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DOWELL PROPERTY HOLDINGS LIMITED

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

Interim Report 2013



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CORPORATE INFORMATION

Board of Directors

Executive directors

Mr. Lo Siu Yu, *Chairman*
Ms. Luo Shaoying, *Vice Chairman*
Mr. Chen Yang, *Chief Executive Officer*
Mr. Yang Yong Xi

Non-executive directors

Mr. Wang Xiaobo
Mr. Qin Hong

Independent non-executive directors

Mr. Chan Ying Kay
Dr. Zhu Wenhui
Mr. Wang Jin Ling

Audit Committee

Mr. Chan Ying Kay,
Committee Chairman
Dr. Zhu Wenhui
Mr. Wang Jin Ling

Remuneration Committee

Dr. Zhu Wenhui,
Committee Chairman
Mr. Chan Ying Kay
Mr. Wang Jin Ling

Nomination Committee

Mr. Lo Siu Yu,
Committee Chairman
Mr. Chan Ying Kay
Dr. Zhu Wenhui

Company Secretary

Ms. Wong Tsui Yue, Lucy

Authorized Representatives

Mr. Lo Siu Yu
Mr. Chen Yang
Mr. Cho Chun Wai (alternative
authorised representative)

Registered Office

Suites 1707-1709, 17/F., Harbour Centre,
25 Harbour Road, Wanchai, Hong Kong.
Tel: (852) 2596 0668
Fax: (852) 2511 0318
E-mail: enquiry@dowellproperty.com

Share Registrar

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

Share Transfer Office

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

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of
China Ltd.
Bank of China (Hong Kong) Limited

Solicitor

Mason Ching & Associates
Chiu & Partners Solicitors

Auditor

PricewaterhouseCoopers
Certified Public Accountant

Stock Code

668

Website

<http://www.dowellproperty.com>



MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the six months ended 30 June 2013, Dowell Property Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) recorded revenue of HK\$30.2 million (six months ended 30 September 2012: HK\$42.9 million), representing a decrease of 29.7% as compared with that of the corresponding period in prior year, as a result of the closure of Imperial Kitchen in November 2012. The result for the period attributable to equity holders of the Company showed a turn from loss of HK\$17.2 million for the six months ended 30 September 2012 to profit of HK\$3.6 million for the six months ended 30 June 2013.

Property Investment

The Company launched its property investment business by acquiring 重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*) (“Chongqing Baoxu”) on 14 August 2012. Chongqing Baoxu is principally engaged in the investment holding of 東東摩 (Dong Dong Mall*) (“Dong Dong Mall”), a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the People’s Republic of China (the “PRC”) with a total gross floor area of 18,043.45 square metres for commercial use. Dong Dong Mall is situated near a main pedestrian street and a number of shopping malls. Since the area is conveniently accessible by public transportation, it is a popular lifestyle, shopping, entertainment and commercial hub for the city dwellers who reside in the southern part of Chongqing. Dong Dong Mall has been positioned as a shopping arcade with fashion boutiques, restaurants and a lifestyle relaxation centre to provide a one-stop lifestyle shopping and leisure experience to the middle class in southern Chongqing.

Dong Dong Mall has contributed to the Group a stable income stream for the period under review. For the six months ended 30 June 2013, the Group’s property investment segment has contributed a revenue of approximately HK\$14.9 million (for the six months ended 30 September 2012: HK\$15.4 million), representing a decrease of 3.0%. This segment has recorded a profit before tax of HK\$3.9 million for the six months ended 30 June 2013 (for the six months ended 30 September 2012: HK\$10.4 million), representing a decrease of 62.0%, which was mainly attributable to the finance costs incurred during the review period. Taking out the effect of finance costs, operating profit from the property investment segment for the six months ended 30 June 2013 was HK\$10.7 million, representing a slight increase of 3.1% from HK\$10.4 million recorded for the six months ended 30 September 2012.

* for identification purpose only



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

BUSINESS REVIEW *(continued)*

Property Investment *(continued)*

Our management is devoted to looking for high quality investment properties in the PRC on the prudent investment principle. On 3 August 2012, a wholly-owned subsidiary of the Company, China Metro Properties Limited (“China Metro”) and 重慶東銀實業(集團)有限公司(Chongqing Doyen (Holdings) Limited*) (“Chongqing Doyen”), a company wholly-owned by Mr. Lo Siu Yu (“Mr. Lo”) and his spouse, entered into a memorandum of understanding (the “MOU”) which set out the principal terms of the proposed acquisition (the “Proposed Acquisition”) by China Metro of 62% equity interest in 重慶同原房地產開發有限公司(Chongqing Tongyuan Real Estate Development Co., Ltd.*) (“Chongqing Tongyuan”) owned by Chongqing Doyen with further terms and conditions to be agreed. Chongqing Tongyuan is principally engaged in the development of a land parcel with an area of approximately 233,705 square metres located in Chongqing, the PRC. A large community complex is under development in four phases and upon completion, it is expected that the community complex will include shopping arcades, grade A office buildings, residential apartments, service apartments and hotels.

In consideration of the exclusive negotiation rights provided under the MOU to China Metro and the undertaking by Chongqing Doyen that it will facilitate China Metro’s due diligence process, China Metro has paid HK\$15 million to Chongqing Doyen as earnest money (the “Earnest Money”) for the Proposed Acquisition. Upon signing of the formal sale and purchase agreement (the “Formal SPA”) in relation to the Proposed Acquisition, the Earnest Money will be deemed to be part payment of the consideration of the Proposed Acquisition. On 1 February 2013, a supplemental agreement (the “Supplemental Agreement”) to the MOU was entered into to extend the last date of entering into the Formal SPA to 3 August 2013. After further discussion between Chongqing Doyen and China Metro on the Proposed Acquisition and based on the results of the due diligence on Chongqing Tongyuan, in view of the progress and the cashflow requirement of the development, the board (“Board”) of directors (“Directors”) of the Company considered that this is not the best timing to proceed with the investment at this stage. Therefore, the Board decided to terminate the MOU on the basis of prudent investment principle. Accordingly, Chongqing Doyen and China Metro have agreed to terminate the MOU and the Supplemental Agreement and decided not to proceed further with the Proposed Acquisition on 5 June 2013. Chongqing Doyen has refunded the Earnest Money to China Metro in accordance with the terms of the MOU as supplemented by the Supplemental Agreement.

* for identification purpose only



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

BUSINESS REVIEW *(continued)*

Restaurant Operation

For the six months ended 30 June 2013, the Group operated Eighteen Brook Cantonese Cuisine. The restaurant operation of the Group recorded a revenue of approximately HK\$15.2 million (six months ended 30 September 2012: HK\$27.5 million) and a loss of approximately HK\$81,000 (six months ended 30 September 2012: HK\$2.5 million).

BUSINESS PROSPECTS

With the PRC government's continuing promotion of urbanization, and increasing income per capita as well as consumption power of Chinese citizens, we believe that property market in the PRC is a highly potential business in the near future.

Following this direction, the management will try their best to seek potential projects cautiously. Developed projects at good locations with immediate stable income stream like Dong Dong Mall which can contribute profitability and cash flows to the Group right after acquisition will be preferred.

In September 2013, a sum amounting to RMB184 million will be received by the Group for disposal of its entire interest in Ray Tone Limited in December 2012. Together with the cash and cash equivalents as at 30 June 2013, the Group will have cash and cash equivalents of over HK\$600 million. Before the potential investment property can be identified, the management will be looking for short-term and low-risk investment opportunities to fight for more returns to our shareholders.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2013, the Group had a total of 70 (31 December 2012: 78) full time employees. Employees' remuneration packages are determined with reference to prevailing market practices and individual performance. Our remuneration package includes basic salaries, sales incentives (which are only payable to some 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 Company encourages its employees to enhance their competence and provides training to improve staff development to assure opportunity for individual growth of employees.

* *for identification purpose only*



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

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2013, the Group had cash and cash equivalents of approximately HK\$480.6 million (31 December 2012: HK\$419.1 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development.

As at 30 June 2013, the current ratio of the Group, representing current assets divided by current liabilities, was 12.8 (31 December 2012: 12.0).

Gearing 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 condensed consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as “equity”, as shown in the condensed consolidated statement of financial position plus net debt. As at 30 June 2013, the Group’s cash and cash equivalents exceeded the total borrowings by HK\$265.8 million (As at 31 December 2012: HK\$195 million).

Change of financial year end date

The financial year end date of the Company has been changed from 31 March to 31 December. For details, please refer to the announcement of the Company dated 14 August 2012.

Capital structure

As at 30 June 2013, the Group’s current and non-current bank borrowings amounted to HK\$25.3 million (31 December 2012: HK\$24.9 million) and HK\$189.6 million (31 December 2012: HK\$199.0 million) respectively. All the bank borrowings bore interest at floating rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the six months ended 30 June 2013 and the nine months ended 31 December 2012.

The Group monitors its capital by maintaining a sufficient net cash position to satisfy its commitments and working capital requirements.

Pledge of assets

As at 30 June 2013, the Group pledged its investment property and bank deposits with total carrying amounts of approximately HK\$403.2 million (31 December 2012: HK\$396.8 million) and HK\$0.4 million (31 December 2012: HK\$3.8 million) respectively to various banks as securities for the loans and general banking facilities granted to the Group, and for the guarantees provided by banks to certain vendors of the Group.



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

FINANCIAL REVIEW *(continued)*

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. The Group's foreign exchange risk primarily arises from the Group's investments in Chongqing Baoxu which are denominated in Renminbi ("RMB"). Currency exposure arising from the net assets of such operations is managed primarily through borrowings denominated in RMB.

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

Commitments

As at 30 June 2013 and 31 December 2012, the Group had no capital commitment.

As at 30 June 2013, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK\$8.3 million (31 December 2012: HK\$12.1 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2013 and 31 December 2012.

Interim dividend

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 September 2012: Nil).

DISCLOSABLE TRANSACTIONS

On 18 March 2013, the Company undertook from a financial institution a loan receivable due from an independent third party (the "Borrower") amounting to HK\$100 million. Such loan was secured by the issued share capital of the Borrower, bore interest at 9% per annum and was settled on 14 June 2013. For details, please refer to the announcement of the Company dated 18 March 2013.

On 8 April 2013, Chongqing Baoxu entered into a loan agreement, pursuant to which Chongqing Baoxu granted a loan of RMB40 million to an independent third party. Such loan was unsecured, interest bearing at 12% per annum and repayable by 7 December 2013. For details, please refer to the announcement of the Company dated 8 April 2013.



OTHER INFORMATION

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

As at 30 June 2013, the following Directors of the Company had interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered into in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange:

Long positions of the Directors' interests in the shares and underlying shares of the Company as at 30 June 2013:

Name of Directors	Capacity	Interests in shares		Interests in underlying shares pursuant to share options	Total number of shares interested	Approximate percentage of the Company's issued shares
		Corporate interest	Personal interest			
Mr. Lo Siu Yu (“Mr. Lo”)	Interest of controlled corporation and beneficial owner	633,477,018 (Note a)	25,000,000 (Note b)	-	658,477,018	51.68%
Mr. Chen Yang	Beneficial owner	-	-	3,000,000	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	-	-	2,850,000	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	-	-	2,100,000	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	-	10,000	-	10,000	0.00%

Notes:

- Shares of 633,477,018 were held by Money Success Limited, a company wholly owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo.
- Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.

Save as disclosed above, as at 30 June 2013, 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.



Change in directors' information

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the change in the information of the directors is as follows:

On 11 April 2013, Ms. Luo Shaoying resigned as a director of 重慶市迪馬實業股份有限公司 (Chongqing Dima Industry Company Limited*), a company listed on the Shanghai Stock Exchange of the PRC.

Equity-settled share option scheme

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

Movement in the share options granted under the Share Option Scheme during the six months ended 30 June 2013 is set out below:

	Date of grant	Exercisable period	Exercise price HK\$	Closing price per share immediately before the date of grant HK\$	No. of options outstanding as at 1 January 2013	No. of options granted during the six months ended 30 June 2013	No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2013	No. of options outstanding as at 30 June 2013	Approximate percentage of the underlying shares for the options in the issued shares of the Company
Mr. Chen Yang (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	3,000,000	-	-	3,000,000	0.24%
Mr. Wang Xiaobo (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	-	-	2,850,000	0.22%
Mr. Qin Hong (Note 2)	2 December 2010	2 December 2010 to 1 December 2020	1.628	1.500	2,100,000	-	-	2,100,000	0.16%
Employee (Note 1)	15 October 2010	15 October 2010 to 14 October 2020	1.638	1.610	2,850,000	-	-	2,850,000	0.22%
Total					10,800,000	-	-	10,800,000	0.84%

Notes:

- The options have a term of ten years commencing on 15 October 2010 and have vested (if applicable) and become exercisable in three tranches in the proportion of approximately 33 1/3%, 33 1/3% and 33 1/3% on 15 October 2010, 15 October 2011 and 15 October 2012 respectively.
- The options have a term of ten years commencing on 2 December 2010 and have vested (if applicable) and become exercisable in three tranches in the proportion of approximately 33 1/3%, 33 1/3% and 33 1/3% on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.

* for identification purpose only



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

As at 30 June 2013, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executives of the Company, the following persons, other than directors or chief executives of the Company, had interests or short positions in the shares or underlying shares which would require 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
Ms. Chiu Kit Hung	Interest of spouse (<i>Note a</i>)	658,477,018	51.68%
Wealthy In Investments Limited	Interest of controlled corporation (<i>Note b</i>)	633,477,018	49.72%
Money Success Limited	Beneficial owner (<i>Note c</i>)	633,477,018	49.72%
Mr. Huang Guoping	Beneficial owner	120,000,000	9.42%
Baoli International (Hong Kong) Trading Co. Limited	Beneficial owner	120,000,000	9.42%
Mr. Gao Yi Xin	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Ms. Wang He Fen	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Mr. Huang Wu Jun	Interest of controlled corporation (<i>Note d</i>)	90,000,000	7.06%
Xinyuan International Marine Transportation Co. Ltd.	Beneficial owner (<i>Note d</i>)	90,000,000	7.06%

Notes:

- Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the chairman and an executive Director of the Company.
- Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.
- Money Success Limited is a company wholly owned by Wealthy In Investments Limited.
- 55%, 25% and 20% of the shareholdings of Xinyuan International Marine Transportation Co. Ltd were owned by Mr. Gao Yi Xin, Ms. Wang He Fen and Mr. Huang Wu Jun respectively.

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any persons (other than directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of SFO.



Purchase, sale or redemption of listed securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2013.

Compliance with the code on corporate governance practices

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the shareholders. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, save for deviation from Code Provision A.4.1 and Code E.1.2 as disclosed below:

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

Code E.1.2 specifies that the chairman of the board should attend the annual general meeting. 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 annual general meeting held on 10 May 2013, 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 annual general meetings of the Company whenever possible.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2013.



Audit committee

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

The Audit Committee has reviewed the Group’s condensed consolidated interim financial information for the six months ended 30 June 2013 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that such financial information has been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the interim report.

APPRECIATION

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

By order of the Board

DOWELL PROPERTY HOLDINGS LIMITED

Lo Siu Yu

Chairman

Hong Kong, 23 August 2013



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		For the six months ended	
		30 June	30 September
		2013	2012
Note		HK\$'000	HK\$'000
		(unaudited)	(restated)
Continuing operations			
	5	30,161	42,918
		(5,261)	(8,778)
	6	(9,996)	(16,627)
		(4,093)	(6,757)
		(1,223)	(2,006)
		(1,049)	(1,931)
		(193)	(306)
	7	7,534	(2,733)
	8	(6,923)	(13,071)
		8,957	(9,291)
	9	6,820	1,721
	9	(10,293)	(270)
	9	(3,473)	1,451
		5,484	(7,840)
	10	(987)	1,220
		4,497	(6,620)
Discontinued operation			
		–	(7,145)
		4,497	(13,765)
Attributable to:			
	11	3,608	(17,246)
		889	3,481
		4,497	(13,765)
Profit/(loss) attributable to equity holders of the Company arises from:			
		3,608	(10,101)
		–	(7,145)
		3,608	(17,246)



CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

For the six months ended 30 June 2013

	<i>Note</i>	For the six months ended	
		30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
		HK cents	HK cents
Basic and diluted earnings/(losses) per share attributable to equity holders of the Company	<i>11</i>		
From continuing operations		0.28	(0.79)
From discontinued operation		–	(0.56)
From continuing and discontinued operations		0.28	(1.35)

The notes on pages 20 to 34 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended	
	30 June 2013	30 September 2012
	HK\$'000	HK\$'000
	(unaudited)	(restated)
Profit/(loss) for the period	4,497	(13,765)
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Currency translation differences	6,837	32
Other comprehensive income for the period, net of tax	6,837	32
Total comprehensive income/(loss) for the period	11,334	(13,733)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Company	8,397	(17,240)
Non-controlling interests	2,937	3,507
Total comprehensive income/(loss) for the period	11,334	(13,733)
Total comprehensive income/(loss) attributable to equity holders of the Company arises from:		
Continuing operations	8,397	(10,043)
Discontinued operation	–	(7,197)
	8,397	(17,240)

The notes on pages 20 to 34 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Note</i>	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	3,135	4,038
Investment property	14	403,216	396,788
Other intangible asset		8,711	8,768
Other non-current assets		980	17,555
Deferred income tax assets		9,459	9,307
		425,501	436,456
Current assets			
Inventories		1,807	2,063
Trade receivables	15	174	168
Accrued rent receivables		9,602	9,306
Amount due from a related company	16	232,576	228,869
Deposits, prepayments and other receivables		58,566	104,497
Tax recoverable		93	-
Financial asset at fair value through profit or loss		2,886	10,041
Restricted bank deposits		392	3,766
Cash and cash equivalents		480,633	419,118
		786,729	777,828
Total assets		1,212,230	1,214,284
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	127,404	127,404
Reserves		702,804	695,949
		830,208	823,353
Non-controlling interests		130,580	126,101
Total equity		960,788	949,454



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2013

		As at 30 June 2013	As at 31 December 2012
		HK\$'000 (unaudited)	HK\$'000 (audited)
	Note		
LIABILITIES			
Non-current liabilities			
Provision for long service payments		285	324
Bank borrowings	18	189,600	199,016
Finance lease liabilities		285	538
		190,170	199,878
Current liabilities			
Trade payables	19	1,574	2,783
Other payables and accrued charges		26,586	32,584
Tax payables		7,334	4,226
Bank borrowings	18	25,280	24,877
Finance lease liabilities		498	482
		61,272	64,952
Total liabilities		251,442	264,830
Total equity and liabilities		1,212,230	1,214,284
Net current assets		725,457	712,876
Total assets less current liabilities		1,150,958	1,149,332

The notes on pages 20 to 34 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (unaudited)
Net cash used in operating activities	(652)	(22,389)
Net cash generated from/(used in) investing activities	75,945	(265,391)
Net cash (used in)/generated from financing activities	(19,590)	82,918
Net increase/decrease in cash and cash equivalents	55,703	(204,862)
Cash and cash equivalents at 1 January 2013 and 1 April 2012 respectively	419,118	705,728
Effect of foreign exchange rate changes	5,812	–
Cash and cash equivalents at 30 June 2013 and 30 September 2012	480,633	500,866

The notes on pages 20 to 34 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Equity attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings/ accumulated losses HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Other reserves HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2013	127,404	1,046,974	46,153	3,601	(409,968)	9,189	823,353	126,101	949,454
Profit for the period	-	-	3,608	-	-	-	3,608	889	4,497
Other comprehensive income									
Currency translation differences	-	-	-	4,789	-	-	4,789	2,048	6,837
Total comprehensive income	-	-	3,608	4,789	-	-	8,397	2,937	11,334
At 30 June 2013	127,404	1,046,974	49,761	8,390	(409,968)	9,189	831,750	129,038	960,788
At 1 April 2012 (as previously reported)	127,404	1,046,974	(79,331)	10,838	(452,547)	20,132	673,470	-	673,470
Effect of business combination)	-	-	(27,277)	1,015	298,781	-	272,519	116,794	389,313
At 1 April 2012, as restated	127,404	1,046,974	(106,608)	11,853	(153,766)	20,132	945,989	116,794	1,062,783
(Loss)/profit for the period	-	-	(17,246)	-	-	-	(17,246)	3,481	(13,765)
Other comprehensive income									
Currency translation differences	-	-	-	6	-	-	6	26	32
Total comprehensive (loss)/income	-	-	(17,246)	6	-	-	(17,240)	3,507	(13,733)
Effect of the Acquisition	-	-	-	-	(256,200)	-	(256,200)	-	(256,200)
Share based compensation expense	-	-	-	-	-	826	826	-	826
At 30 September 2012	127,404	1,046,974	(123,854)	11,859	(409,966)	20,958	673,375	120,301	793,676

The notes on pages 20 to 34 are an integral part of these condensed consolidated interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

Dowell Property Holdings Limited is a limited liability company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Suites 1707-1709, 17/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries are principally engaged in the operation of restaurants, coal mining and property investment.

On 27 December 2012, the Group completed disposal of its entire interest in the subsidiaries which operated the coal mine business in the PRC. Its results are presented in this condensed interim financial information as a discontinued operation. Comparative figures have been restated.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated. The condensed consolidated interim financial information was approved for issue by the board of directors (the "Board") on 23 August 2013.

The condensed consolidated interim financial information has not been audited.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the nine months ended 31 December 2012, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the nine months ended 31 December 2012.



3. Accounting policies

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2013. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group except for certain changes in presentation and disclosures.

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	"First time adoption" on government loan	1 January 2013
HKFRS 7 (Amendment)	Disclosures on offsetting financial assets and financial liabilities	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKFRS(s) (Amendment)	Improvements to HKFRSs 2009-2011	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Investment in associates and joint ventures	1 January 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	Financial instruments presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Impairment of assets	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities	1 January 2014
HK(IFRIC) 21	Levies	1 January 2014



4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the nine months ended 31 December 2012.

There have been no changes in any risk management policies.

4.2 Liquidity risk

Compared to the nine months ended 31 December 2012, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



4. Financial risk management *(continued)*

4.3 Fair value estimation *(continued)*

The following table presents the Group's assets that are measured at fair value (level 1) as at 30 June 2013 and 31 December 2012.

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Financial assets at fair value through profit or loss	2,886	10,041

For the six months ended 30 June 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities and there were no reclassifications of financial assets.

5. Revenue and segment information

The chief operating decision-makers ("CODM") have been identified as the Chief Executive Officer and directors of the Company who review the Group's internal reporting in order to assess its performance and allocate resources. The CODM has determined the operating segments based on these reports.

Reportable segments are identified and reported in the manner consistent with internal reports of the Group that are regularly reviewed by the CODM in order to assess performance and allocate resources. The CODM assesses the performance of the reportable segments based on the profit and loss generated.

The Group is principally engaged in the operation of a restaurant in Hong Kong and a shopping arcade in the People's Republic of China (the "PRC"). The Group's operation of coal mining was disposed of during the nine month ended 31 December 2012. The Group's management considers the business principally from an industry perspective. Following the disposal of the Group's coal mining operation, the Group has two continuing reportable segments: restaurant operation and investment property holding, and one discontinued reportable segment, namely coal mining, for the six months ended 30 June 2013.

5. Revenue and segment information (continued)

Revenue from the three segments is analysed as follows:

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (unaudited)
Continuing operations:		
Restaurant operation	15,217	27,507
Investment property holding	14,944	15,411
	30,161	42,918
Discontinued operation:		
Coal mining	–	–

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2013 and 30 September 2012 is as follows:

	Continuing operations		Discontinued operation	
	Restaurant operation HK\$'000	Investment property holding HK\$'000	Total HK\$'000	Coal mining HK\$'000
For the six months ended 30 June 2013				
Revenue from external customers	15,217	14,944	30,161	–
Depreciation of property, plant and equipment	(432)	(2)	(434)	–
Finance income	–	3,345	3,345	–
Finance costs	(136)	(10,128)	(10,264)	–
Segment results	(81)	3,949	3,868	–
Income tax expense	–	(987)	(987)	–
Capital expenditure	–	–	–	–
For the six months ended 30 September 2012				
Revenue from external customers	27,507	15,411	42,918	–
Depreciation of property, plant and equipment	(1,371)	–	(1,371)	(228)
Finance income	–	26	26	973
Finance costs	(180)	(49)	(229)	(9,266)
Segment results	(2,497)	10,384	7,887	(10,427)
Income tax credit	–	1,220	1,220	2,382
Capital expenditure	(34)	(10)	(44)	(11,426)



5. Revenue and segment information *(continued)*

	Continuing operations		Discontinued operation	
	Restaurant operation HK\$'000	Investment property holding HK\$'000	Total HK\$'000	Coal mining HK\$'000
As at 30 June 2013 (unaudited)				
Segment assets	7,724	667,883	675,607	232,576
Segment liabilities	(10,218)	(230,172)	(240,390)	(8,700)
As at 31 December 2012 (audited)				
Segment assets	13,569	630,282	643,851	228,869
Segment liabilities	(12,216)	(234,715)	(246,931)	(8,700)

A reconciliation of segment results to profit/(loss) before income tax is provided as follows:

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
Continuing operations:		
Segment results	3,868	7,887
Depreciation of property, plant and equipment	(615)	(560)
Finance income – net	3,446	1,654
Staff costs	(4,489)	(5,256)
Corporate income/(expenses)	3,274	(11,565)
Profit/(loss) before income tax	5,484	(7,840)

5. Revenue and segment information *(continued)*

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Segment assets	908,183	872,720
Unallocated:		
Property, plant and equipment	2,105	2,665
Financial asset at fair value through profit or loss	2,886	10,041
Loan receivable	50,560	96,978
Cash and cash equivalents	238,088	221,307
Other assets	10,408	10,573
Total assets	1,212,230	1,214,284

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Segment liabilities	249,090	255,631
Unallocated:		
Finance lease liabilities	783	1,020
Other liabilities	1,569	8,179
Total liabilities	251,442	264,830

All revenue of the Group from the restaurant operation is derived in Hong Kong, while all revenue of the Group from the coal mining operation and investment property holding operation is derived in the PRC. All the Group's assets, liabilities and capital expenditure of the restaurant operation are located and utilised in Hong Kong, and all the Group's assets, liabilities and capital expenditure of the coal mining operation and investment property holding operation are located and utilised in the PRC.



6. Staff costs

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
Wages and salaries, including directors' fees	9,126	13,063
Provision for termination benefits	–	204
Provision for/(reversal of provision for) leave balance	20	(38)
(Reversal of provision for)/provision for long service payments	(38)	208
Retirement benefit costs – defined contribution schemes	411	790
Share options granted to directors and employees	–	826
Other staff costs	477	1,574
	9,996	16,627

7. Other gains/(losses) – net

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (unaudited)
Net exchange gains/(losses)	6,891	(2,989)
Fair value gains on financial assets at fair value through profit or loss	643	256
	7,534	(2,733)



8. Other operating expenses

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
Legal and professional expenses	347	1,653
Cleaning and laundry expenses	291	603
Consumables	162	259
Insurance expenses	281	345
Occupancy expenses (other than operating lease rentals)	1,111	1,910
Promotion expenses	871	702
Business and other taxes	1,544	1,986
Other expenses	2,316	5,613
Other operating expenses	6,923	13,071

9. Finance (costs)/income

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
Finance costs:		
– Bank borrowings wholly repayable within five years	(10,128)	(49)
– Finance lease liabilities	(29)	(41)
– Others	(136)	(180)
Finance costs charged to condensed consolidated income statement	(10,293)	(270)
Finance income:		
– Interest income from bank deposits	6,820	1,721
Finance (costs)/income – net	(3,473)	1,451



10. Income tax (expense)/credit

	30 June 2013		For the six months ended			
	Continuing operations	Discontinued operation	Total	30 September 2012		Total
	HK\$'000	HK\$'000		Continuing operations	Discontinued operation	
Current income tax						
Hong Kong profits tax	-	-	-	-	-	-
PRC corporate income tax	(987)	-	(987)	(2,522)	-	(2,522)
Deferred income tax credit	-	-	-	3,742	2,382	6,124
	(987)	-	(987)	1,220	2,382	3,602

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period. No Hong Kong profits tax has been provided for the six months ended 30 June 2013 as there was no estimated assessable profit for the period (six months ended 30 September 2012: Nil).

PRC corporate income tax is provided on the profit before income tax of subsidiaries of the Group which are subject to PRC corporate income tax at the statutory tax rate of 25%.

11. Earnings/(losses) per share

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

	For the six months ended	
	30 June 2013 HK\$'000 (unaudited)	30 September 2012 HK\$'000 (restated)
Profit/(loss) attributable to equity holders of the Company		
From continuing operations	3,608	(10,101)
From discontinued operation	-	(7,145)
	3,608	(17,246)
Weighted average number of ordinary shares in issue	1,274,038,550	1,274,038,550

Employee share options outstanding at 30 June 2013 and 30 September 2012 would have an anti-dilutive effect on earning/(loss) per share.



12. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 September 2012: Nil).

13. Property, plant and equipment

	Property, plant and equipment HK\$'000 (unaudited)
For the six months ended 30 June 2013	
Opening net book value, as at 1 January 2013	4,038
Exchange differences	55
Additions	91
Depreciation	(1,049)
Closing net book value, as at 30 June 2013	3,135
For the six months ended 30 September 2012	
Opening net book value, as at 1 April 2012	177,281
Exchange differences	(3)
Additions	11,470
Depreciation	(2,159)
Closing net book value, as at 30 September 2012	186,589

14. Investment property

There is no movement for the six months ended 30 June 2013 and 30 September 2012.

The investment property represents a shopping arcade located in the PRC. No valuation has been conducted by independent valuer for the current period. The Board has made the assessment based on the valuation report issued by American Appraisal China Limited for the Group's annual report dated 27 March 2013. As at 30 June 2013, fair value of the investment property was estimated by the Board by capitalizing the gross rental income from the existing tenancies and the potential future reversionary rental income at the current market level. Considering no material rental agreements having been entered into since the valuation date up to 30 June 2013, as well as no material changes in the market condition, the Board considered no material changes in the fair value of the investment property during the period under review.

As at 30 June 2013, the investment property with net book value of HK\$403,216,000 was pledged as collateral for a Group's bank facility of HK\$214,880,000 (Note 18).



15. Trade receivables

The ageing analysis of trade receivables is as follow:

	30 June 2013 HK\$'000 (unaudited)	31 December 2012 HK\$'000 (audited)
Current to 30 days	174	168

The fair value of the Group's trade receivables is approximately the same as the carrying value. The trade receivables included in the above ageing analysis are considered not impaired as they are aged within the credit period granted and there is no recent history of default.

16. Amount due from a related company

As at 30 June 2013 and 31 December 2012, amount due from a related company represented a balance due from Bright Chance International Limited ("Bright Chance"), a company incorporated in Hong Kong which is controlled by Mr. Lo. Such balance represented the remaining consideration to be received by the Group for disposal of its entire interest in Ray Tone Limited. The balance is denominated in RMB, interest free and repayable on 27 September 2013. A deed of warranty has been given to the Group by Chongqing Doyen to indemnify the Group against any losses in case of default in settlement of the receivable by Bright Chance.



17. Share capital

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	500,000	500,000
Issued and fully paid: 1,274,038,550 ordinary shares of HK\$0.1 each	127,404	127,404

18. Bank borrowings

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Non-current: Bank borrowings, secured	189,600	199,016
Current: Bank borrowings, secured	25,280	24,877
	214,880	223,893

The Group's bank borrowings were repayable as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Within one year	25,280	24,877
After one year and within five years	101,120	99,508
Over five years	88,480	99,508
	214,880	223,893



18. Bank borrowings *(continued)*

As at 30 June 2013, the Group's investment property amounting to approximately HK\$403,216,000 (31 December 2012: approximately HK\$396,788,000) was pledged to secure a bank facility of HK\$214,880,000 (31 December 2012: HK\$223,893,000).

The bank borrowing was denominated in RMB and bore floating interest rate during the six months ended 30 June 2013 and 30 September 2012.

The carrying amounts of the Group's current bank borrowings at the respective reporting dates approximate their fair values as the impact of discounting is insignificant.

19. Trade payables

The ageing analysis of trade payables is as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Current to 30 days	1,574	2,783
	1,574	2,783

The Group's trade payables are denominated in HK\$ and Renminbi.

20. Commitments

(a) Capital commitment

There is no capital commitment as at 30 June 2013 and 31 December 2012.



20. Commitments *(continued)*

(b) Operating lease commitments

- (i) The Group had future minimum lease payments under non-cancellable operating leases as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Within one year	7,787	8,404
After one year and within five years	480	3,672
	8,267	12,076

The actual payments in respect of certain operating leases are calculated at the higher of: (i) the minimum commitments as noted above; and (ii) the amounts determined based on a percentage of the sales of the related outlets.

- (ii) The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	As at 30 June 2013 HK\$'000 (unaudited)	As at 31 December 2012 HK\$'000 (audited)
Within one year	30,818	32,340
After one year and within five years	66,215	73,285
Over five years	–	621
	97,033	106,246

21. Related party transaction

Save as disclosed, there is no significant related party transaction during the review period.

22. Events after the date of statement of financial position

Save as disclosed, there have been no events to cause material impact on the Group from 30 June 2013 to the date of this report that need to be disclosed.