chongqing Chaofung United Material Supplies Ltd. ("Chongqing Chaofung")) entered into a factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables of Chongqing Chaofung for a period of 182 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB55.1 million (equivalent to approximately HK$65.5 million) for a period of 182 days with an annual interest rate of 10.53%.

On 28 December 2020, Shanghai Dongrui and 廣東大地鋼鐵有限公司 (for identification purpose, Guangdong Dadi Iron Supplies Ltd. ("Guangdong Iron")) entered into a factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables of Guangdong Iron for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB44.6 million (equivalent to approximately HK$53.0 million) for a period of 182 days with an annual interest rate of 10.47%.

On 28 December 2020, Shanghai Dongrui and 磐嶼商業保理有限公司 (for identification purpose, Pun Yu Commercial Factoring Ltd. ("Pun Yu")) entered into a re-factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Pun Yu from the factoring customers of Pun Yu for a period of 90 days from the date of signing of the re-factoring agreement with the factoring principal amount of approximately RMB40.3 million (equivalent to approximately HK$47.9 million) for a period of 90 days with an annual interest rate of 10.25%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement, pursuant to which the Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to 國歆博業(深圳)商業保理有限公司 (for identification purpose, Guoyin Boah (Shenzhen) Commercial Factoring Ltd. ("Guoyin Boah")) from the factoring customers of Guoyin Boah for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.9million (equivalent to approximately HK$74.7 million) with an annual interest 10.74%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with 國昀瑞業(深圳)商業保理有限公司 (for identification purpose, Guojun Xiuer (Shenzhen) Commercial Factoring Ltd. ("Guojun Xiuer")), pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Guojun Xiuer from the factoring customers of Guojun Xiuer for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.4million (equivalent to approximately HK$74.1 million) with an annual interest 10.74%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with 江蘇鵬輝融資租賃有限公司 (for identification purpose, Jiangsu Pangfei Financial Leasing Ltd. ("Jiangsu Pangfei")), pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Jiangsu Pangfei from the factoring customers of Jiangsu Pangfei for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB54.2 million (equivalent to approximately HK$64.3million) with an annual interest 10.74%.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

On 30 June 2020, Shanghai Dongrui and 深圳聯合保理有限公司 (for identification purpose, Shenzhen United Factoring Company Ltd. ("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$14.7 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.

On 22 April 2020, Shanghai Dongkui and 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$12.2 million) under the above factoring agreement for a period of one year with an annual interest rate of 10.09%.

For the year ended 31 December 2020, the loan financing segment contributed revenue of approximately HK$53.3 million (2019: revenue approximately HK$19.0 million) and recorded profit after tax of approximately HK$16.2 million (2019: loss after tax approximately HK$15.4 million).

Property Investment Holding

Chongqing Baoxu, a subsidiary of which 70% equity interest is owned by the Company, is principally engaged in the investment holding of Dong Dong Mall, a shopping arcade for commercial use and located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing in the PRC with a total gross floor area of 18,043.45 square meters. Dong Dong Mall is adjacent to a main pedestrian street and a number of shopping malls, where is a hot-spot of fashion, shopping, entertainment and business for residents around south Chongqing due to its convenient public transportation.

COVID-19 epidemic was raging during the first half of 2020, physical economy industries such as retail and catering services were mostly affected. In order to support the physical economy and help merchants tide over their difficulties, the Group has offered rental concessions to the commercial tenants in Dong Dong Mall, which is owned by Chongqing Baoxu, a subsidiary of the Group. The annual rent concessions amounted to approximately RMB1.5 million, resulting in a sight decrease in the occupancy rate of Dong Dong Mall.

For the year ended 31 December 2020, the Group's property investment segment has contributed revenue of approximately HK$19.7 million (2019: approximately HK$14.0 million), representing a increase of 40.4%. Meanwhile, this segment has recorded a profit after tax of approximately HK$16.5 million for the year ended 31 December 2020 (2019: loss after tax approximately HK$0.9 million).

Sales of Flowers and Plants

For the year ended 31 December 2020, Group's sales of flowers and plants segment has contributed revenue of approximately HK$31.9 million (2019: approximately HK$0.5 million). Meanwhile, this segment has recorded a profit after tax of approximately HK$0.2 million for the year ended 31 December 2020 (2019: profit after tax approximately HK$23.0 thousand). There was no significant impact of the COVID-19 on the sales of flowers and plants during the year.

Distressed Assets Management

On December 2020, Shanghai Dongkui, a 77.58% owned subsidiary of the Company, acquired Anxin Wanbang with a cash amount of RMB60 thousand (equivalent to approximately HK$71.3 thousand). On the date of acquisition, the net liabilities of Anxin Wanbang were RMB1.7 million (equivalent to approximately HK$2.0 million), the purchase price was RMB60 thousand (equivalent to approximately HK$71.3 thousand), and registered capital of of Anxin Wanbang was RMB50 million (equivalent to approximately HK$59.4 million). As of 31 December 2020, Anxin Wanbang's total assets were approximately RMB2.1 million (equivalent to approximately HK$2.5 million), and its net liabilities were approximately RMB1.68 million (equivalent to approximately HK$2.0 million). Anxin Wanbang is principally engaged in the distressed assets management.

For the year ended 31 December 2020, Group's distressed assets management segment has no contributed revenue (2019: nil). Meanwhile, this segment has recorded a loss after tax of approximately HK15.0 thousand for the year ended 31 December 2020 (2019: nil). There was no significant impact of the COVID-19 on the distressed assets management during the year.

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$95.0 million) to Chongqing Doyen. On the same date, Chongqing Baoxu granted a loan ("Baoxu Loan") with a principal amount of RMB80 million (equivalent to approximately HK$95.0 million) to Chongqing Doyen.

On 11 November 2016, Shanghai Dongkui granted a loan ("Shanghai Dongkui Loan") with a principal amount of RMB110 million (equivalent to approximately HK$130.7 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$178.2 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$499.0 million).

On 21 October 2020, the Group received the amount of approximately RMB665.6 million (equivalent to approximately HK$790.7 million) from Shuorun Petrochemical as settlement of the Loans (inclusive of interest and other relevant expenses incurred). The Loans have been fully repaid and settled. Relevant pledges over the 51% of equity interest of 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd. ("Doyen Shell")) have been withdrawn accordingly.

PROSPECTS

The outbreak of COVID-19 pandemic causes great disruptions to the global economy. After experiencing a significant economic recession in 2020, a general recovery is expected in global economy in 2021. However, with the far-reaching effects of the pandemic, external environment remains complicated and volatile. As the first country to achieve both pandemic prevention and control and economic and social development goals, the PRC has become the only major economy in the world that has achieved positive growth. In the future, the PRC will continue to deepen the supply-side structural reform with reform and innovation as the fundamental driving force and adhere to the general principle of seeking progress while working to keep performance stable so as to achieve long-term positive trend of economic development.

The Group has always been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources. Meanwhile, before finding investment opportunities with good potential, the Group will seize any opportunity to make short-term investment with low risks in order to bring higher rewards for shareholders.

DONGKUI BUSINESS

Loan Financing Business

With the changes in economic situation and regulatory environment in the PRC, the development of loan financing industry in the PRC is facing transformation. In 2020, the loan financing industry has entered a critical period of transformation and development with the industry gradually developing towards the mature stage. In order to promote the development of loan financing business, regulate the operating behavior of loan financing companies, and prevent risks, the government promulgated various policies.

In early January 2020, the China Banking and Insurance Regulatory Commission promulgated the Interim Rules on Financial Leasing Companies (Draft for Comments), which is the first major policy in the field of loan financing in 2020, while on 22 May 2020, the Civil Code of the PRC (Draft) was discussed and considered at the 3rd Session of the 13th National People's Congress, which has regulated the relevant contents of loan financing contracts. The Civil Code (Draft) greatly enriches the terms of loan financing contracts and reflects the State's attention and emphasis on loan financing industry.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

On 9 June 2020, the China Banking and Insurance Regulatory Commission issued the Interim Measures for the Supervision and Management of Financial Leasing Companies (the “Interim Measures”) to guide the industry on standardised operation, prevent and resolve risks. It is expected that in the short term, the industry will expedite the liquidation of shell companies. Due to restrictions of gearing ratio and concentration, pressure will be posed on the overall scale and earnings on business, and coupled with the macroeconomic downturn, industry will become highly fragmentated. The “Interim Measures” clarified that the “origin” of the loan financing industry is to serve small, medium and micro enterprises in the industry chain of the real economy. The “Interim Measures” adheres to the basic principles of “shoring up of weakness, strict supervision, preventing risks, and governing norms”, and regulate loan financing companies in terms of operating rules, regulatory indicators, supervision and management, and legal responsibilities, which are conducive to promoting the loan financing companies to focus effort on the development of the main business and effectively prevents loan financing companies from deviating from their main business and developing disorderly. The promulgation of the “Interim Measures” responds to the expectations of loan financing industry for the early introduction of regulatory measures, reducing one of the biggest uncertainties for the recovery and development of the leasing business after the pandemic, which is a favourable news after the pandemic.

With the on going financial reforms, the financial market in the PRC is becoming more vibrant and diversified with continuous innovation in financial products and financing instruments. And with the continuous growth of the PRC economy, there will be increasing demands for financial products and services of various types. As such, the business model and product offerings under the Group’s loan financing segment have also been continuously expanding and evolving along enterprises’ funding needs ever since the Group first tapped into the loan financing business.

Short-term Loan Business

For short-term loan business, pursuant to the requirements by the Interim Measures issued by the PRC 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 loan financing companies. Thus, Shanghai Dongkui will use more capital from loan repayments to invest into loan financing projects, transfer and reception of loan financing 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.

Factoring Business

Through engaging in the loan financial business for around five years by the Group, the management observed that during the course of the sales of medical equipment and provisions of other relevant services, it is typical for the seller of the medical equipment to offer certain credit period to the buyers. As the creditworthiness of different buyers varies, sellers may encounter difficulties and/or delay in collecting the payment from the buyers. Therefore, it creates a market for enterprises to organise their accounts receivables to fund their cash flow, which generates the market of the provision of factoring services, where a company pledges its accounts receivables to factoring services provider as security to obtain financing. Therefore, we hope to source potential customers through the development of different types of business pipeline and customer resources, and execute factoring agreements with recourse. For factoring business, it is estimated that costs paid by customers will be approximately 10% to 12% 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

Distressed Assets Management Business

Anxin Wanbang is located in Beijing and is principally engaged in the disposal of distressed assets. Through building a comprehensive core competitiveness of investment capability, financing capability and management capability, creating value for shareholders, customers and employees, the Company is committed to building the Company into a leading distressed assets disposal services provider and a benchmark position in the industry.

In 2019, the four major AMC have played an important role in following the guidance of national policies, focusing on the main business of distressed assets, continuously increasing the disposal of distressed assets as well as improving the efficiency of disposal. While the supply of distressed assets in the PRC is increasing, the buyers are gradually diversifying, the AMC industry is continuously refining its development from policy banks to commercial banks while the market-oriented disposal patter is further perfecting. The distressed assets market is expected to enter the new era of high quality development.

The Group is optimistic on the prospect of distressed assets management in the PRC and believes such business would become an increasing important field in the overall loan financing market in the PRC, which could be the next focal point of the Group's business. In view of this trend, the Group has already taken a number of preparatory steps in this connection, including conducting feasibility study and business network development.

Property Investment Holding

With the birth peak of the 80s and 90s generations as well as the stimulation of political factors such as the two-child policy, coupled with the continuous increase of disposable income per capita, the maternal market of the PRC has developed rapidly. According to the data from iMedia Research, the overall market of China's parent-child industry exceeded RMB4 trillion in 2020, and it is expected that the overall market scale will exceed RMB7 trillion by 2024. It is conservatively estimated that the market size of parent-child industry in Chongqing is in the trillions.

Dong Dong Mall, located at the shopping mall at No.2, Second Lane, Nanping East Road, Nanan District, Chongqing, the PRC, has been positioned as a regional residential shopping arcade and offers a certain variety of shops including fashion boutiques, restaurants and a lifestyle relaxation centre which provides a one stop lifestyle shopping and leisure experience to the middle class in southern Chongqing. Since 2015, Dong Dong Mall has been characterised as the "one stop children's education and training zone". The Group carried out a massive general renovation for Dong Dong Mall in 2015 by putting in new facilities to attract tenants and their customers. After such renovation in 2016 and completion of the reform and relender works in 2017, Dong Dong Mall has designated the street level of Dong Dong Mall as a children's playground, namely 啓蒙街, and certain areas in the second and third floors as children's training zone ("Children's Training Zone").

In the future, Dong Don Mall will continue to focus on creating a "one-stop education and training area for children" centered on the children's training business format, and constantly optimize the business layout of the project, in order to enrich the differentiation of children's derivative businesses to create core competitiveness while increase the rental of shops.

Sales of Flowers and Plants

At present, the state is accelerating the construction of eco-livable cities, and promoting high quality development with green development. Chongqing Baoxu actively promoted the sales of flowers and plants during the year. The implementation of the project is in line with the national green industry development plan and also in live with the plan to build Chongqing into a civilized city.

With the development of the economic level and the continuous improvement of citizens' living consumption level, the demand for spiritual level is changing qualitatively. Under these backgrounds, the flower industry has developed rapidly in recent years. According to the data of the National Bureau of Statistics, from 2015 to 2019, the scale of the PRC's professional flower market transactions of over RMB100 million increased year by year. In 2019, it amounted to RMB75.1 billion, representing a year-on-year increase of 16.9%. Flowers and floral art, as one of the most important spiritual needs of the general public, their demand will also be greatly increased. This will drive the Company's flower and plant sales services, and ultimately increase revenue from the sales of flowers and plants.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

From the demands for flowers and plants from Dong Dong Mall for all year as well as its festive decorations and organisation of events and activities requests, the Group realises the potential demand for landscaping flowers and plants and other greenery services from different walks of life, from property development companies, companies providing greenery, gardening, landscape and plant nurseries services as well as local community organisations to individual households.

As such, the Group has commenced the sales of flowers and plants segment in 2019 and has positioned itself as the landscaping flowers and plants suppliers for small to medium scale real estate developers in the PRC which seeks to provide flower and plant supply for their real estate projects at a competitive price. The Group considers that they can leverage on the existing tenants network of Dong Dong Mall and network of landscaping companies and property management companies of real estate developers originated from the Group's controlling shareholder, Chongqing Doyen and that the development of the sales of landscaping flowers and plants business by the Group would be a viable and sustainable business with sound prospects.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had bank and cash balances of approximately HK$146.1 million as at 31 December 2020 (2019: approximately HK$39.0 million). The management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As of 31 December 2020, the current ratio of the Group, representing current assets divided by current liabilities, was approximately 7.2 (2019: approximately 3.3).

As of 31 December 2020, the Group's nil gearing ratio (2019: approximately 0.2), 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 consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position, plus net debt. As of 31 December 2020, the Group's nil borrowings exceeded cash and cash equivalents (2019: total borrowings exceeded cash and cash equivalents approximately HK$150.3 million).

Capital Structure

As of 31 December 2020, the Group's nil current and non-current borrowings (2019: current borrowings approximately HK$167.0 million and non-current borrowings approximately HK$22.4 million) respectively. All the bank borrowings bore interest at floating rates while the bond bore interest at fixed rate.

The Group did not use any derivative to hedge its exposure to interest rate risks for the years ended 31 December 2020 and 2019. The Group monitored its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of Assets

As at 31 December 2019, the Group's bank loans of approximately HK$44.8 million were secured by the Group's investment property amounted to approximately HK$315.0 million, its right to receive rental income, and were guaranteed by Chongqing Doyen. As at 31 December 2020, the Group has no pledged asset.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in local currencies except certain amounts due from a related company denominated in RMB other than the functional currency of the respective group entity expose the Group to foreign exchange exposure.

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

Contingent Liabilities

The Group had no significant contingent liability as at 31 December 2020 and 2019.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

HUMAN RESOURCES AND REMUNERATION POLICIES

As of 31 December 2020, the Group had a total of 31 (2019: 36) full-time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. The Group 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 are determined by the remuneration committee of the Company (the "Remuneration Committee"), 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Siu Yu ("Mr. Lo"), aged 51, was appointed as the Chairman and an executive Director of the Company in October 2009. Mr. Lo possesses over 10 years of experience in the sale of automobile accessories and properties investment. He is the founder and is currently the chairman and general manager of Chongqing Doyen, a private company established with limited liability under the laws of the PRC. Mr. Lo and his spouse are the ultimate beneficial owners of Chongqing Doyen as at the date of this report. Chongqing Doyen is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, property investment and development. As at the date of this report, Chongqing Doyen is beneficially interested in approximately 34.57% of the issued share capital of 重慶市迪馬實業股份有限公司 (for identification purpose, Dima Holdings Co., Ltd. ("Chongqing Dima")), a company listed on the Shanghai Stock Exchange of the PRC, and approximately 25.95% of the issued share capital of 江蘇農華智慧科技股份有限公司 (for identification purpose, Jiangsu Nonghua Intelligent Agriculture Technology Co. Ltd. ("Jiangsu Nonghua")), a company listed on the Shenzhen Stock Exchange of the PRC. Mr. Lo holds a degree of Economics from 重慶工商大學 (for identification purpose, Chongqing Technology and Business University) (formerly known as 渝州大學 (for identification purpose, Yuzhou University)) in Chongqing City, the PRC.

Mr. Tai Xing ("Mr. Tai"), aged 47, was appointed as an executive Director and the Chief Executive Officer ("CEO") of the Company in October 2017. Mr. Tai obtained a bachelor's degree in economics from Chongqing Technology and Business University. He obtained qualification of a trading representative of 海南中商期貨交易所 (for identification purpose, China-Commodity Future Exchange, Inc. of Hainan) in 1996, and has been a registered management consultant authorised by the People's Government of Sichuan since 2001. Mr. Tai has 23 years' experience in the field of finance and corporate management in the PRC. He joined Chongqing Doyen in 2003 and had been appointed as supervisor, vice supervisor and general manager in various subsidiaries of Chongqing Doyen. Mr. Tai had resigned as employee of a connected company controlled by Mr. Lo and his spouse from December 2019. He was the vice general manager of 上海東勝股權投資有限公司 (for identification purpose, Shanghai Dongsheng Equity Investment Company Ltd. ("Shanghai Dongsheng")), a subsidiary of Chongqing Doyen. In December 2019, Mr. Tai had resigned as the vice general manager of Shanghai Dongsheng.

Mr. Cho Chun Wai ("Mr. Cho"), aged 44, was appointed as the financial controller of the Company in August 2012 and was appointed as the company secretary in February 2015. Mr. Cho was appointed as an executive Director in September 2016. Mr. Cho was appointed as Director of Shanghai Dongkui in December 2016. He holds a master degree of corporate finance and a bachelor degree of accountancy awarded from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years of experience in financial management for listed companies.

NON-EXECUTIVE DIRECTORS

Ms. Luo Shaoying ("Ms. Luo"), aged 47, joined the Company as the Vice Chairman and an executive Director in December 2012. Ms. Luo had been re-designated from an executive Director of the Company to a non-executive Director of the Company on 29 January 2018. Ms. Luo obtained her bachelor's degree in business administration from University of Georgia, the USA in 1998. Ms. Luo has 15 years of working experience in finance and property development in the PRC. Ms. Luo is a sister of Mr. Lo. In 2000, Ms. Luo joined an investment bank in the PRC as business director. Since 2003, Ms. Luo had joined 重慶東銀實業(集團)有限公司 (for identification purpose, Chongqing Doyen (Holdings) Ltd. ("Chongqing Doyen Holdings")) as a manager, a chief executive officer and the chairman of the board of directors of certain subsidiaries of Chongqing Doyen Holdings and had been responsible for investment and property development business. In August 2017, Ms. Luo resigned as a chief executive officer of Chongqing Doyen Holdings. Ms. Luo is a Director of Chongqing Baoxu. In May 2016, Ms. Luo was appointed as the vice chairman of the board of directors of Chongqing Dima. In August 2018, Ms. Luo had been re-designated from the vice chairman of the board of directors of Chongqing Dima to the chairman of the board of directors of Chongqing Dima. In May 2019, Ms. Luo was appointed as the president of the board of directors of Chongqing Dima.

Mr. Pan Chuan ("Mr. Pan"), aged 42, was appointed as a non-executive Director in November 2018. Mr. Pan, graduated from 四川外國語大學(for identification purpose, Sichuan International Studies University) in the PRC in 1998 with a major in English language. Mr. Pan has more than 9 years of managerial experience in the PRC, including working in 重慶海德大酒店 (for identification purpose, Chongqing Hoitak Hotel) and Chongqing Dima. Mr. Pan joined Chongqing Doyen in 2009 as the office supervisor. He had been appointed as a supervisor of Chongqing Dima since 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ying Kay ("Mr. Chan"), aged 57, was appointed as an independent non-executive Director of the Company in October 2009. In January 2020, Mr. Chan had been appointed as a financial controller of a Hong Kong company. In April 2019, Mr. Chan had been appointed as the company secretary and the chief financial officer of Zhuoxin International Holdings Limited ("Zhuoxin"), a company listed on the GEM ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). In June 2019, Mr. Chan had resigned as the company secretary and the chief financial officer of Zhuoxin, a company listed on the GEM Stock Exchange. In October 2017, Mr. Chan had been appointed as the company secretary and the chief financial officer of Beautiful China Holdings Company Limited ("Beautiful China"), a company listed on the main board of the Stock Exchange. In July 2018, Mr. Chan had resigned as the chief financial officer of Beautiful China. In October 2018, Mr. Chan had resigned as the company secretary of Beautiful China. In July 2016, Mr. Chan had been appointed as an independent non-executive director of China Oil Gangran Energy Group Holdings Limited ("China Oil Gangran"), a company listed on the GEM of the Stock Exchange. In August 2018, Mr. Chan had resigned as an independent non-executive director of China Oil Gangran. In July 2016, Mr. Chan had been appointed as the company secretary and the chief financial officer of Realord Group Holdings Limited ("Realord Group") a company listed on the main board of the Stock Exchange. In September 2017, Mr. Chan had resigned as the company secretary and the chief financial officer of Realord Group. Mr. Chan has over 30 years of experience in accounting and finance. Mr. Chan graduated from the University of Sheffield with a master of business administration, and is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Leung Kin Hong ("Mr. Leung"), aged 50, was appointed as an independent non-executive Director of the Company in July 2019. He obtained his master degree of finance in 2002 from the Curtin University of Technology. He has been an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants since 1998. He has been the Group Financial Controller of Shanghai Industrial Urban Development Group Limited (for identification purpose,上海實業城市開發集團有限公司), a company listed on the main board of the Stock Exchange (stock code: 563), where his duties include overseeing the finance activities, business planning and corporate finance since November 2012. Prior to that, Mr. Leung had worked in an international professional accounting firm and several listed companies in Hong Kong to gain his extensive experience in financial and general management.

Mr. Wang Jin Ling ("Mr. Wang"), aged 82, was appointed as an independent non-executive Director of the Company in October 2009. Mr. Wang was qualified as a senior engineer by 煤炭工業部 (for identification purpose, The Ministry of Coal Industry) of the PRC in 1995, and was appointed as the chief engineer at 義馬礦務局 (for identification purpose, Yima Mining Bureau) of the 中國統配煤礦總公司 (for identification purpose, China National Coal Corporation) in Henan Province, the PRC in 1991. Mr. Wang was invited to act as the technical consultant of 永煤集團股份公司 (for identification purpose, Yongmei Group Company Ltd.) in 2000.

REPORT OF THE DIRECTORS

The Board presents the annual report together with the audited consolidated financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. Its subsidiaries are principally engaged in investment property holding in the PRC, provision of financing to customers in the PRC and investment holding.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2020 are set out in note 39 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 67.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Same).

RESERVES

Movements in the reserves of the Group and of the Company during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 70 and note 38(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

The Company has no distributable reserves as at 31 December 2020 and 2019.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTY

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

BORROWINGS

Details of the borrowings of the Group as at 31 December 2020 are set out in note 28 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 138 of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2020.

REPORT OF THE DIRECTORS

DIRECTORS

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

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

Non-executive Directors
Ms. Luo Shaoying, *Vice Chairman*
Mr. Pan Chuan
Mr. Qin Hong (resigned on 18 December 2020)

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

Mr. Qin Hong ("Mr.Qin") resigned as non-executive Director of the Company with effect from 18 December 2020 due to his other business engagements and commitments. Mr.Qin confirmed that he has no disagreement with the Board and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

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

DIRECTORS' SERVICE CONTRACTS

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

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

Each appointment letters entered into between the Company and Mr. Chan, Mr. Wang (both on 13 October 2020) and Mr. Leung (on 5 July 2020), all being the independent non-executive Directors of the Company, are for a fixed term of one year, and renewable annually upon expiry, unless and until terminated by either party by a prior written notice.

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

DIRECTORS OF SUBSIDIARIES

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

REPORT OF THE DIRECTORS

INDEPENDENCE CONFIRMATION

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

DIRECTORS' REMUNERATIONS

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

1. Interest income on loans to Chongqing Doyen

   Pursuant to a loan agreement dated 8 November 2016, Chongqing Baoxu advanced a loan of RMB80 million to Chongqing Doyen. This was interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 18 January 2017. In May 2017, approximately 9.81% of the equity interest of Doyen Shell was charged to Chongqing Baoxu as security for the loan. On 18 January 2018, Chongqing Baoxu has not received repayment of the principal amount and interest thereon as at the due date and was construed as default in repayment which subject to an additional default interest of 5% per annum according to the loan agreement.

   During the year ended 31 December 2020, Chongqing Baoxu interest income of approximately HK$29.7 million (2019: nil) was received/receivable from Chongqing Doyen.

   Pursuant to a loan agreement dated 11 November 2016, Shanghai Dongkui advanced a loan of RMB110 million to Chongqing Doyen. This loan was interest-bearing at 10.5% per annum and repayable within one year from the date of drawdown which was 18 January 2017. In May 2017, 13% of equity interest of Doyen Shell was charged to Shanghai Dongkui as security for the loan. On 18 January 2018, Shanghai Dongkui has not received repayment of the principal amount and interest thereon as at the due date and was construed as default in repayment which subject to an additional default interest of 5% per annum according to the loan agreement.

   On 21 October 2020, the Group received the amount of approximately RMB665.6 million (equivalent to approximately HK$790.7 million) from Shuorun Petrochemcial as settlement of the Loans (inclusive of interest and other relevant expenses incurred). The Loans have been fully repaid and settled. Relevant pledges over the 51% of equity interest of Doyen Shell have been withdrawn accordingly.

   During the year ended 31 December 2020, Shanghai Dongkui interest income of approximately HK$40.8 million (2019: nil) was received/receivable from Chongqing Doyen.

   Mr. Lo was the founder and is currently the chairman and general manager of Chongqing Doyen.

2. Cleaning service contract and property management service contract

   In December 2016, Chongqing Baoxu entered into a property management service contract with 重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Ltd. ("Dowell Property Management")) for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2020.

   Mr. Lo had control in Dowell Property Management.

   During the year ended 31 December 2020, property management fees of approximately HK$0.1 million (2019: approximately HK$0.3 million) was paid to Dowell Property Management.

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

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

As at 31 December 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

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

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

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

Notes:

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

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

Save as disclosed above, as at 31 December 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.

REPORT OF THE DIRECTORS

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

In the AGM held on 11 September 2008, the then shareholders approved the adoption of a new share option scheme (the "2008 Scheme") in place of the old share option scheme. The following disclosure is a summary of the 2008 Scheme as required by Chapter 17 of the Listing Rules.

1. Purpose:
   The 2008 Scheme will provide incentives and rewards to eligible persons who have contributed or will contribute to the growth and development of the Group.

2. Participants:
   The Board may at its absolute discretion, invite any employee, officer, manager, director, consultant, associates, chief executive or substantial shareholders of the Group to subscribe for shares of the Company.

3. Total number of shares available for issue under the 2008 Scheme and percentage of issued share capital at the date of approval of the share option scheme:
   The number of shares which can be issued is 34,543,855 shares representing 10% of the issued share capital of the Company at the date of approval of the 2008 Scheme. The scheme was terminated on 11 September 2018 and no further share options shall be granted. The outstanding total number of shares available for issue under the share options granted under the 2008 Scheme was 2,100,000 shares, representing approximately 0.16% of the issued share capital of the Company. The share options expired on 1 December 2020. Further details of the 2008 Scheme are set out in note 32 to the consolidated financial statements.

4. Maximum entitlement of each participant:
   The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible person (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the shares of the Company in issue as at the date of grant. Any further share options to be granted under the 2008 Scheme in excess of this limit is subject to shareholders' approval in general meeting of the Company, with such eligible person and his associates abstaining from voting.

5. The periods within which the shares must be taken up under an option:
   The 2008 Scheme was terminated on 11 September 2018 and the share options expired on 1 December 2020.

6. The minimum period for which an option must be held before it can be exercised:
   The 2008 Scheme was terminated on 11 September 2018 and the share options expired on 1 December 2020.

7. The amount payable on application or acceptance of the option and the period within which payments of calls must or may be made or loans for such purpose must be paid:
   The 2008 Scheme was terminated on 11 September 2018 and the share options expired on 1 December 2020.

REPORT OF THE DIRECTORS

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

8. The basis of determining the exercise price:

   The exercise price of the share options under the 2008 Scheme will be determined by the Board, at its absolute discretion, but shall at least be the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the 5 trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

9. The remaining life:

   The 2008 Scheme was terminated on 11 September 2018 and the share options expired on 1 December 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31 December 2020, according to the register of interests in shares in the Company and short positions of the Company required to be kept by the Company under section 336 of the SFO, the following persons or corporations, other than Directors or chief executive of the Company, had interests or short positions in the shares or underlying shares which would fall to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

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

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

Notes:

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

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

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

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

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

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

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

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

Save as disclosed above, as at 31 December 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

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

PERMITTED INDEMNITY PROVISION

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

COMPETING INTERESTS

Save as the interests of Mr. Lo, being an executive Director and the Chairman of the Company, and certain of his associates (including his spouse) in property investment business which may likely compete, either directly or indirectly with the business of the Group, none of the Directors or the chief executive of the Company and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group for the year ended 31 December 2020 that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, our five largest customers accounted for approximately 77.65% (2019: approximately 46.12%) of the Group's total revenue and our largest customer accounted for approximately 39.37% (2019: approximately 12.37%) of our total revenue. Due to the nature of our business, we do not have any significant contribution from major suppliers during the normal course of our business. However, we relied substantially on interest-bearing borrowings to operate our business. To the knowledge of the Directors, none of the Directors or their respective close associates as defined in the Listing Rules or any of the shareholders who own more than 5% of the Company's issued shares has any interest in any of the Group's five largest customers or suppliers or lenders.

CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Group had the following connected transactions:

1. Non-exempt connected transactions

   On 8 November 2016, the Company granted a Doyen Loan with a principal amount of RMB80 million (equivalent to approximately HK$95.0 million) to Chongqing Doyen. On the same date, Chongqing Baoxu granted a Baoxu Loan with a principal amount of RMB80 million (equivalent to approximately HK$95.0 million) to Chongqing Doyen. On 11 November 2016, Shanghai Dongkui granted Shanghai Dongkui Loan with a principal amount of RMB110 million (equivalent to approximately HK$130.70 million) to Chongqing Doyen. On 6 March 2017, the Company granted a Doyen 2nd Loan with a principal amount of RMB150 million (equivalent to approximately HK$178.2 million) to Chongqing Doyen. The aggregate amount of the Loans granted to Chongqing Doyen amount to RMB420 million (equivalent to approximately HK$499.0 million). The Loans are interest-bearing at 10.5% per annum. On 12 May 2017, Chongqing Doyen, Shuorun Petrochemical and Chongqing Baoxu entered into a share charge agreement and Chongqing Doyen, Shuorun Petrochemical and Shanghai Dongkui entered into another share charge agreement pursuant to which Shuorun Petrochemical agreed to charge 38% and 13% of Equity Interest respectively as security for the Loans. In January 2018, the Company, Chongqing Baoxu and Shanghai Dongkui have not received repayment of the principal amount of the Loans and the interest for the period from 1 January 2018 to 18 January 2018. Accordingly, an event of default has occurred under the loan agreements. Default interest and compound interest shall be charged on such sum from and including the due date up to the date of actual payment at the rate per annum to be the aggregate of the above-mentioned interest rate and 5% per annum. In relation to the loans advanced by the Company to Chongqing Doyen, Chongqing Doyen agrees to reimburse the Company any tax and other expenses relevant to the advancement of the loans. During the year ended 31 December 2020, approximately HK$21.9 million (2019: approximately HK$2.9 million) was reimbursed by Chongqing Doyen to the Company.

   As at 21 October 2020, the principal and interest of the Loan have been fully repaid and settled.

   Mr. Lo was the founder and is currently the chairman and general manager of Chongqing Doyen.

   The above connected transactions also constitute advances to an entity in accordance with Chapter 13 of the Listing Rules.

CONNECTED TRANSACTIONS ***(CONTINUED)***

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

   Guarantee provided by a connected party
   As at 31 December 2020, no guarantee was provided by connected party of the Group (2019: the Group's bank loans of approximately HK$44.8 million).

   Guarantees and securities provided by connected parties
   In January 2015, the Group issued bonds (the "Bonds") with an aggregate face value of HK$195 million at par to Haitong. In February 2018, Haitong has transferred the Bonds to Hua Sing (Cayman) Energy Holdings Limited ("Hua Sing (Cayman)"). On 13 December 2019, the Company has irrevocably redeemed part of the Bonds with a principal amount of HK$72 million and pay the interest accrued up to the day of redemption. The Bonds are guaranteed by Mr. Lo and Chongqing Doyen. On 29 May 2019, the charge of certain shares of the Company, which were pledged as collateral for the Bonds in favor of Hua Sing (Cayman), had been fully released. Those shares included: 670,373,018 shares, 30,000,000 shares and 60,000,000 shares of the Company each held by Money Success, Full Brilliant and Sino Consult which are in turn beneficially owned by Mr. Lo, and 25,000,000 shares of the Company which jointly owned by Mr. Lo and Ms. Chiu.

   As at 21 October 2020, the principal and interest of the bond have been fully repaid.

   Cleaning service contract and property management service contract
   In December 2016, Chongqing Baoxu entered into a property management service contract with Dowell Property Management for daily management of Dong Dong Mall from 1 January 2017 to 31 December 2020.

   Mr. Lo had control in Dowell Property Management.

   During the year ended 31 December 2020, property management fees of approximately HK$0.1 million (2019: approximately HK$0.3 million) was paid to Dowell Property Management.

The above connected transactions are also related party transactions of the Group. Save as disclosed above, none of other related party transactions constitute as non-exempt connected transactions or non-exempt continuing connected transactions of the Group in accordance with the Listing Rules during the year ended 31 December 2020.

DISCLOSEABLE TRANSACTIONS

On 28 December 2020, Shanghai Dongrui and Kum Yung entered into a factoring agreement, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables of Kum Yang for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB50.5 million (equivalent to approximately HK$60 million) for a period of 90 days with an annual interest rate of 10.78%.

On 28 December 2020, Shanghai Dongrui and Chongqing Chaofung entered into a factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables of Chongqing Chaofung for a period of 182 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB55.1 million (equivalent to approximately HK$65.5 million) for a period of 182 days with an annual interest rate of 10.53%.

On 28 December 2020, Shanghai Dongrui and Guangdong Iron entered into a factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables of Guangdong Iron for a period of 90 days from the date of signing of the factoring agreement with the factoring principal amount of approximately RMB44.6 million (equivalent to approximately HK$53.0 million) for a period of 182 days with an annual interest rate of 10.47%.

On 28 December 2020, Shanghai Dongrui and Pun Yu entered into a re-factoring agreement, pursuant to which Dongrui agreed to provide financing being secured by accounts receivables assigned to Pun Yu from the factoring customers of Pun Yu for a period of 90 days from the date of signing of the re-factoring agreement with the factoring principal amount of approximately RMB40.3 million (equivalent to approximately HK$47.9 million) for a period of 90 days with an annual interest rate of 10.25%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement, pursuant to which the Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Guoyin Boah from the factoring customers of Guoyin Boah for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.9million (equivalent to approximately HK$74.7 million) with an annual interest 10.74%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with Guojun Xiuer, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Guojun Xiuer from the factoring customers of Guojun Xiuer for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB62.4million (equivalent to approximately HK$74.1 million) with an annual interest 10.74%.

On 27 November 2020, Shanghai Dongrui entered into a refactoring agreement with Jiangsu Pangfei, pursuant to which Shanghai Dongrui agreed to provide financing being secured by accounts receivables assigned to Jiangsu Pangfei from the factoring customers of Jiangsu Pangfei for a period of 12 months from the date of signing of the refactoring agreement with the factoring principal amount of approximately RMB54.2 million (equivalent to approximately HK$64.3million) with an annual interest 10.74%.

REPORT OF THE DIRECTORS

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$14.7 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.

On 22 April 2020, Shanghai Dongkui and 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$12.2 million) under the above factoring agreement for a period of one year with an annual interest rate of 10.09%.

RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 31 December 2020 are being disclosed in note 36 to the consolidated financial statements.

AUDITOR

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

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

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

By Order of the Board

Tai Xing
CEO

Hong Kong, 10 March 2021

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to enhance shareholders' value and safeguard shareholders' interests. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31 December 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, 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 considers that this is no less exacting than those provided in the CG Code.

Code Provision E.1.2 specifies that the Chairman of the Board should attend the AGM. Mr. Lo, 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 due to other urgent business commitments of the Group. Mr. Lo undertakes that he will try his best to attend the future AGMs of the Company whenever possible.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

THE BOARD

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

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

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

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

All Directors have distinguished themselves in their field of expertise so as to give a balance of skills, knowledge and experience required for the running of an effective board. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operation of its businesses to its executive Directors and senior management. Biographical details and responsibilities of each Board member and senior management are set out in pages 14 to 15 of this report. Mr. Pan is an employee of a related company that was controlled by Mr. Lo and his spouse. Mr. Tai has resigned as employee of a connected company controlled by Mr. Lo and his spouse from December 2019. Ms. Luo is a sister of Mr. Lo. Ms. Luo is an employee of a related company that was controlled by Mr. Lo and his spouse. Save as disclosed above, there is no other relationship (including financial, business, family or other material relationship) among members of the Board and substantial shareholders.

CORPORATE GOVERNANCE REPORT

THE BOARD *(CONTINUED)*

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

	Number of Board meetings Directors attended/eligible to attend
Executive Directors	
Mr. Lo Siu Yu, *Chairman*	15/15
Mr. Tai Xing, *CEO*	15/15
Mr. Cho Chun Wai	15/15
Non-executive Directors	
Ms. Luo Shaoying, *Vice Chairman*	15/15
Mr. Pan Chuan	15/15
Mr. Qin Hong (resigned on 18 December 2020)	10/15
Independent non-executive Directors	
Mr. Chan Ying Kay	15/15
Mr. Leung Kin Hong	15/15
Mr. Wang Jin Ling	15/15

BOARD DIVERSITY POLICY

The Board had adopted the board diversity policy and revised the terms of reference for the nomination committee of the Company (the "Nomination Committee"). In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Company for appointment or re-appointment of Directors and succession planning of Directors, the Nomination Committee will take into account a number of factors including but without limitation, gender, age, cultural and educational background, professional experience, skills and knowledge, and length of service.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under Code Provision A.2.7, the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. There was one meeting held between the Chairman of the Company and the independent non-executive Directors, without the presence of the executive Directors for the year ended 31 December 2020.

RESPONSIBILITIES OF DIRECTORS

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

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the CG Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2020, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to Code Provision A.6.5 and time involved in public companies or organizations and description of other significant commitments pursuant to Code Provision A.6.6.

During the year ended 31 December 2020, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Mr. Lo Siu Yu	✔
Mr. Tai Xing	✔
Mr. Cho Chun Wai	✔
Non-executive Directors	
Ms. Luo Shaoying	✔
Mr. Pan Chuan	✔
Mr. Qin Hong (resigned on 18 December 2020)	✔
Independent non-executive Directors	
Mr. Chan Ying Kay	✔
Mr. Leung Kin Hong	✔
Mr. Wang Jin Ling	✔

Note:

1. Trainings may include
   (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties; and/or
   (b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.; and/or
   (c) Company's site visiting.

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

(B) Support

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the Directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "Guidelines for Securities Transactions by Relevant Employees") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2020.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2020.

NOMINATION COMMITTEE

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

The principal duties of the Nomination Committee include:

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

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

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

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

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

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

During the year ended 31 December 2020, one Nomination Committee meeting was held. All members of the Nomination Committee are attended.

In accordance with the Articles of Association, Mr. Tai and Mr. Pan, Mr. Chan shall retire, and being eligible, offer themselves for re-election at the forthcoming AGM.

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

TERMS OF APPOINTMENTS AND RE-ELECTION OF DIRECTORS

According to the Articles of Association, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) should retire from office by rotation at each AGM of the Company provided that every Director shall be subject to retirement by rotation at least once every 3 years. Furthermore, any Director appointed to fill a casual vacancy or as an addition to the existing Board should hold office only until the next following AGM and would then be eligible for re-election at that meeting. The existing independent non-executive Directors of the Company have fixed term of office but their termination are determinable by either party with a written notice in advance, as well as subject to the aforesaid retirement from office on a rotational basis.

AUDIT COMMITTEE

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

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

AUDIT COMMITTEE *(CONTINUED)*

During the year ended 31 December 2020, the Audit Committee held two meetings. The Audit Committee reviewed the accounting policies and practices adopted by the Group and discussed auditing, risk management, internal controls system and financial reporting matters. It also reviewed the consolidated financial statements of the Group and the Company's annual and interim reports.

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

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

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

REMUNERATION COMMITTEE

The Remuneration Committee (the "Remuneration Committee") was established in October 2007 with written terms of reference pursuant to all the duties set out in Code Provision B.1.1 of the CG Code. Currently, there are three committee members, all of whom are independent non-executive Directors, namely Mr. Leung (Committee Chairman), Mr. Chan and Mr. Wang.

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

During the year ended 31 December 2020, the Remuneration Committee held one meeting. The Remuneration Committee reviewed the framework of remuneration policy, considered discretionary bonus to staff, remuneration packages of executives and provided the guideline of annual salary review.

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

	Number of meetings Directors attended/ eligible to attend
Independent non-executive Directors	
Mr. Leung Kin Hong, *Committee Chairman*	1/1
Mr. Chan Ying Kay	1/1
Mr. Wang Jin Ling	1/1

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods. The statement of the Group's auditor about their reporting responsibilities on financial statements is set out in the Independent Auditor's Report on pages 61 to 66.

AUDITOR'S REMUNERATION

During the year ended 31 December 2020, the remuneration for the Company's auditor, Baken Tilly Hong Kong, for services rendered is as follows:

	HK$'000
Audit fee	1,600

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

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

During the year, the Board has reviewed the effectiveness of the risk management and internal control systems through the Board and no material internal control deficiencies were identified by the Board.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

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

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

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

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

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

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

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

SHAREHOLDER RIGHTS

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

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

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

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

SHAREHOLDER RIGHTS *(CONTINUED)*

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

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

Shareholders and other stakeholders may send their enquiries and concerns to the Board by addressing them to the company secretary. The company secretary forwards communications relating to matters within the Board's purview to the independent Directors, communications relating to matters within a Board committee's area of responsibility to the chair of the appropriate committee, and communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate executives of the Company.

To promote effective communication, the Company maintains a website at www.doyenintl.com, where up-to-date information of the Company is available for public access.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

1. ABOUT THIS REPORT

The Group has prepared this Environmental, Social and Governance Report (the "Report") in accordance with the 2016 Environmental, Social and Governance Reporting Guide (the "2016 ESG Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") published by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Report provides enhanced disclosure of compulsory information disclosure and applicable disclosure indicators in the 2020 ESG Guide on the basis of the 2016 ESG Guide ("2020 ESG Guide"), so as to fully report the Group's management policies and results of Environmental, Social and Governance ("ESG") from 1 January 2020 to 31 December 2020 (the "Reporting Period").

1.1. Reporting principles

The Group has prepared the Report in compliance with four reporting principles of the 2016 ESG Guide. The following is the application method of each principle in the Report:

Materiality

The Group has identified the materiality analysis through materiality assessment process. The process includes: identifying sustainability issues related to the Group and major stakeholders, inviting all stakeholders and the Board to prioritize sustainability issues, conducting a materiality analysis, etc, and using materiality issues verified by the Board as the focus of the Report. For details of the materiality assessment process, please refer to section 2.2 Materiality Survey of the Report.

Quantitative

The Group disclosed the quantified key performance indicators ("KPI") applicable in the 2016 ESG Guide and set out the criteria, methodology, assumptions and/or references for the calculation of the quantified KPIs, including the source of the key conversion factors, for comprehensive assessment of the ESG performance of the Group during the Reporting Period,

Balance

The Report has fully applied the principle of balance.

Consistency

Where feasible, the Report uses methods consistent with the previous reporting period to collect statistics on KPI related information, so that all stakeholders can make meaningful comparisons of ESG performance during the Reporting Period. If the statistics of the Reporting Period and the method of collecting KPI related information are inconsistent with the previous reporting period, the Group will specifically list them in the form of notes.

1.2. Reporting scope

The Report covers major subsidiaries that have a significant influence on the Group's performance, including the Company's Shanghai Dongkui, and Chongqing Baoxu and Dong Dong Mall, a shopping mall owned and managed by them.

2. ESG RESPONSIBILITIES

2.1. Board statement

The Board is responsible for executing corporate governance as defined in the terms of reference, and for holding meetings at least once a year to discuss issues concerning the Group's corporate governance. In keeping with the general trend of sustainable development of enterprises, the Board is acutely aware of the importance of ESG governance to the sustainable development of the Group. The Board is responsible for supervising the Group's ESG matters and assumes full responsibility for strategy and the reporting of all these matters. The Board performs its ESG governance responsibilities and holds meetings to discuss ESG governance matters of the Group when necessary. For day-to-day ESG governance, the Board authorises Company management to organise and coordinate the ESG work of each subsidiary to ensure that its decisions are implemented. The Board is committed to maintaining good communication with Company management and making timely decisions on important ESG issues, supported by regular reporting and approval of annual ESG reports by Company management, to implement its ESG supervisory function for the Group.

The Board participates in materiality assessment to understand stakeholders' opinions on the Group's sustainable development and devise ESG governance strategies that meet stakeholders' needs. During the Reporting Period, the Board participated in the annual materiality survey and determined materiality issues at the ESG level of the Group. On the basis of stakeholder opinion and the Group's business situation, the Board plans to comprehensively identify the Group's future ESG risks and opportunities of the Group in the future, devise ESG priorities and management strategies, and continue to enhance the effectiveness of governance of the Group.

By reviewing ESG reports, the Board gains a timely understanding of the ESG performance of the Group's business. The Board understands that the establishment of ESG targets aids in the Group's ESG governance. Therefore, the Board sets ESG targets related to the Group's business where appropriate, and reviews progress made toward improving the Group's ESG performance.

2.2. Materiality survey

To further evaluate ESG issues of importance to the Group and understand stakeholders' focus on the Group's sustainable development, a third-party consulting company was commissioned to conduct a materiality survey. Stakeholders' opinions form the main reference factors by which the Group determined the Report's key disclosure scope, and are of reference value for developing its sustainable development strategy.

The materiality survey process is as follows:

Step 1: Identify major stakeholders and establish a database of sustainability issues

The Group's management communicated with major stakeholders on a regular basis to gain an understanding of their expectations, and from this, selected a total of 32 sustainability issues with reference to the ESG guide, benchmark analysis of peer companies, and business characteristics. Among these, 10 are environmental issues, 18 are social issues and 4 are governance issues. These comprise the Group's database of sustainability issues. After taking into account the factors such as "the degree of influence by Doyen", "the degree of influence on Doyen" and the feasibility of participation by each major stakeholder, the management decided to invite directors, management, employees and customers to participate in the survey.

Step 2: Collect stakeholder opinions

The Group invites directors, management, employees and customers to participate in online questionnaires. Each stakeholder ranks sustainability issues from the perspective of their own interests or the interests of the Group. The Group consolidated the results to arrive at the scores for sustainability issues under each dimension.

Step 3: Identify materiality issues

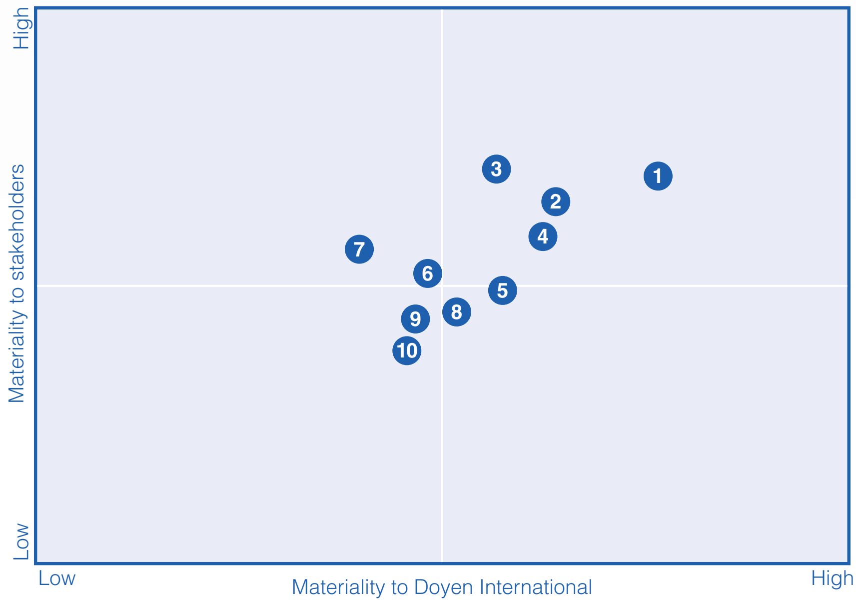
A materiality matrix method is used to identify materiality issues of the Group. The Group examines the materiality of sustainability issues at all levels based on the dimensions of "materiality to stakeholders" and "materiality to Doyen International". Sustainability issues with a relative importance of half or more in both dimensions are then identified as "materiality issues". The Group has identified 12 materiality issues, of which 4 are environmental issues, 5 are social issues, and 3 are governance issues.

Step 4: Determine the materiality results

The Board reviewed the materiality issues and determined their significance to the Group and its stakeholders. The Group focuses on the disclosure of materiality issues in the Report, and responds specifically to the concerns of stakeholders.

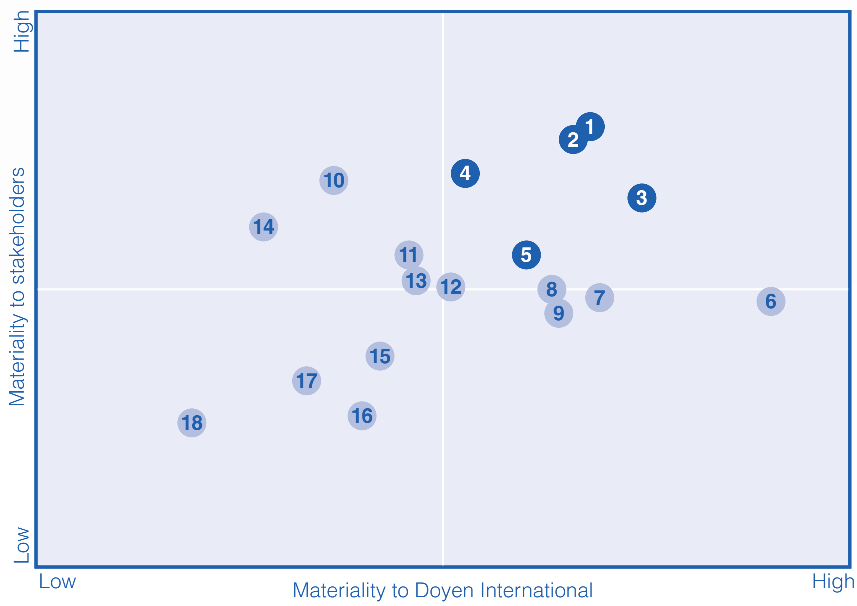
The following shows the materiality matrix at each level with a list of materiality issues:

Environmental Materiality Matrix



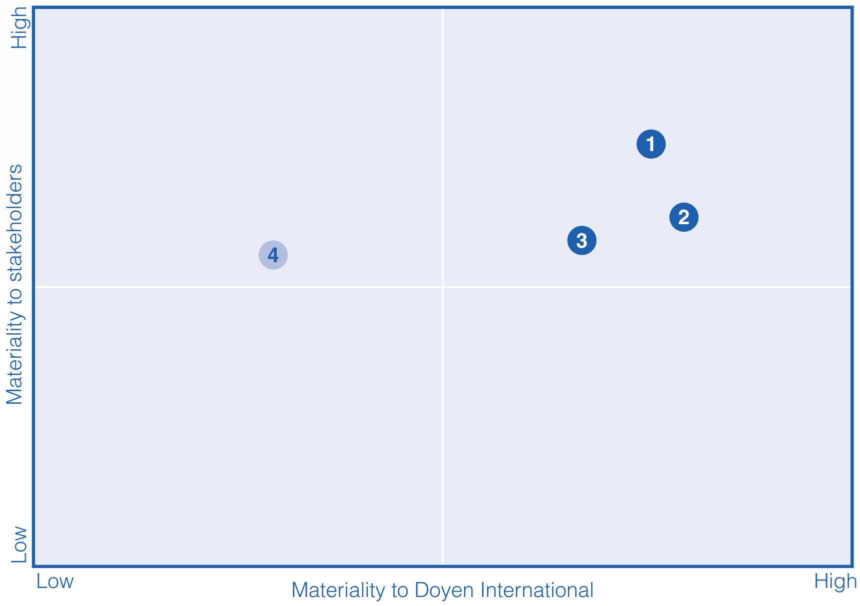
Environmental aspect	
Materiality issues	1. Waste discharge and management 2. Energy utilization and efficiency 3. Green office 4. Exhaust gas emissions and management
Other sustainability issues	5. Wastewater discharge and management 6. Greenhouse gas emissions and management 7. Paper and e-waste management 8. Water usage and efficiency 9. Response to climate change and its impacts 10. Environmental and Natural Resources Policy

Social Materiality Matrix



Social aspect	
Materiality issues	1. Customer information security and privacy protection 2. Customer satisfaction 3. The concept and institutional guarantee of fair competition 4. Product/service quality control and management 5. Social impact of investment, products and services
Other sustainability issues	6. Employee development and training 7. Employment and staff welfare 8. Observance and protection of intellectual property rights 9. Health and safety 10. Product/service health and safety 11. Environmental risk management of supply chain 12. Social risk management of supply chain 13. Supplier management practices 14. Product/service advertising 15. Green procurement 16. Preventing corruption 17. Social participation and contribution 18. Preventing child and forced labour

Governance Materiality Matrix



Governance aspect	
Materiality issues	1. Compliance operation 2. ESG governance and strategy 3. ESG risk assessment
Other sustainability issues	4. Communication with stakeholders

2.3. Risk management

The Group identifies and manages significant risks in order to achieve its business objectives and ensure its stable development. For this, it uses a risk management system under a top-down risk management structure. The Board has overall responsibility for maintaining sound risk management and internal control systems within the Group. As part of this, the Board is responsible for identifying and assessing the Group's significant risks, determining related risk levels, and formulating countermeasures for which management is implemented by relevant departments and business units. The Board and the audit committee are additionally responsible for reviewing and monitoring the effectiveness of risk management and internal control systems and for ensuring that the Group has taken reasonable measures to manage significant risks.

The Group perceives that ESG risk has gradually become an important factor in its business, and is therefore considering the incorporation of ESG risk into its routine risk management process as a means to enhance its overall risk management and control capabilities. During the Reporting Period, the Group adopted a range of management measures regarding corruption prevention and compliance risks in order to strengthen its corporate culture of integrity and compliance and reduce the possibility of relevant risks. These include requiring employee compliance with relevant anti-corruption laws and high standards of business ethics. For details, refer to Section 2.4 Compliance Operation and Section 4.7 Anti-Corruption.

2.4. Compliance operation

The Group is committed to adopting effective management measures to reduce the compliance risks faced by its operations. To this end, the Group has engaged professional law firms to analyse its structure and business types, and provide opinions on its projects and operating practices. By these means, the Group ensures its operations' compliance with relevant requirements and regulations.

At the same time, as a company listed on the Stock Exchange, the Group strictly complied with the "Listing Rules of the Stock Exchange" during the Reporting Period. The Company is responsible for regular reviews of "Listing Rules" requirements to ensure that they are met by its internal corporate governance. The Company publishes annual ESG reports in accordance with the "Listing Rules" ESG Reporting Guide and is aware that the Stock Exchange has issued a 2020 ESG guide whose new requirements will be applicable to the Group's ESG Report for the 2021 financial year. During the Reporting Period, the Company made preparations to meet requirements for publication of the ESG report for the 2021 financial year, including a review of differences between the Report and the 2020 ESG Reporting Guide, and adding disclosures to the 2020 ESG Guide.

3. ENVIRONMENTAL RESPONSIBILITY

The Group understands that a sound environmental management policy is essential to achieving sustainable development. The Group has long been committed to minimizing the environmental impact of its routine operations. During the Reporting Period, the Group fully complied with the environmental laws and regulations of Hong Kong and mainland China that significantly relate to the Group's operations, including those relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste. These laws and regulations include but are not limited to the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", and the "Regulation on Domestic Waste Management" of various jurisdictions. Since 2019, Shanghai and Chongqing have respectively implemented the "Regulation on Domestic Waste Management of Shanghai" and "Regulation on Domestic Waste Management of Chongqing". In accordance with these, subsidiaries of the Group, including Shanghai Dongkui, Chongqing Baoxu and Dong Dong Mall, are required to separate domestic waste, of which the disposal status must be reported by the relevant staff to management on a regular basis.

The Group's business operations concern offices and shopping malls, whose environmental impact arises mainly from the consumption of energy and other resources. To reduce this, the Group strives to improve its employees' environmental awareness in relation to their routine activities. Established in 2018, the Group's "Green Office Policy" encourages employees to conserve energy and resources. The Group further encourages its subsidiaries to implement and enforce the policy. The Group also requires the head of the human resources department to explain the "Green Office Policy" to new employees to ensure that each is aware of its content.

In a further aspect of "Green Office Policy" implementation, the Group has begun to continuously record the resource usage of offices and shopping malls. This will facilitate future calculation and reporting of the performance of relevant measures in the areas of energy and resources savings and emissions reduction. It will also aid in the setting of targets for energy savings, emissions and waste reduction and water efficiency.

3.1. Saving energy and reducing emissions

The majority of air pollutants and GHG emissions from the Group's operations are generated from the energy consumption of offices and shopping malls, and the fuel consumed by company vehicles. To reduce vehicle emissions, the Group restricts the use of company vehicles only to employees with genuine needs. To reduce emissions from business travel, the Group encourages directors and senior staff to use videoconferencing or teleconferencing whenever possible in place of overseas trips.

The Group is also committed to improving its operations' efficient use of energy. To this end, a number of measures have been adopted in offices and shopping malls to reduce power consumption. Specific measures for offices include: (1) switching off computer screens and other equipment after work; (2) switching off all lighting systems after work and during lunchbreaks; (3) maintaining an average indoor temperature of 24 to 26 degrees celsius to reduce load on air conditioning; (4) use of low consumption lighting (eg. light-emitting diodes ("LED") lights); (5) use of energy-efficient appliances (eg. with Grade 1 Energy Efficiency labels). During the Reporting Period, office lighting at Shanghai Dongkui had fully converted to LED, while Chongqing Baoxu had begun its conversion.

For its shopping malls, the Group has adopted various design features to reduce electricity consumption. Curtain wall glazed ceilings at Dong Dong Mall supplement their LED lighting with natural light. Dong Dong Mall also uses smart controls to ensure that artificial interior lights are switched on only when natural light is insufficient within certain time parameters. Further savings of electricity have been realised with the installation of inductive escalators. Meanwhile, the Group's property management minimizes air conditioning usage and requires building attendants to verify that computers, lights and air-conditioning systems are switched off during non-working hours.

3.2. Waste management and resource conservation

The Group's "Green Office Policy" sets out clear measures to encourage employees to reduce waste and resources consumption. Specific measures include: (1) reducing the use of tissue paper; (2) replacing paper hand towels with fabric towels; (3) printing on both sides of paper; (4) reducing use of disposable tableware; (5) installing dual-flush toilets and water-saving faucets; (6) recycling of office equipment such as calculators, printers and telephones at the products' end-of-life; and (7) providing office waste recycling facilities, such as appropriate bins.

The Group's waste is primarily generated by its office and shopping mall operations. Non-hazardous waste generated by the Group's offices includes domestic waste and paper. The Group operates in full accordance with various jurisdictions' "Waste Disposal Ordinance and the Regulation on Domestic Waste Management" for the proper discharge of office waste. During the Reporting Period, the Group recycled a total of 10.17 tons of paper waste. Hazardous wastes generated by the Group's office operations include toner cartridges and batteries. The Group encourages the use of recyclable toner cartridges and the return of used cartridges to suppliers for recycling. During the Reporting Period, the Group recycled a total of 15 toner cartridges and 42 batteries. As to shopping mall operations, Dong Dong Mall has developed a comprehensive waste management policy which includes the provision of recycling bins in malls. Dong Dong Mall also developed "Management Measures for Material Handling" with a view to maximise the re-use of materials, including waste material generated by mall events and by tenants in the process of moving out. During the Reporting Period, Dong Dong mall recycled a total of approximately 11 tons of waste[1].

Water for the Group's operations is supplied by municipal governments, and there have been no difficulties in obtaining this resource. However, though the Group's business does not belong to a high water consumption industry, it is committed to reducing its water consumption. In addition to the water conservation measures of the "Green Office Policy", the Group strives to improve the water efficiency of shopping malls. For example, lavatories in Dong Dong Mall are equipped with sensor faucets to minimise water wastage and consumption.

3.3. The environment and natural resources

The impact of the Group's business on the environment and natural resources stem mainly from consumption of electricity and water. The Group's business does not belong to a highly polluting industry, and their impact on the environment and natural resources is minimal. Nevertheless, the Group's commitment to energy conservation and emissions reduction has led to its implementation of a "Green Office Policy" and "Management Measures for Material Handling". The Group will also explore business development opportunities in energy conservation and environmental protection to ensure that these considerations are gradually integrated into its investment decisions when security and an abundance of funds are available.

1 These data are based on the total data provided by the property management company and is calculated based on the area of Dong Dong Mall.

3.4. Response to climate change

The Group is aware of the potential of climate change to introduce uncertainty to its business operations. Climate change increases the likelihood of extreme weather-related events such as hurricanes and rainstorms. To avoid their impact, Dong Dong Mall has developed measures to improve the ability of shopping malls to adapt to climate change. Dong Dong Mall's specific preventive and countermeasures pertaining to rainstorms are as follows:

Arrange flood prevention work

- Check all drainage outlets to ensure that there are no obstructions and maintain good operation
- Prepare emergency flood control equipment and supplies, and arrange flood control emergency team to be responsible for clearing debris from the rain drainage system and disaster relief work

Monitor rainfall

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

Announce danger

- The monitoring room is responsible for monitoring the on-site situation issuing notice of danger and announcing surrounding road conditions to the merchants in a timely manner

Onsite treatment

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

Afterward affairs

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

As the market becomes increasingly concerned about the low carbon economy, listed companies are striving to reduce emissions in the value chain to meet its demands and expectations. Although the Group's business does not belong to a carbon emission-intensive industry, it will continue to explore the transition risks and opportunities caused by climate change in the future, and develop response policies and plans when resources are available.

Environmental Performance Data for Year 2020

Air pollutants				
Emission source	**Type**	**Quantity**	**Unit**	
Company vehicles[2]	Nitrogen Oxides NO_x	2.21	kilogram	
	Sulphur Dioxide SO_2	0.10	kilogram	
	Particulate Matter $PM_{2.5}$	0.04	kilogram	
GHG emissions				
Emission source	**Quantity**	**Unit**	**Intensity**	**Unit**
Total GHG emission	1,304.18	tons of CO2-e	42.07	ton of CO2-e/ employee
			0.07	ton of CO2-e/m^2
Scope 1: Direct Emissions				
Company vehicles[3]	17.85	tons of CO2-e	0.58	ton of CO2-e/ employee
Scope 2: Indirect Emissions				
Purchased electricity[4]	1,282.38	tons of CO2-e	0.07	ton of CO2-e /m^2
Scope 3: Other Indirect GHG Emissions				
Business air travel by employees[5]	3.94	tons of CO2-e	0.13	ton of CO2-e/ employee

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

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

4 This calculation scope of GHG emissions (Scope 2) includes the electricity purchased by the Group in Hong Kong and the Mainland and calculation and respective emission factors were set out based on 2019 Sustainability Report published by Hong Kong Electric Investments; and the 2011 and 2012 PRC's Regional Grid Average Carbon Dioxide Emission Factor published by National Development and Reform Commission of the PRC.

5 This calculation of GHG emissions (Scope 3) includes business air travel by employees, and the calculation and respective emission factors were set out based on the carbon emissions calculator developed by the International Civil Aviation Organization, a United Nations agency.

Use of resources				
Total energy consumption	2,163.98	’000 kWh	69.81	’000 kWh /employee
			0.12	’000 kWh /m^2
Indirect energy use				
Purchased electricity	2,098,947.52	kWh	111.56	kWh /m^2
Direct energy use				
Purchased petrol[6]	6,710.09	Litre	216.45	Litre/employee
	65,029.94	kWh	2,097.74	kWh /employee
Water consumption				
Purchased water[7]	58,048.50	m^3	1,872.53	m^3/employee
Non-hazardous waste[8]				
Total non-hazardous waste	1,471.62	Metric tons	47.47	Metric ton/employee
Domestic waste	1,461.45	Metric tons	47.14	Metric ton/employee
Office paper	10.17	Metric tons	0.33	Metric ton/employee
Hazardous waste				
Toner cartridges	18	Pieces	0.58	Piece/employee
Batteries	45	Pieces	1.45	Piece/employee
Fluorescent tubes	10	Pieces	0.001	Piece/m^3

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

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

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

4. SOCIAL RESPONSIBILITY

The Group has long held the belief that its staff members are fundamental to enterprise, and it strives to create a high-quality work environment to attract outstanding talents. The Group also attaches great importance to respecting employee rights and interests, and complies fully with material laws and regulations in Hong Kong and mainland China relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, non-discrimination, and other matters of benefits and welfare, including but not limited to the "Employment Ordinance", "Disability Discrimination Ordinance", "Labor Law", "Labor Contract Law" and the "Social Insurance Law" of the PRC. During the Reporting Period, the Group recorded no violations of the above material laws and regulations.

4.1. Employment

The Group's human resources system is outlined in the "Employee Regulations" and the "Human Resources and Administration Handbook". In these, the Group states the rules and procedures of recruitment, promotion, compensation, benefits, rest periods, dismissal, etc, to establish a fair and effective system of monitoring and protecting employee rights. The Group also constantly reviews and improves its policies to ensure that employees are provided their legitimate rights.

During recruitment and promotion, the Group follows the principle of "meritocracy", taking into account the performance, work experience and capability of the applicant or employee. The Group advocates a diverse and equal workforce culture by ensuring that applicants and employees are not discriminated against on the basis of gender, age, race, family status or physical disability. The Group strictly prohibits any form of unfair or unreasonable dismissal, and clearly sets out the legitimate terms of dismissal of employees. Shanghai Dongkui's labor contracts specify the circumstances under which employees may not be dismissed and the procedures for legitimate termination of employment.

The Group retains outstanding talents by providing competitive remuneration and benefits. The Group determines employees' compensation packages on the basis of work performance and the market standard of remuneration standard. Reasonable pay adjustments are made in due course. Compensation packages consist of basic salary, commission (where applicable), a medical insurance scheme and retirement benefit plan. The Group also provides discretionary bonus and issues share option to eligible employees according to their business performance. Other employee benefits such as overtime payment, holiday working allowances, birthday welfare, meal and transportation allowances, are provided as applicable. The Group's labor contracts clearly outline employee work and rest periods in accordance with the labor laws of the relevant operating location. Employees are entitled to statutory holidays, annual leave, sick leave and maternity leave. Unpaid leave, paternity leave, marriage leave and causal leave are provided depending on individual circumstances.

The Group had a total of 31 employees as at the end of the Reporting Period, all of whom were full-time. Details of workforce statistics and employee turnover rates are as follows:

Workforce statistics	
Employee category	**Number of employees (person)**
By gender	
Female	14
Male	17
By age	
29 or under	1
30-50	26
51 or over	4
By region	
Hong Kong	16
Mainland China	15

Employee turnover rates[9]	
Employee category	**Turnover rate (%)**
By gender	
Female	7%
Male	24%
By age	
29 or under	100%
30-50	12%
51 or over	25%
By region	
Hong Kong	6%
Mainland China	27%

9 Employees turnover rate was calculated as: Number of turnover in the category divided by the total number of employees in the category as of the end of the year.

4.2. Health and safety

The Group strongly emphasises employee health and safety and is committed to providing a comfortable, healthy and safe workplace. The Group's occupational health and safety measures are outlined in its "Human Resources and Administration Manual", and were designed to eliminate occupational hazards and reduce risk in the working environment as far as possible, with zero injuries as the goal. During the Reporting Period, the Group fully complied with material laws and regulations in Hong Kong and mainland China pertaining to a safe working environment and protection from occupational hazards, including but not limited to, the "Occupational Safety and Health Ordinance", the "Employees' Compensation Ordinance" and "Regulation on Work-Related Injury Insurance". In compliance with provisions of the "Employees' Compensation Ordinance" and "Regulation on Work-Related Injury Insurance", the Group has taken out insurance policies against work injuries for its employees. During the Reporting Period, the Group recorded no violations of the abovementioned material laws and regulations.

The Group has implemented a series of measures to ensure the safety of its office employees. Adjustable seating is provided to minimise physical fatigue from the use of computers over extended periods of time. First-aid kits are provided in all workplaces, and are equipped with heatstroke prevention items where necessary. Employees are given annual physical examinations to ensure their well-being. Offices feature plants and air purifiers, and third parties are used to clean air-conditioning systems to improve the indoor environment. The Group has established arrangements to minimise the potential of accidents occurring while employees travel to or from their workplaces when typhoon and rainstorm warnings are in effect. The Group's professional property management team conducts regular inspections and maintenance of Dong Dong Mall's fire equipment and lifts to ensure their safe operation for employees, tenants and customers.

The Group responded to the COVID-19 pandemic with a range of measures to protect the health of employees. Employees were encouraged to telecommute during the pandemic's most severe period to reduce the risk of cross-infection, and were regularly provided with masks and hand sanitizers. Hand sanitizer was also made available in offices, and employees reminded of the need for preventative personal hygiene.

To raise awareness of occupational health and safety, the Group arranges for employees to attend occupational health talks and places informational posters in its offices. The Group also regularly arranges staff to partipate in fine drill to familiarize themselves with the use of fire-fighting applicances and to enhance their ability to respond to emergency. Catering to employees' physical and mental health, the Group encourages adequate after-work relaxation. Leisure activities organised by the Group to foster employees' sense of belonging include team-building sessions and festive celebrations.

During the past three reporting periods, the Group recorded no work-related injuries or work-related fatalities among its employees.

Case study: Dong Dong Mall's 2020 fire drill

Dong Dong Mall carried out its annual fire drill in the second half of 2020. The drill, which included simulated escape routes and the use of fire-fighting appliances, improved the ability of merchants and employees to respond to emergencies.

4.3. Development and training

The Group believes that outstanding talent and teamwork are key to its long-term development, and is therefore committed to enhancing the professional knowledge and skills of its employees. The Group regularly participates in seminars on topics such as financing, compliance and corruption prevention, organized by the government, professional bodies such as the Hong Kong Independent Commission Against Corruption, and other financial intermediaries in Hong Kong. These ensure that employees holding financial licenses or engaged in related work duties keep pace with the changes in market regulation. The Group provides all employees with orientation training, including an introduction to corporate culture and on-the-job training, which enable them to quickly integrate into the Group and adapt to their jobs. Further on-the-job training, health and safety training, in-house experience sharing and other activities are arranged for employees to broaden their professional horizons. To encourage development, the Group conducts employee assessments at the end of each year. Depending on their performance and responsibilities, the Group provides employees with promotion and training opportunities. The Group is considering the development of employee training policies in order to establish a systematic employee training mechanism.

Staff training data		
Employee category	**Average training hours (hour)[10]**	**Percentage of trained employees (%)[11]**
By gender		
Female	0.4	71%
Male	1.1	29%
By employee category		
Senior-level	0.0	0%
Mid-level	1.2	29%
Grassroots	1.0	71%

4.4. Labor standards

The Group does not employ children and prohibits any form of forced labour. During the Reporting Period, the Group complied in full with the environmental laws and regulations of Hong Kong and mainland China relating to child and forced labour, including but not limited to the “Regulations on Prohibiting Use of Child Labour” and “Provisions of the State Council on Employees’ Working Hours”. During the Reporting Period, the Group had committed no violations of the abovementioned material laws and regulations. Shanghai Dongkui’s labour contract outlines employee working hours and overtime expenses to prevent occurrence of forced work without compensation. As an additional measure to avoid violating labour laws and regulations, the Group checks all applicants’ identity certificates during the recruitment process and makes a clear promise not to force employees to work overtime. If use of child labour or forced labour is discovered, the Group shall seek legal advice and the responsible personnel will be dismissed immediately.

[10] Averaged training hours were calculated as: Total training hours in the category divided by the total number of employees in the category as of the end of the year.

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

4.5. Supply chain management

The Group's supply chain includes providers of office supplies and business gifts, advertising companies employed for publicity, and engineering companies employed for the maintenance of shopping malls and offices. The Group's suppliers and customers are mainly from Hong Kong and mainland China. During the Reporting Period, the Group engaged one supplier in mainland China.

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

The Group's "Green Procurement" policy considers factors such as health and environmental protection when procuring. Subject to Group requirements, priority is given to purchasing from local suppliers in order to reduce the carbon emissions generated by the transportation of materials and products. Priority is also given to procuring green products such as recycled paper and electrical appliances with a Grade 1 energy label.

4.6. Service excellence

The Group is strongly focused on improving the quality of its services to enhance the customer experience. The Group complies in full with laws and regulations in Hong Kong and mainland China relating to health and safety, advertising, labelling and privacy, and contingency plans relating to the services it provides, including but not limited to the "Personal Data (Privacy) Ordinance", the "Competition Ordinance", the "Advertising Law of the PRC" and the "Trademark Law of the PRC". During the Reporting Period, the Group had not committed any violations of the abovementioned material laws and regulations.

The Group is committed to reducing the health and safety risks associated with its services and ensuring that customers are properly protected. The Group's property management team regularly inspects and repairs the fire equipment and lifts at Dong Dong Mall to ensure that they are safe and in good working order.

The Group strives to maintain good communications with customers through its official website, service hotlines, dedicated mailboxes and other channels. These aid in helping the Group to understand customer expectations, and often contain useful suggestions for the Group's work. Chongqing Baoxu maintains a customer service center and customer service hotlines to handle enquiries and complaints pertaining to Dong Dong Mall. The Group and its subsidiaries have also established procedures for customer complaints, and the Company has engaged a professional public relations firm to handle the latter. Dong Dong Mall's "Guidelines on Customer Service Complaint Handling" standardizes the complaint handling process and explicitly outlines complaints responsibilities and principles to enable their timely and effective handling and enhance customer satisfaction. When a complaint is received, the Dong Dong Mall's customer service department immediately determines its level and type, then refers it to the appropriate department for a response to the customer within 24 hours. Responsible personnel are required to analyse, report and write a case study for each complaint for other colleagues' reference, to avoid the occurrence of similar incidents. During the Reporting Period, the Group did not receive any complaints.

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

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

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

4.7. Preventing corruption

The Group is highly ethical in its business operations, and does not tolerate any form of corruption, bribery or fraud. The Group fully complies with laws and regulations regarding bribery, extortion, fraud and money laundering, including but not limited to the "Independent Commission Against Corruption Ordinance", the "Prevention of Bribery Ordinance", the "Anti-Corruption and Bribery Law of the PRC" and the "Anti-Money Laundering Law of the PRC". During the Reporting Period, the Group received no allegations against it or its employees regarding bribery, extortion, fraud or money laundering. There also were no whistleblowing disclosures received relating to bribery or corruption.

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

(1) Open tendering: When circumstances allow, tenders should be selected from at least three service institutions. Transparency must be ensured during the tendering process; (2) Service contract review and approval: Service agreements are subject to the approval of employees of different ranks according to the value of the agreements, with a countersignature system employed for large-value agreements; (3) Third-party audit: Third party audit institutions must be engaged to audit financial accounts. This protects shareholder interests by preventing account falsification; (4) Integrity Cooperation Agreement: Chongqing Baoxu requires partners such as customers and suppliers to sign an agreement on the prevention of corruption with a view to eliminate any transfer of benefits; (5) Preventing bribery: Shanghai Dongkui's "Employee Code" stipulates that employees must abide by professional ethics, and prohibits any form of corruption or bribery. Employees who are found to have committed corrupt acts will be discharged from their duties and required to indemnify the losses caused. If their corrupted act is found to be in violation of regional or national regulatory requirements, the employee will be held accountable for his/her judicial responsibility; (6) Whistleblowing and reporting: Insiders are encouraged to report to the Audit and Supervision Team of the Group's Risk Management Center, and incentives will be provided for substantiated reports; (7) Prevention of money laundering and fraud: Before and after loan financing begins, careful preleasing investigation, on-site agreement signing, and post-lending examination must be conducted, so as to prevent fraud and ensure that all loan financing items are through official channels.

The Group further strengthens the awareness of directors, employees and new recruits by conducting periodic anti-corruption training. Additionally, the Group clearly delegates job duties to relevant departments, such as sales, risk management and property management, to enhance the self-restraint of each and enable the supervisory and restrictive functions within the audit process.

4.8. Community engagement

The Group deeply appreciates the importance of giving back to the community and fulfilling its corporate social responsibilities. When developing its business, the Group inherently considers its potential for making a positive impact on the community. The Group is considering the formulation of policies relevant to this in the future. Among other actions, Chongqing Baoxu has launched a flower sales business to help create a healthy and attractive urban community environment.

The Group is constantly striving to understand the impact of its business on the communities in which its operates, and explores opportunities to contribute to them with a view to improving lives and building the Group's brand image. Dong Dong Mall is positioned with a focus on children and the parent-child relationship, and the Group correspondingly offers the community a variety of education formats. During the Reporting Period, Dong Dong Mall held a bazaar and parent-child baking workshop to encourage children's diverse learning.

Case study: Parent-child baking workshop at Dong Dong Mall

In September 2020, Dong Dong Mall provided a venue for a family-orientated baking workshop. For a fee of RMB5,000, parents and children aged 5 to 10 experience the joy of baking and cake decoration, learning life knowledge and the finer points of teamwork along the way.

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

General disclosures and key performance indicators (“KPIs”)	Description	Corresponding section in the Report or other descriptions
A. Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	3. Environmental responsibility
KPI A1.1	Types of emissions and respective emissions data	3. Environmental responsibility
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (eg. per unit of production volume, per facility)	3. Environmental responsibility
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (eg. per unit of production volume, per facility)	3. Environmental responsibility
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (eg. per unit of production volume, per facility)	3. Environmental responsibility
KPI A1.5	Description of measures to mitigate emissions and results achieved	3.1 Saving energy and reducing emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	3.2 Waste management and resource conservation
Aspect A2: Use of resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	3.2 Waste Management and resource conservation
KPI A2.1	Direct and/or indirect energy consumption by type (eg. electricity, gas or oil) in total (kWh in ‘000s) and intensity (eg. per unit of production volume, per facility)	3. Environmental responsibility
KPI A2.2	Water consumption in total and intensity (eg. per unit of production volume, per facility)	3. Environmental responsibility
KPI A2.3	Description of energy efficiency initiatives and results achieved	3.1 Saving energy and reducing emissions
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	3.2 Waste management and resource conservation
KPI A2.5	Total packaging materials used for finished products (in tons) and, if applicable, with reference to per unit produced	Not applicable, as Group business does not involve product manufacturing

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

General disclosures and key performance indicators ("KPIs")	Description	Corresponding section in the Report or other descriptions
Aspect A3: The Environment and natural resources		
General disclosure	Policies on minimising the issuer's impact on the environment and natural resources	3.3 The environment and natural resources
KPI A3.1	Description of significant environmental and natural resources impacts and actions taken to manage them	3.3 The environment and natural resources
B. Social		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	4. Social responsibility
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	4.1 Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region	4.1 Employment
Aspect B2: Health and safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	4.2 Health and safety
KPI B2.1	Number and rate of work-related fatalities	4.2 Health and safety
KPI B2.2	Lost days due to work injury	4.2 Health and safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	4.2 Health and safety
Aspect B3: Development and training		
General disclosure	Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities	4.3 Development and training
KPI B3.1	Percentage of trained employees, by gender and category (eg. senior management, middle management)	4.3 Development and training
KPI B3.2	Average training hours completed per employee, by gender and category	4.3 Development and training

General disclosures and key performance indicators ("KPIs")	Description	Corresponding section in the Report or other descriptions
Aspect B4: Labor standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	4.4 Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	4.4 Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered	4.4 Labour standards
Aspect B5: Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain	4.5 Supply chain management
KPI B5.1	Number of suppliers by geographical region	4.5 Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	The Group has disclosed the practices relating to engaging suppliers and how they are implemented and monitored in Section 4.5 Supply Chain Management, and will, subject to the availability of future resources, count and disclose the number of suppliers where the practices are being implemented.

General disclosures and key performance indicators ("KPIs")	Description	Corresponding section in the Report or other descriptions
Aspect B6: Product responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	As the Group's business does not involve the manufacture of products, matters related to product labeling do not apply. Other matters related to product responsibility have been disclosed by the Group in Section 4.6 Service Quality.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable, as the Group's business does not involve the manufacture of products.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with	4.6 Service quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	4.6 Service quality
KPI B6.4	Description of quality assurance process and recall procedures	Not applicable, as the Group's business does not involve the manufacture of products.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	4.6 Service quality
Aspect B7: Preventing corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	4.7 Preventing corruption
KPI B7.1	Number of concluded legal cases regarding corrupted practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	4.7 Preventing corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	4.7 Preventing corruption

General disclosures and key performance indicators ("KPIs")	Description	Corresponding section in the Report or other descriptions
Aspect B8: Community investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	4.8 Community investment
KPI B8.1	Focus areas of contribution (eg. education, environmental concerns, labor needs, health, culture, sport)	4.8 Community investment
KPI B8.2	Resources contributed (eg. money or time) to the focus area	4.8 Community investment

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

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

OPINION

We have audited the consolidated financial statements of Doyen International Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 67 to 136, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on loan receivables	
Refer to notes 5(b) and 23 to the consolidated financial statements As at 31 December 2020, the Group's loan receivables amounted to approximately HK$503,881,000. With the assistance from external valuers, management assessed the provision for impairment of loan receivables based on the expected credit loss ("ECL") model. The ECL model involves significant management judgements and assumptions regarding the probability of default, loss given default, collateral values, economic indicators on forward-looking information as well as other significant factors not covered in the ECL model, if applicable. We focused on this area because the carrying amount of loan receivables is significant to the consolidated financial statements and management's estimation of ECL allowance of loan receivables involves significant judgements and estimates.	Our procedures in relation to this matter included: – understood, evaluated and validated the design and implementation of the controls over impairment assessment of loan receivables, which relates to management's judgements and assumptions including significant increase in credit risk, criteria of defaults and forward-looking information; – carried out procedures, on a sample basis, to test the existence and accuracy of the aging of loan receivables applied in the ECL model and as at the end of reporting period; – evaluated the competence, independence, capacities and objectivity of the Group's external valuers; – evaluated the appropriateness of the key assumptions, such as collateral values used in the ECL model with reference to the historical data and market economic data and the forward-looking information; and – re-performed management's calculation of collective impairment assessment which grouped together all the receivables with similar risk characteristics based on the probability of default, exposure at default, loss given default, forward-looking information and other significant factors taken into account in estimating the ECL allowance.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment property	
Refer to notes 5(a) and 20 to the consolidated financial statements As at 31 December 2020, the fair value of the Group's investment property, a shopping mall located in the People's Republic of China amounted to approximately HK$308,880,000 and a fair value losses on investment property of approximately HK$24,600,000 was recorded in the consolidated statement of profit or loss for the year ended 31 December 2020. The fair value of the investment property as at 31 December 2020 was assessed by the directors primarily based on an independent valuation report prepared by external valuers. We focused on this area because the valuation of the investment property is a level 3 fair value measurement as it uses significant unobservable inputs (e.g. capitalisation rate, long term vacancy rate and expected future market rent) which require significant management's judgements.	Our procedures in relation to this matter included: – evaluated the competence, independence, capabilities and objectivity of the Group's external valuers; – assessed the appropriateness of the valuation methodology used; – assessed the reasonableness of the key assumptions, such as long term vacancy rate, expected future market rent and capitalisation rate used in the valuation; – checked, on a sample basis, the accuracy and relevance of the input data used; and – assessed the adequacy of the disclosures in relation to the fair value measurement of the investment property.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Lo Wing See.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 10 March 2021

Lo Wing See
Practising Certificate Number P04607

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	8	**103,759**	33,202
Purchases		**(32,838)**	(516)
Staff costs	9	**(16,623)**	(13,975)
Short-term leases expenses		**–**	(1,357)
Other tax expenses		**(10,714)**	(1,670)
Depreciation of property, plant and equipment		**(34)**	(79)
Depreciation of right-of-use assets		**(2,000)**	(1,454)
Reversal of impairment losses/(impairment losses) on amounts due from a related company		**50,069**	(49,717)
Impairment losses on loan receivables		**(43,432)**	(23,345)
Impairment losses on trade receivables		**(26)**	–
Other operating expenses		**(15,891)**	(12,495)
Other gains and losses	10	**(15,687)**	(1,928)
Other income	11	**22,851**	3,953
Profit/(loss) from operations		**39,434**	(69,381)
Finance income	13	**124,596**	1,681
Finance costs	13	**(10,994)**	(20,469)
Finance income/(costs) – net		**113,602**	(18,788)
Profit/(loss) before tax		**153,036**	(88,169)
Income tax (expense)/credit	14	**(29,857)**	4,764
Profit/(loss) for the year	15	**123,179**	(83,405)
Attributable to:			
Owners of the Company		**114,552**	(79,691)
Non-controlling interests		**8,627**	(3,714)
		123,179	(83,405)
Earnings/(loss) per share	18		
		HK cents	HK cents
Basic and diluted		**8.99**	(6.25)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK$'000	2019 HK$'000
Profit/(loss) for the year	**123,179**	(83,405)
Other comprehensive income/(expenses), net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**43,651**	(12,110)
Total comprehensive income/(expenses) for the year	**166,830**	(95,515)
Attributable to:		
Owners of the Company	**147,846**	(88,647)
Non-controlling interests	**18,984**	(6,868)
	166,830	(95,515)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	19	**67**	66
Right-of-use assets	29	**4,178**	4,320
Investment property	20	**308,880**	314,999
Intangible assets	21	**7,096**	7,096
Goodwill	22	**2,049**	–
Loan receivables	23	**1,703**	26,192
Deferred tax assets	30	**33,236**	20,761
		357,209	373,434
Current assets			
Loan receivables	23	**502,178**	86,412
Trade receivables	24	**5,466**	577
Prepayments, deposits and other receivables		**9,374**	4,892
Financial assets at fair value through profit or loss	25	**8,712**	10,702
Amounts due from a related company	26	**–**	510,078
Bank and cash balances	27	**146,099**	39,047
		671,829	651,708
Current liabilities			
Accruals and other payables		**35,385**	15,863
Borrowings	28	**–**	166,974
Lease liabilities	29	**3,299**	2,032
Current tax liabilities		**54,316**	14,507
		93,000	199,376
Net current assets		**578,829**	452,332
Total assets less current liabilities		**936,038**	825,766
Non-current liabilities			
Borrowings	28	**–**	22,380
Lease liabilities	29	**1,045**	2,469
Deferred tax liabilities	30	**4,338**	10,656
		5,383	35,505
NET ASSETS		**930,655**	790,261
Capital and reserves			
Share capital	31	**1,174,378**	1,174,378
Reserves		**(421,065)**	(568,911)
Equity attributable to owners of the Company		**753,313**	605,467
Non-controlling interests		**177,342**	184,794
TOTAL EQUITY		**930,655**	790,261

Approved by the Board of Directors on 10 March 2021 and are signed on its behalf by:

Lo Siu Yu
Director

Tai Xing
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company								
	Share capital HK$'000	**Merger reserve** HK$'000 (Note 31(b)(i))	**Exchange reserve** HK$'000 (Note 31(b)(ii))	**Statutory reserve** HK$'000 (Note 31(b)(iii))	**Other reserves** HK$'000 (Note 31(b)(iv))	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 January 2019	1,174,378	(409,968)	(48,680)	12,497	1,396	(35,509)	694,114	194,207	888,321
Loss for the year	–	–	–	–	–	(79,691)	(79,691)	(3,714)	(83,405)
Other comprehensive expenses for the year	–	–	(8,956)	–	–	–	(8,956)	(3,154)	(12,110)
Transfer to statutory reserve	–	–	–	1,478	–	(1,478)	–	–	–
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	(2,545)	(2,545)
At 31 December 2019 and 1 January 2020	**1,174,378**	**(409,968)**	**(57,636)**	**13,975**	**1,396**	**(116,678)**	**605,467**	**184,794**	**790,261**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**114,552**	**114,552**	**8,627**	**123,179**
Other comprehensive income for the year	**-**	**-**	**33,294**	**-**	**-**	**-**	**33,294**	**10,357**	**43,651**
Transfer to statutory reserve	**-**	**-**	**-**	**9,486**	**-**	**(9,486)**	**-**	**-**	**-**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,436)**	**(26,436)**
Vested share options forfeited (note 32)	**-**	**-**	**-**	**-**	**(1,696)**	**1,696**	**-**	**-**	**-**
At 31 December 2020	**1,174,378**	**(409,968)**	**(24,342)**	**23,461**	**(300)**	**(9,916)**	**753,313**	**177,342**	**930,655**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Profit/(loss) before tax		**153,036**	(88,169)
Adjustments for:			
Reimbursement of tax and other expenses from a related company	11	**(21,924)**	(2,883)
Finance income	13	**(124,596)**	(1,681)
Finance costs	13	**10,994**	20,469
Dividend income from equity investments	11	**(432)**	(262)
Depreciation of property, plant and equipment		**34**	79
Depreciation of right-of-use assets		**2,000**	1,454
(Reversal of impairment losses)/impairment losses on amounts due from a related company		**(50,069)**	49,717
Impairment losses on loan receivables		**43,432**	23,345
Impairment losses on trade receivables		**26**	–
Loss on disposals of property, plant and equipment	10	**3**	–
Fair value losses/(gains) on investment property	10	**24,600**	(1,476)
Fair value losses/(gains) on financial assets at fair value through profit or loss	10	**1,990**	(2,298)
Exchange (gains)/losses – net	10	**(10,906)**	5,702
Operating profit before working capital changes		**28,188**	3,997
(Increase)/decrease in loan receivables		**(400,539)**	23,311
Increase in trade receivables		**(4,618)**	(585)
Increase in prepayments, deposits and other receivables		**(3,568)**	(1,370)
Increase/(decrease) in accruals and other payables		**6,112**	(1,386)
Cash (used in)/generated from operations		**(374,425)**	23,967
Income taxes paid		**(9,203)**	(1,018)
Net cash (used in)/generated from operating activities		**(383,628)**	22,949
Cash flows from investing activities			
Interest received		**124,596**	1,681
Dividend income received		**432**	262
Additions of an investment property		**(434)**	–
Net cash inflow in acquisition of subsidiary		**9,693**	–
Decrease in pledged bank deposits		**–**	1,135
Repayment of loan to a related company		**621,216**	–
Net cash generated from investing activities		**755,503**	3,078

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from financing activities			
Repayment of bank loans	34	**(44,960)**	(22,700)
Repayment of bonds	34	**(123,000)**	(72,000)
Interest paid on bank loans	34	**(1,775)**	(3,040)
Interest paid on bonds	34	**(30,541)**	(12,321)
Interest paid on other borrowings	34	**(138)**	–
Capital element of lease rentals paid	34	**(2,033)**	(1,274)
Interest element of lease rentals paid	34	**(134)**	(150)
Dividend paid to non-controlling interests		**(26,436)**	(2,545)
Net cash used in financing activities		**(229,017)**	(114,030)
Net increase/(decrease) in cash and cash equivalents		**142,858**	(88,003)
Effect of foreign exchange rate changes		**(35,806)**	(6,172)
Cash and cash equivalents at 1 January		**39,047**	133,222
Cash and cash equivalents at 31 December		**146,099**	39,047
Analysis of cash and cash equivalents			
Bank and cash balances		**146,099**	39,047

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Doyen International Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Suite 2206, 22nd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company together with its subsidiaries (collectively referred to as the "Group") are principally engaged in investment property holding in the People's Republic of China (the "PRC"), provision of financing to customers in the PRC (the "Dongkui business"), investment holding, sales of flowers and plants and distressed assets management.

In the opinion of the directors of the Company, as at 31 December 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 consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs"); and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3 ADOPTION OF NEW AND REVISED STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to HKAS 1 and HKAS 8, Definition of Material

- Amendments to HKFRS 3, Definition of a Business

- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 ADOPTION OF NEW AND REVISED STANDARDS *(CONTINUED)*

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

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

HKFRS 17	Insurance Contracts[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 June 2020.

5 Effective for annual periods beginning on or after 1 January 2021.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

(a) Consolidation

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

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

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Business combination

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

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

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

(c) Goodwill

Goodwill represents the excess of

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

(iii) Translation on consolidation

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation *(Continued)*

(iii) Translation on consolidation *(Continued)*

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

(e) Property, plant and equipment

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

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

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

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

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

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

(f) Investment property

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Leased assets

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

(i) As a lessee

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

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

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 4(t)). Depreciation is charged on a straight-line basis over the shorter of the lease term and the asset's useful life.

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Leased assets *(Continued)*

(i) As a lessee (Continued)

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

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

(ii) As a lessor

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

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

(h) Intangible assets (other than goodwill)

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

(i) Recognition and derecognition of financial instruments

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

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

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

(j) Financial assets

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

Debt instruments

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Financial assets *(Continued)*

Equity investments

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

(k) Cash and cash equivalents

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

(l) Financial liabilities and equity instruments

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

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(o) Accruals and other payables

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Revenue and other income

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

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

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

(i) Sale of goods

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

(ii) Interest income

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

(iii) Government grants

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

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

(iv) Rental income from operating leases

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

(v) Dividend income

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(q) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit schemes

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

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

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

(iii) Termination benefits

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

(r) Share-based payments

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(s) Taxation

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

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

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

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

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(s) Taxation *(Continued)*

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

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

(t) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not recoverable. The carrying amounts of other non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(u) Impairment of financial assets

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Significant increase in credit risk

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

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increases in credit risk on other financial instruments of the same debtor;

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Significant increase in credit risk *(Continued)*

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

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

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

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

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

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

Definition of default

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Provisions and contingent liabilities

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

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

(w) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

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

Significant increase in credit risk

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

Key sources of estimation uncertainty

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

(a) Fair value of investment property

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

The carrying amount of investment property as at 31 December 2020 was approximately HK$308,880,000 (2019: HK$314,999,000).

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

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

As at 31 December 2020, the carrying amounts of loan receivables and trade receivables are approximately HK$503,881,000 (2019: approximately HK$112,604,000) (after impairment losses allowances of approximately HK$71,523,000 (2019: approximately HK$24,130,000)) and approximately HK$5,466,000 (2019: approximately HK$577,000) (after impairment losses allowances of approximately HK$27,000 (2019: HK$ nil)) respectively.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(c) Classification of finance leases

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

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

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

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

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

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

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

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

(d) Recognition of deferred tax assets

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

(e) Income taxes

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

During the year, approximately HK$29,857,000 of income tax was charged (2019: approximately HK$4,764,000 was credited) to profit or loss based on the estimated profit from operations.

5 CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(f) Estimated impairment of goodwill

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

As at 31 December 2020, the carrying amount of goodwill is approximately HK$2,049,000 (2019: HK$ nil) (net of accumulated impairment losses of HK$ nil (2019: HK$ nil)). Details of the recoverable amount calculation are disclosed in note 22.

6 FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

	Assets		**Liabilities**	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**17,177**	291,196	**11,160**	2,726
US$	**349**	349	**–**	–

As at 31 December 2020, if the HK$ had weakened/strengthened 5% against the RMB with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$301,000 higher/lower (2019: consolidated loss after tax for the year would have been approximately HK$14,423,000 lower/higher), arising mainly as a result of the foreign exchange gain on translation of bank balances denominated in RMB.

As at 31 December 2020, the Group held certain financial assets which were denominated in US$. The directors are of the opinion that the Group's exposure to US$ foreign currency risk is minimal.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Equity price risk

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

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

As at 31 December 2020, if equity prices of the Group's financial assets at FVTPL had been 10% (2019: 10%) higher/lower with all other variables held constant, consolidated profit after tax for the year would have increased/decreased by approximately HK$871,000 (2019: consolidated loss after tax for the year would have decreased/increased by approximately HK$1,070,000).

(c) Credit risk

At 31 December 2020, the Group's maximum exposure to credit risk which will cause a credit loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective financial assets as stated in the consolidated statement of financial position.

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

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

The Group is also exposed to concentration of credit risk as 15% (2019: 30%) and 66% (2019: 89%) of the total loan receivables and trade receivables were due from the Group's largest customer and the Group's five largest customers respectively and all of the customers are located in the PRC.

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

- Trade receivables; and
- Financial assets at amortised cost (excluding trade receivables)

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

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

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

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

(a) Trade receivables

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

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

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

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

(b) Financial assets at amortised cost (excluding trade receivables)

Financial assets at amortised cost (excluding trade receivables) include loans receivables and other financial assets at amortised cost.

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

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

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(c) Credit risk *(Continued)*

(b) Financial assets at amortised cost (excluding trade receivables) *(Continued)*

As at 31 December 2020 and 31 December 2019, the Group provided for expected credit losses provision against financial assets at amortised cost (excluding trade receivables) as follows:

2020

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

2019

	Gross carrying amount HK$'000	Expected credit losses provision HK$'000	Carrying amount (net of impairment provision) HK$'000
Loans receivables	136,734	(24,130)	112,604
Amounts due from a related company	559,094	(49,016)	510,078
	695,828	(73,146)	622,682

The expected credit losses provision for financial assets at amortised cost (excluding trade receivables) as at 31 December 2020 reconciles to the opening expected credit loss provision are as follows:

	12-month ECLs HK$'000	Lifetime ECLs non credit-impaired HK$'000	Lifetime ECLs credit-impaired HK$'000	Total HK$'000
At 1 January 2019	1,133	–	–	1,133
Impairment losses for the year, net	276	–	23,069	23,345
Exchange differences	(23)	–	(325)	(348)
At 31 December 2019 and at 1 January 2020	**1,386**	**–**	**22,744**	**24,130**
Transfer from stage 1 to stage 3	**(1,163)**	**–**	**1,163**	**–**
(Reversal of impairment losses)/ impairment losses for the year, net	**(51)**	**1,459**	**42,024**	**43,432**
Exchange differences	**17**	**83**	**3,861**	**3,961**
At 31 December 2020	**189**	**1,542**	**69,792**	**71,523**

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(d) Liquidity risk

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

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

	Within 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total undiscounted cash outflows HK$'000	Carrying amounts HK$'000
At 31 December 2020					
Accruals and other payables	**35,385**	**–**	**–**	**35,385**	**35,385**
Lease liabilities	**3,398**	**–**	**1,051**	**4,449**	**4,344**
Total	**38,783**	**–**	**1,051**	**39,834**	**39,729**
At 31 December 2019					
Accruals and other payables	15,766	–	–	15,766	15,863
Borrowings	177,282	–	22,902	200,184	189,354
Lease liabilities	2,166	–	2,523	4,689	4,501
Total	195,214	–	25,425	220,639	209,718

(e) Interest rate risk

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

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

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(e) Interest rate risk *(Continued)*

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

	2020 HK$'000	2019 HK$'000
Variable rate financial assets/(liabilities)		
Loan receivables	**62,107**	100,077
Bank balances	**142,239**	31,668
Bank loans	**–**	(44,760)

As at 31 December 2020, if interest rates had been 25 basis points lower or reduced to zero, whichever is higher with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$69,000 higher (2019: consolidated loss after tax for the year would have been approximately HK$106,000 lower). If interest rates had been 25 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$67,000 lower (2019: consolidated loss after tax for the year would have been approximately HK$102,000 higher).

(f) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets:		
Financial assets at FVTPL		
Listed equity securities – held for trading	**8,712**	10,702
Financial assets at amortised cost	**662,657**	662,567
Financial liabilities:		
Financial liabilities at amortised cost	**39,729**	209,621

(g) Fair values

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

7 FAIR VALUE MEASUREMENTS

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

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

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

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

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

(a) Disclosures of level in fair value hierarchy:

At 31 December 2020

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

7 FAIR VALUE MEASUREMENTS *(CONTINUED)*

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

At 31 December 2019

	Fair value measurements using:			
Description	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 FVTPL				
Listed equity securities – held for trading	10,702	–	–	10,702
Investment property				
Shopping mall – the PRC	–	–	314,999	314,999
Total	10,702	–	314,999	325,701

During the year ended 31 December 2020, there were no transfers between level 1 and level 2, or transfers into or out of level 3 (2019: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

Description	**Investment property 2020 HK$'000**	Investment property 2019 HK$'000
At 1 January	**314,999**	318,868
Additions	**434**	–
Fair value (losses)/gains	**(24,600)**	1,476
Exchange differences	**18,047**	(5,345)
At 31 December	**308,880**	314,999

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

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 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 recognised professional qualifications and recent experience to perform the valuations.

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

8 REVENUE

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

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of flowers and plants	**31,888**	539
Revenue from other sources		
Rental income from investment property	**19,664**	14,006
Income from provision of financing	**52,207**	18,657
	71,871	32,663
	103,759	33,202

9 STAFF COSTS

	2020 HK$'000	2019 HK$'000
Salaries, bonuses and allowances	**16,158**	13,582
Retirement benefit scheme contributions	**465**	393
	16,623	13,975

Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2019: three) directors whose emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining two (2019: two) individuals are set out below:

	2020 HK$'000	2019 HK$'000
Salaries, bonuses and allowances	**1,124**	1,135
Retirement benefit scheme contributions	**243**	183
	1,367	1,318

Their emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Nil to HK$1,000,000	**2**	2

10 OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Fair value (losses)/gains on investment property	**(24,600)**	1,476
Fair value (losses)/gains on financial assets at FVTPL	**(1,990)**	2,298
Loss on disposals of property, plant and equipment	**(3)**	–
Exchange gains/(losses) – net	**10,906**	(5,702)
	(15,687)	(1,928)

11 OTHER INCOME

	2020 HK$'000	2019 HK$'000
Reimbursement of tax and other expenses from a related company	**21,924**	2,883
Dividend income from equity investments	**432**	262
Government grants (note)	**441**	704
Others	**54**	104
	22,851	3,953

Note: For the year ended 31 December 2020, the amount represented (i) subsidies received from governmental authority in Mainland China for the Group which aims to retain employment, where there are no unfulfilled conditions or contingencies relating to these grants; and (ii) subsidies under the Employment Support Scheme in Hong Kong which the Group required to undertake not to implement redundancy during the subsidy period and to use the subsidy to pay wages of the employees, all conditions relating to these grants have been fulfilled. For the years ended 31 December 2019, the amount represented subsidies given by the government to the Group for the promotion of the loan financing industry. The grants were accounted for as financial support with no future related costs expected to be incurred nor related to any assets. As such, they were recognised in profit or loss when the grants were received.

12 SEGMENT INFORMATION

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

The CODM reviews the business principally from an industry perspective and has identified four (2019: 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, seedlings and plants
Distressed assets management	– provision of distressed assets management

12 SEGMENT INFORMATION *(CONTINUED)*

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

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

The operations of 東葵融資租賃(上海)有限公司 (for identification purpose, Dongkui Financial Leasing (Shanghai) Co. Ltd. ("Shanghai Dongkui")) and 東鋭商業保理(上海)有限公司 (for identification purpose, Dongrui Factoring (Shanghai) Ltd. ("Shanghai Dongrui")) represent the operating and reportable segment of Dongkui business.

The operation of 安信萬邦資產管理有限公司 (for identification purpose, Anxin Wanbang Asset Management Co., Ltd. ("Anxin Wanbang")) represents the operating and reportable segment of distressed assets management.

The measure used for reporting segment profit/(loss) is "profit/(loss) after tax".

Information about operating segment profit or loss, assets and liabilities:

	Investment property holding HK$'000	Dongkui business HK$'000	Sales of flowers and plants HK$'000	Distressed assets management HK$'000	Total HK$'000
Year ended 31 December 2020					
Disaggregated by timing of revenue recognition					
Point in time	–	–	31,888	–	31,888
Over time	19,664	52,207	–	–	71,871
Revenue from external customers	19,664	52,207	31,888	–	103,759
Inter-segment revenue	–	1,111	–	–	1,111
Reportable segment revenue	19,664	53,318	31,888	–	104,870
Purchases	(1,708)	–	(31,130)	–	(32,838)
Depreciation of property, plant and equipment	(4)	(29)	–	(1)	(34)
Depreciation of right-of-use assets	–	(380)	–	–	(380)
Reversal of impairment losses on amounts due from a related company	9,109	12,524	–	–	21,633
Impairment losses on loan receivables	–	(43,432)	–	–	(43,432)
Impairment losses on trade receivables	(26)	–	–	–	(26)
Fair value losses on investment property	(24,600)	–	–	–	(24,600)
Finance income	29,862	7,040	–	12	36,914
Finance costs	(2,823)	(1,309)	–	–	(4,132)
Income tax expenses	(5,296)	(4,543)	–	–	(9,839)
Reportable segment profit/(loss) after tax	16,483	16,170	197	(15)	32,835
At 31 December 2020					
Reportable segment assets	335,975	928,950	5,466	2,506	1,272,897
Reportable segment liabilities	(20,798)	(507,030)	(339)	(4,499)	(532,666)

12 SEGMENT INFORMATION *(CONTINUED)*

Information about operating segment profit or loss, assets and liabilities: *(Continued)*

	Investment property holding HK$'000	Dongkui business HK$'000	Sales of flowers and plants HK$'000	Total HK$'000
Year ended 31 December 2019				
Disaggregated by timing of revenue recognition				
Point in time	–	–	539	539
Over time	14,006	18,657	–	32,663
Revenue from external customers	14,006	18,657	539	33,202
Inter-segment revenue	–	346	–	346
Reportable segment revenue	14,006	19,003	539	33,548
Purchases	–	–	(516)	(516)
Depreciation of property, plant and equipment	(4)	(75)	–	(79)
Depreciation of right-of-use assets	–	(352)	–	(352)
Impairment losses on amounts due from a related company	(9,198)	(12,647)	–	(21,845)
Impairment losses on loan receivables	–	(23,345)	–	(23,345)
Fair value gains on investment property	1,476	–	–	1,476
Finance income	23	1,421	–	1,444
Finance costs	(3,386)	(38)	–	(3,424)
Income tax credit	812	4,683	–	5,495
Reportable segment (loss)/profit after tax	(862)	(15,442)	23	(16,281)
At 31 December 2019				
Reportable segment assets	424,894	379,458	3,375	807,727
Reportable segment liabilities	(87,221)	(11,569)	(2)	(98,792)

12 SEGMENT INFORMATION *(CONTINUED)*

Reconciliations of segment revenue and profit or loss:

	2020 HK$'000	2019 HK$'000
Revenue		
Total revenue of reportable segments	**104,870**	33,548
Elimination of inter – segment revenue	**(1,111)**	(346)
Consolidated revenue	**103,759**	33,202
Profit or loss		
Total profit/(loss) of reportable segments after tax	**32,835**	(16,281)
Unallocated amounts:		
Staff costs	**(9,876)**	(8,866)
Depreciation of right-of-use assets	**(1,620)**	(1,102)
Reversal of impairment losses/(impairment losses) on amounts due from a related company	**28,436**	(27,872)
Fair value (losses)/gains on financial assets at FVTPL	**(1,990)**	2,298
Exchange gains/(losses) – net	**10,906**	(5,702)
Other income	**22,787**	3,183
Finance income	**87,682**	237
Finance costs	**(6,862)**	(17,045)
Other corporate expenses	**(39,119)**	(12,255)
Consolidated profit/(loss) after tax	**123,179**	(83,405)

Reconciliations of segment assets and liabilities:

	2020 HK$'000	2019 HK$'000
Assets		
Total assets of reportable segments	**1,272,897**	807,727
Unallocated assets:		
Right-of-use assets	**1,912**	3,532
Intangible assets	**7,096**	7,096
Financial assets at FVTPL	**8,712**	10,702
Amounts due from a related company	**–**	285,958
Bank and cash balances	**21,758**	9,093
Other assets	**4,045**	1,709
	1,316,420	1,125,817
Elimination of inter-company assets	**(287,382)**	(100,675)
Consolidated total assets	**1,029,038**	1,025,142

12 SEGMENT INFORMATION *(CONTINUED)*

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

	2020 HK$'000	2019 HK$'000
Liabilities		
Total liabilities of reportable segments	**532,666**	98,792
Unallocated liabilities:		
Borrowings	**–**	144,594
Current tax liabilities	**25,894**	13,432
Other liabilities	**19,020**	10,202
	577,580	267,020
Elimination of inter-company liabilities	**(479,197)**	(32,139)
Consolidated total liabilities	**98,383**	234,881

Other information:

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

	Investment property holding HK$'000	Dongkui business HK$'000	Sales of flowers and plants HK$'000	Distressed assets management HK$'000	Total HK$'000
Year ended 31 December 2019					
Additions to non-current assets (note)					
Allocated	–	1,152	–	–	1,152
Unallocated					4,634
					5,786

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

12 SEGMENT INFORMATION *(CONTINUED)*

Geographical information:

All the revenue generated by the Group for the two years ended 31 December 2020 and 2019 were attributable to customers based in the PRC. In addition, the majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

Revenue from major customers:

	2020 **HK$'000**	2019 HK$'000
Dongkui business		
Customer a	**40,854**	N/A*
Customer b	**N/A***	4,108
Customer c	**N/A***	4,024
Customer d	**N/A***	3,730
Sales of flowers and plants		
Customer e	**31,888**	N/A*

* The corresponding revenue did not contribute 10% or more of the total revenue.

Those major customers represent external customers who accounts for 10% or more of the revenue of the Group.

13 FINANCE INCOME AND COSTS

	2020 **HK$'000**	2019 HK$'000
Finance income		
Interest income on bank deposits	**1,036**	1,681
Interest income on loans to a related company	**123,560**	–
	124,596	1,681
Finance costs		
Interest on bank loans	**(1,775)**	(3,040)
Interest on other borrowings – bonds	**(8,947)**	(17,279)
Interest on other borrowings – loans	**(138)**	–
Interest on lease liabilities	**(134)**	(150)
	(10,994)	(20,469)
Finance income/(costs) – net	**113,602**	(18,788)

14 INCOME TAX EXPENSE/(CREDIT)

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

	2020 HK$'000	2019 HK$'000
Current tax		
PRC Enterprise Income Tax ("EIT")		
Provision for the year	**27,396**	3,400
Withholding tax on distributed profits from a subsidiary	**7,617**	881
Withholding tax on interest income		
– Provision for the year	**12,034**	–
– Under-provision in prior years	**–**	90
	47,047	4,371
Deferred tax (note 30)	**(17,190)**	(9,135)
Income tax expense/(credit)	**29,857**	(4,764)

No provision for Hong Kong Profits Tax is made since the Group has no assessable profits for the years ended 31 December 2020 and 2019.

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

According to the PRC EIT law and the relevant PRC issued implementation regulation, the Group is subject to the PRC withholding income tax of 10% (2019: 10%) 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.

The reconciliation between the income tax expense/(credit) and the accounting profit/(loss) before tax at the applicable tax rates is as follows:

	2020 HK$'000	2019 HK$'000
Profit/(loss) before tax	**153,036**	(88,169)
Tax at the applicable tax rates in the jurisdictions concerned	**28,878**	(16,399)
Tax effect of income that is not taxable	**(25,660)**	(6,545)
Tax effect of expenses that are not deductible	**7,473**	17,285
Tax effect of temporary differences not recognised	**(852)**	(1,532)
Tax effect of tax losses not recognised	**–**	1,606
Under-provision in prior years	**–**	90
Deferred tax on undistributed profits of a PRC subsidiary	**367**	(150)
Withholding tax on distributed profits and interest income	**19,651**	881
Income tax expense/(credit)	**29,857**	(4,764)

15 PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2020 HK$'000	2019 HK$'000
Auditor's remuneration	1,600	1,500
Direct operating expenses of investment property that generate rental income	5,361	3,066

16 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

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

For the year ended 31 December 2020

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

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

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 December 2019

Name of director	Directors' fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits HK$'000 (note (i))	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Mr. Lo Siu Yu	–	1,440	–	1,220	18	2,678
Mr. Tai Xing	–	687	75	244	18	1,024
Mr. Cho Chun Wai	–	970	144	238	18	1,370
Non-executive directors						
Ms. Luo Shaoying	–	–	–	–	–	–
Mr. Qin Hong (note (ii))	120	–	–	–	–	120
Mr. Pan Chuan	120	–	–	–	–	120
Independent non-executive directors						
Mr. Chan Ying Kay	120	–	–	–	–	120
Mr. Wang Jin Ling	120	–	–	–	–	120
Mr. Leung Kin Hong (note (iii))	59	–	–	–	–	59
Dr. Zhu Wenhui (note (iv))	61	–	–	–	–	61
Total for 2019	600	3,097	219	1,702	54	5,672

Note:

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

(ii) Resigned on 18 December 2020.

(iii) Appointed on 5 July 2019.

(iv) Resigned on 5 July 2019.

Neither the CEO nor any of the directors waived any emoluments during the years ended 31 December 2020 and 2019.

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(b) The information about loans entered into by the Company or subsidiary undertaking of the Company in favour of a controlled body corporate of Mr. Lo (also described in more detail in note 26) is as follows:

Name of the borrower	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Terms	Interest rate	Security
At 31 December 2020						
重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd.)						
Loans and interest	543,032	–	710,804	Repayable on the maturity date – 18 January 2018	10.5% per annum on outstanding loans, payable quarterly in arrears (plus default interest of 5% per annum on the outstanding loans and interest in default) due as at 18 January 2018	51% of equity interest in 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd.)#
Reimbursement of tax and other expenses	16,062	–	37,363	Repayable on demand	Nil	51% of equity interest in Chongqing Doyen Shell Petrochemical Co., Ltd.#

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

Name of the borrower	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Terms	Interest rate	Security
At 31 December 2019						
重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd.)						
Loans and interest	552,253	543,032	552,253	Repayable on the maturity date – 18 January 2018	10.5% per annum on outstanding loans, payable quarterly in arrears (plus default interest of 5% per annum on the outstanding loans and interest in default) due as at 18 January 2018	51% of equity interest in 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd.)
Reimbursement of tax and other expenses	13,421	16,062	16,062	Repayable on demand	Nil	51% of equity interest in Chongqing Doyen Shell Petrochemical Co., Ltd.

16 BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

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

Pursuant to loan agreements dated 8 November 2016 and 6 March 2017, respectively, the Company advanced two loans of RMB80,000,000 and RMB150,000,000 respectively to 重慶東銀控股集團有限公司 (for identification purpose, Chongqing Doyen Holdings Group Co., Ltd. ("Chongqing Doyen")), a company established with limited liability under the laws of the PRC and wholly owned by Mr. Lo, director and ultimate controlling party of the Company, and his spouse. The loans totalling RMB230,000,000 (equivalent to approximately HK$273,240,000 (2019: HK$257,370,000)) were interest-bearing at 10.5% per annum and due on 18 January 2018.

In May 2017, approximately 28.19% of the equity interest of 重慶東銀殼牌石化有限公司 (for identification purpose, Chongqing Doyen Shell Petrochemical Co., Ltd. ("Doyen Shell")) was charged to the Company as security for the loans.

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

On 21 October 2020, the Company received the amount of approximately HK$376,532,000 from 重慶東銀碩潤石化集團有限公司 (for identification purpose, Chongqing Doyen Shuorun Petrochemical Group Ltd. ("Shuorun Petrochemical")) as settlement of the loans (inclusive of interest and other relevant expenses incurred). Afterwards, the loans have been fully repaid and settled.

During the year ended 31 December 2020, interest income of approximately HK$93,849,000 (2019: HK$nil), reimbursement of tax and other expenses of approximately HK$21,924,000 (2019: HK$2,883,000) and reversal of impairment losses of approximately HK$28,436,000 (2019: impairment losses of approximately HK$27,872,000) were recognised by the Company.

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

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

17 DIVIDENDS

The directors do not recommend the payment of any dividend for the years ended 31 December 2020 and 2019.

18 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following:

	2020 HK$'000	2019 HK$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**114,552**	(79,691)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,274,039**	1,274,039

The Company's outstanding share options and warrants had no dilutive effect for the years ended 31 December 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.

19 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 January 2019	157	184	2,517	2,858
Exchange differences	(3)	(3)	–	(6)
At 31 December 2019 and 1 January 2020	**154**	**181**	**2,517**	**2,852**
Additions	**–**	**8**	**–**	**8**
Acquisition of a subsidiary	**–**	**28**	**–**	**28**
Disposals	**–**	**(13)**	**–**	**(13)**
Exchange differences	**10**	**11**	**–**	**21**
At 31 December 2020	**164**	**215**	**2,517**	**2,896**
Accumulated depreciation				
At 1 January 2019	91	104	2,517	2,712
Charge for the year	53	26	–	79
Exchange differences	(2)	(3)	–	(5)
At 31 December 2019 and 1 January 2020	**142**	**127**	**2,517**	**2,786**
Charge for the year	**13**	**21**	**–**	**34**
Disposals	**–**	**(10)**	**–**	**(10)**
Exchange differences	**9**	**10**	**–**	**19**
At 31 December 2020	**164**	**148**	**2,517**	**2,829**
Carrying amount				
At 31 December 2020	**–**	**67**	**–**	**67**
At 31 December 2019	12	54	–	66

20 INVESTMENT PROPERTY

	2020 HK$'000	2019 HK$'000
At 1 January	**314,999**	318,868
Additions	**434**	–
Fair value (losses)/gains	**(24,600)**	1,476
Exchange differences	**18,047**	(5,345)
At 31 December	**308,880**	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. The fair value as at 31 December 2020 was based on a valuation carried out by Hong Kong Appraisal Advisory Limited, an independent qualified professional valuer with substantial experience in valuation of properties. The Group has a discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed. The valuation was derived using the income capitalisation approach. The valuation is based on the capitalisation of the current rental income and reversionary income potential by adopting appropriate term/reversionary yields, which are derived from analysis of sales transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings within the subject property and other comparable properties.

The valuation of the Group's investment property is a level 3 fair value measurement. Details of the unobservable inputs in determining the valuation as at 31 December 2020 are as follows:

Unobservable inputs	Range	Effect on fair value for increase of inputs
Long term vacancy rate	6% (2019: 8%)	Decrease
Monthly market rent per sq. m.	RMB21 to RMB160 (2019: RMB30 to RMB249)	Increase
Capitalisation rate	5.9% (2019: 5% – 5.5%)	Decrease

The consistent valuation technique was applied for the years ended 31 December 2020 and 2019.

As at 31 December 2020, the carrying amount of investment property pledged as security for the Group's bank loans amounted to approximately HK$ nil (2019: HK$314,999,000) (note 28(a)).

21 INTANGIBLE ASSETS

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

22 GOODWILL

	2020 HK$'000	2019 HK$'000
Cost	**2,049**	–
Net carrying amount	**2,049**	–

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

	2020 HK$'000	2019 HK$'000
Net carrying amount as at 1 January	**–**	–
Acquisition of a subsidiary (note 33)	**2,049**	–
Net carrying amount as at 31 December	**2,049**	–

For the purposes of impairment testing of goodwill, management allocated goodwill to the Group's cash-generating units ("CGUs") identified. Goodwill arising in acquisition of a subsidiary during the year was allocated to distressed assets management. As at 31 December 2020, the carrying amount of goodwill is allocated to distressed assets management.

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

Goodwill of approximately RMB1,742,000 (equivalent to approximately HK$2,049,000) has been allocated to the CGU of the subsidiary acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill prior to the year end. The recoverable amount of the subsidiary is determined based on value-in-use calculation.

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

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

Based on management's assessment on the recoverable amount of the subsidiary acquired during the year, no impairment provision was considered necessary to provide as at 31 December 2020.

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying amount of the CGU.

23 LOAN RECEIVABLES

	2020 HK$'000	2019 HK$'000
Loan receivables	575,404	136,734
Less: Impairment losses allowances	(71,523)	(24,130)
	503,881	112,604
Analysis as:		
Non-current portion	1,703	26,192
Current portion	502,178	86,412
	503,881	112,604

As at 31 December 2020, the Group's loans to customers of approximately HK$575,404,000 (2019: HK$136,734,000) were secured by either the plant and equipment or trade receivables of the relevant customers and repayable by instalments within three years (2019: within five years) from the draw-down dates. The effective interest rate on such loans ranged from 10.1% to 15.4% (2019: 11.0% to 12.9%) per annum.

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

	2020 HK$'000	2019 HK$'000
At 1 January	24,130	1,133
Impairment losses for the year, net	43,432	23,345
Exchange differences	3,961	(348)
At 31 December	71,523	24,130

24 TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**5,493**	577
Less: Impairment losses allowances	**(27)**	–
	5,466	577

All of the trade receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade receivables, based on invoice date and net of impairment losses allowance, is as follows:

	2020 HK$'000	2019 HK$'000
Within one month	**5,466**	577

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

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

	2020 HK$'000	2019 HK$'000
At 1 January	**–**	–
Impairment losses for the year, net	**26**	–
Exchange differences	**1**	–
At 31 December	**27**	–

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Equity securities, listed in Hong Kong	**8,712**	10,702

26 AMOUNTS DUE FROM A RELATED COMPANY

	2020 HK$'000	2019 HK$'000
Loans to a related company	–	469,980
Interest receivable	–	73,052
Reimbursement of tax and other expenses	–	16,062
	–	559,094
Less: Impairment losses allowance	–	(49,016)
	–	510,078

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

For the year ended 31 December 2020, the reversal of impairment losses on amounts due from a related company of approximately HK$50,069,000 (equivalent to approximately RMB43,803,000) was recognised and the movements during the year are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	49,016	–
Impairment losses (reversed)/charge for the year	(50,069)	49,717
Exchange differences	1,053	(701)
At 31 December	–	49,016

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.

26 AMOUNTS DUE FROM A RELATED COMPANY *(CONTINUED)*

In relation to the loans advanced by the Group to Chongqing Doyen, Chongqing Doyen agrees to reimburse the Group any tax expenses on the interest income generated from the loans advanced by the Group. 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 year ended 31 December 2017, 51% of the equity interest of Doyen Shell (the "Pledged 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.

On 28 December 2018, the Group, Chongqing Doyen and Shuorun Petrochemical, the legal owner of the Pledged 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.

26 AMOUNTS DUE FROM A RELATED COMPANY *(CONTINUED)*

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.

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$118.8 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.

Pursuant to the Company's announcement dated 21 October 2020, the Group received the amount of approximately RMB665.6 million (equivalent to approximately HK$790.7 million) from Shuorun Petrochemical as settlement of the loans (inclusive of interest and other relevant expenses incurred). Afterwards, the loans have been fully repaid and settled, the Pledged Collaterals have been released accordingly.

27 BANK AND CASH BALANCES

As at 31 December 2020, the bank and cash balances total of the Group denominated in RMB amounted to approximately HK$141,508,000 (2019: HK$35,182,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28 BORROWINGS

	2020 HK$'000	2019 HK$'000
Bank loans – secured (note (a))	**–**	44,760
Bonds – unsecured (note (b))	**–**	144,594
	–	189,354

The borrowings are repayable as follows:

	2020 HK$'000	2019 HK$'000
Within one year or on demand	**–**	166,974
In the second year	**–**	22,380
	–	189,354
Less: Amounts due within 12 months (shown under current liabilities)	**–**	(166,974)
Amounts due after 12 months	**–**	22,380

28 BORROWINGS *(CONTINUED)*

Note:

(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 31 December 2019, the effective interest rate is 5.4% per annum.

As at 31 December 2019, the Group's bank loans of approximately HK$44,760,000 were secured by the Group's investment property amounted to approximately HK$314,999,000, its right to receive rental income, and were guaranteed by Chongqing Doyen. During the year, the bank loans have been fully repaid and settled.

(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.

28 BORROWINGS *(CONTINUED)*

Note: *(Continued)*

(b) Bonds – unsecured *(Continued)*

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.

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:

28 BORROWINGS *(CONTINUED)*

Note: *(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.

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.

As at 31 December 2019, the effective interest rate on the Bonds was 9% (2018: 9%) per annum.

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.

On 17 September 2020, the Bonds have been fully repaid and settled.

29 RIGHT-OF-USE ASSETS AND LEASES LIABILITIES

	2020 HK$'000	2019 HK$'000
Leased properties	4,178	4,320

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

	2020 HK$'000	2019 HK$'000
At 1 January	4,320	–
Additions	–	5,786
Acquisition of a subsidiary	1,831	–
Depreciation charge for the year	(2,000)	(1,454)
Exchange differences	27	(12)
At 31 December	4,178	4,320
Total cash outflow for lease	2,167	1,424

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

	2020		2019	
	Present value of the lease payments HK$000	Total lease payments HK$000	Present value of the lease payments HK$000	Total lease payments HK$000
Within 1 year	3,299	3,398	2,032	2,166
After 1 year but within 2 years	1,045	1,051	2,469	2,523
	4,344	4,449	4,501	4,689
Less: total future interest expenses		(105)		(188)
Present value of lease liabilities		4,344		4,501
Analyse as:				
– Current portion		3,299		2,032
– Non-current portion		1,045		2,469
		4,344		4,501

30 DEFERRED TAX

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

Deferred tax liabilities

	Accrued rental HK$'000	Loan interest income HK$'000	Undistributed profits of a PRC subsidiary HK$'000	Total HK$'000
At 1 January 2019	(643)	(4,575)	(1,811)	(7,029)
(Charge)/credit to profit or loss (note 14)	(131)	(3,817)	150	(3,798)
Exchange differences	13	130	28	171
At 31 December 2019 and 1 January 2020	**(761)**	**(8,262)**	**(1,633)**	**(10,656)**
(Charge)/credit to profit or loss (note 14)	**(1,333)**	**8,299**	**(367)**	**6,599**
Exchange differences	**(123)**	**(37)**	**(121)**	**(281)**
At 31 December 2020	**(2,217)**	**–**	**(2,121)**	**(4,338)**

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

Deferred tax assets

	Revaluation of investment property HK$'000	Impairment losses allowances on loan receivables and amounts due from a related company HK$'000	Others HK$'000	Total HK$'000
At 1 January 2019	7,257	283	606	8,146
Credit/(charge) to profit or loss (note 14)	2,172	11,298	(537)	12,933
Exchange differences	(152)	(164)	(2)	(318)
At 31 December 2019 and 1 January 2020	**9,277**	**11,417**	**67**	**20,761**
Credit to profit or loss (note 14)	**3,965**	**5,450**	**1,176**	**10,591**
Exchange differences	**799**	**1,014**	**71**	**1,884**
At 31 December 2020	**14,041**	**17,881**	**1,314**	**33,236**

At the end of the reporting period, the Group has unused tax losses of approximately HK$104,429,000 (2019: HK$122,579,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$ nil (2019: HK$17,843,000) that will expire after 5 years for the year of assessment they related to. Other tax losses are subject to the final approval by the Inland Revenue Department in Hong Kong and can be carried forward indefinitely.

31 SHARE CAPITAL AND RESERVES

(a) Share capital

	2020 Number of shares '000	2020 Amount HK$'000	2019 Number of shares '000	2019 Amount HK$'000
Ordinary shares, issued and fully paid:				
At 1 January 2019, 31 December 2019 and 31 December 2020	**1,274,039**	**1,174,378**	1,274,039	1,174,378

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

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

(b) Nature and purpose of reserves

(i) Merger reserve

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

(ii) Exchange reserve

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

(iii) Statutory reserve

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

(iv) Other reserves

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

(c) Capital management

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

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

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) and lease liabilities less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

31 SHARE CAPITAL AND RESERVES *(CONTINUED)*

(c) Capital management *(Continued)*

The gearing ratio as at 31 December 2020 and 2019 is as follows:

	2020 HK$'000	2019 HK$'000
Borrowings (note 28)	–	189,354
Lease liabilities (note 29)	4,344	4,501
	4,344	193,855
Less: Cash and cash equivalents	(146,099)	(39,047)
	(141,755)	154,808
Net debt (note)	–	154,808
Total equity	930,655	790,261
Total capital	930,655	945,069
Gearing ratio	N/A	16%

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

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

32 SHARE-BASED PAYMENTS

Equity-settled share option scheme

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

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

	2020		2019	
	Number of share options '000	Weighted average exercise price HK$	Number of share options '000	Weighted average exercise price HK$
Outstanding at the beginning of the year	2,100	1.628	2,100	1.628
Forfeited during the year	(2,100)	1.628	–	–
Outstanding at the end of the year	–	–	2,100	1.628
Exercisable at the end of the year	–	–	2,100	1.628

No options were outstanding at 31 December 2020. The options outstanding at 31 December 2019 had a weighted average remaining contractual life of 0.92 years and the exercise price was HK$1.628. No options were granted in 2020 (2019: nil).

33 ACQUISITION OF A SUBSIDIARY

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

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

Consideration transferred

	HK$'000
Satisfied by:	
Other payables	71

Assets acquired and liabilities recognised at the date of acquisition

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

Goodwill arising on acquisition:

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

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

33 ACQUISITION OF A SUBSIDIARY *(CONTINUED)*

Net cash inflow on acquisition of Anxin Wanbang

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

Impact of acquisition on the results of the Group

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

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

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

34 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank loans (Note 28) HK$'000	Bonds (Note 28) HK$'000	Other borrowing HK$'000	Lease liabilities (Note 29) HK$'000	Total HK$'000
At 1 January 2019	68,280	211,636	–	–	279,916
Increase in lease liabilities from entering into new leases during the year	–	–	–	5,786	5,786
Repayment of bank loans	(22,700)	–	–	–	(22,700)
Repayment of bonds	–	(72,000)	–	–	(72,000)
Interest paid on bank loans	(3,040)	–	–	–	(3,040)
Interest paid on bonds	–	(12,321)	–	–	(12,321)
Other finance costs	3,040	17,279	–	–	20,319
Interest on lease liabilities	–	–	–	150	150
Capital element of lease rentals paid	–	–	–	(1,274)	(1,274)
Interest element of lease rentals paid	–	–	–	(150)	(150)
Exchange differences	(820)	–	–	(11)	(831)
At 31 December 2019 and 1 January 2020	**44,760**	**144,594**	**–**	**4,501**	**193,855**
Acquisition of a subsidiary	**–**	**–**	**–**	**1,848**	**1,848**
Addition of other borrowing	**–**	**–**	**7,132**	**–**	**7,132**
Repayment of bank loans	**(44,960)**	**–**	**–**	**–**	**(44,960)**
Repayment of bonds	**–**	**(123,000)**	**–**	**–**	**(123,000)**
Repayment of other borrowing	**–**	**–**	**(7,132)**	**–**	**(7,132)**
Interest paid on bank loans	**(1,775)**	**–**	**–**	**–**	**(1,775)**
Interest paid on bonds	**–**	**(30,541)**	**–**	**–**	**(30,541)**
Interest paid on other borrowing	**–**	**–**	**(138)**	**–**	**(138)**
Other finance costs	**1,775**	**8,947**	**138**	**–**	**10,860**
Interest on lease liabilities	**–**	**–**	**–**	**134**	**134**
Capital element of lease rentals paid	**–**	**–**	**–**	**(2,033)**	**(2,033)**
Interest element of lease rentals paid	**–**	**–**	**–**	**(134)**	**(134)**
Exchange differences	**200**	**–**	**–**	**28**	**228**
At 31 December 2020	**–**	**–**	**–**	**4,344**	**4,344**

35 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 31 December 2020, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**6,120**	6,779

36 MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

Name of related party	Nature of transactions	**2020 HK$'000**	2019 HK$'000
Chongqing Doyen (note (i))	Interest income on loans to a related company	**164,414**	–
Chongqing Doyen	Reimbursement of tax and other expenses from a related company	**21,924**	2,883
重慶新東原物業管理有限公司 (for identification purpose, Chongqing New Dowell Property Management Ltd.) (note (ii))	Property management fees paid to a related company	**136**	269

(b) Key management personnel remuneration

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

	2020 HK$'000	2019 HK$'000
Short-term benefits	**9,980**	5,618
Post-employment benefits	**132**	54
	10,112	5,672

As at 31 December 2020, included in accruals and other payables was an amount of approximately HK$255,000 (2019: HK$135,000) being accrued directors' emoluments which are unsecured, interest-free and settled in cash.

Note:

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

(ii) Chongqing New Dowell Property Management Ltd. ("Dowell Property Management") is considered as a related company of the Group as Mr. Lo has control in Dowell Property Management.

37 CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: nil).

38 STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		–	–
Right-of-use assets		1,744	3,139
Intangible assets		7,096	7,096
Investments in subsidiaries		298,960	298,960
		307,800	309,195
Current assets			
Prepayments, deposits and other receivables		876	1,019
Amounts due from subsidiaries		306,980	255,878
Amounts due from a related company		–	285,958
Bank and cash balances		3,780	4,952
		311,636	547,807
Current liabilities			
Accruals and other payables		14,757	4,849
Amounts due to subsidiaries		288,866	298,359
Borrowings		–	144,594
Lease liabilities		1,488	1,433
Current tax liabilities		16,519	4,057
		321,630	453,292
Net current (liabilities)/assets		(9,994)	94,515
Total assets less current liabilities		297,806	403,710
Non-current liabilities			
Lease liabilities		381	1,869
NET ASSETS		297,425	401,841
Capital and reserves			
Share capital		1,174,378	1,174,378
Reserves	38(b)	(876,953)	(772,537)
TOTAL EQUITY		297,425	401,841

Approved by the Board of Directors on 10 March 2021 and are signed on its behalf by:

Lo Siu Yu Director	**Tai Xing** Director

38 STATEMENT OF FINANCIAL POSITION FOR THE COMPANNY *(CONTINUED)*

(a) A list of the Company's principal subsidiaries is shown in note 39 to the consolidated financial statements.

(b) Reserve movement of the Company

	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	1,696	(490,201)	(488,505)
Total comprehensive expenses for the year	–	(284,032)	(284,032)
At 31 December 2019 and 1 January 2020	**1,696**	**(774,233)**	**(772,537)**
Vested share options forfeited	**(1,696)**	**1,696**	**–**
Total comprehensive expenses for the year	**–**	**(104,416)**	**(104,416)**
At 31 December 2020	**–**	**(876,953)**	**(876,953)**

39 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation and kind of legal entity	Issued and paid up capital	Percentage of ownership interest/voting power Direct	Indirect	Principal activities
Money Success Corporate Management Limited	Hong Kong, limited liability company	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Money Success Business Management Limited	Hong Kong, limited liability company	Ordinary HK$10,000	–	100%	Provision of management services in Hong Kong
Chongqing Baoxu Commercial Property Management Ltd. △	The PRC, sino-foreign equity joint venture	RMB350,000,000	–	70% (ownership interest)/66.67% (voting power)	Investment property holding and sales of flowers and plants in the PRC
Dongkui Financial Leasing (Shanghai) Co. Ltd. △	The PRC, sino-foreign equity joint venture	US$51,300,000	–	77.58%	Provision of financing to customers in the PRC
Dongrui Factoring (Shanghai) Ltd. △ (note 1)	The PRC, limited liability company (solely invested by foreign owned enterprise)	RMB50,000,000	–	77.58%	Provision of financing to customers in the PRC
Anxin Wanbang Asset Management Co., Ltd. △ (note 2)	The PRC, limited liability company (solely invested by foreign owned enterprise)	– (note 3)	–	77.58%	Provision of distressed assets management in the PRC

△ English translation of the name is for identification purpose only.
note 1: the subsidiary was incorporated on 27 May 2020.
note 2: the subsidiary was acquired from an independence third party on 17 December 2020.
note 3: the registered capital of Anxin Wanbang Asset Management Co., Ltd. is RMB50,000,000.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

39 PRINCIPAL SUBSIDIARIES *(CONTINUED)*

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Chongqing Baoxu		Shanghai Dongkui	
	2020	2019	**2020**	2019
Principal place of business	**The PRC**	The PRC	**The PRC**	The PRC
% of ownership interests/voting rights held by NCI	**30%/ 33.33%**	30%/ 33.33%	**22.42%/ 22.42%**	22.42%/ 22.42%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 December:				
Non-current assets	**325,240**	326,557	**25,270**	36,250
Current assets	**18,510**	101,712	**620,854**	343,208
Non-current liabilities	**(2,218)**	(26,620)	**(664)**	(5,210)
Current liabilities	**(21,227)**	(60,603)	**(283,107)**	(6,359)
Net assets	**320,305**	341,046	**362,353**	367,889
Accumulated NCI	**96,092**	102,314	**81,240**	82,480
Year ended 31 December:				
Revenue	**51,552**	14,545	**52,207**	18,657
Profit/(loss) for the year	**16,680**	(839)	**16,155**	(15,442)
Total comprehensive income/ (expense)	**35,459**	(7,313)	**37,222**	(20,848)
Profit/(loss) allocated to NCI	**5,004**	(252)	**3,623**	(3,462)
Dividend paid to NCI	**16,860**	–	**9,576**	2,545
Net cash (used in)/generated from operating activities	**(18,684)**	7,337	**(177,597)**	34,179
Net cash generated from/(used in) investing activities	**74,553**	15,124	**215,514**	(100,047)
Net cash used in financing activities	**(53,079)**	(26,557)	**(26)**	(11,388)
Net increase/(decrease) in cash and cash equivalents	**2,790**	(4,096)	**37,891**	(77,256)

40 EVENTS AFTER THE REPORTING PERIOD

The Group had the following events after the end of the reporting period.

Impact of the novel coronavirus

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

41 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

GROUP PROPERTY

MAJOR PROPERTY HELD FOR INVESTMENT

Location	Existing use	Term of lease
Shopping Mall-Dong Dong Mall No.2 Second Lane, Nanping East Road, Nanan District, Chongqing City, The People's Republic of China	Commercial	Medium

FIVE-YEAR FINANCIAL INFORMATION

RESULTS

	For the year ended 31 December				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Revenue	**103,759**	33,202	30,959	34,920	33,615
Profit/(loss) attributable to owners of the Company	**114,552**	(79,691)	17,053	24,432	(59,888)

ASSETS AND LIABILITIES

	At 31 December				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Assets and liabilities					
Total assets	**1,029,038**	1,025,142	1,207,562	1,263,106	1,219,861
Total liabilities	**98,383**	234,881	319,241	353,781	397,004
Net assets	**930,655**	790,261	888,321	909,325	822,857
Non-controlling interests	**177,342**	184,794	194,207	200,652	180,684
Capital and reserves					
Equity attributable to owners of the Company	**753,313**	605,467	694,114	708,673	642,173