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DOWELL PROPERTY HOLDINGS LIMITED

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



Interim Report 2014



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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*

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

Authorised Representatives

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

Registered Office

Suites 2009-2010, 20/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.
Bank of China (Hong Kong) Limited

Solicitors

Mason Ching & Associates
Chiu & Partners Solicitors

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Stock Code

668

Website

<http://www.dowellproperty.com>



MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the six months ended 30 June 2014, Dowell Property Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) recorded revenue of HK\$19.6 million (six months ended 30 June 2013: HK\$30.2 million), representing a decrease of 35.1% as compared with that of the same period in prior year. The result for the period attributable to equity holders of the Company showed a turn from profit of HK\$3.6 million for the six months ended 30 June 2013 to loss of HK\$9.3 million for the six months ended 30 June 2014.

The loss is mainly attributable to the depreciation of Renminbi (“RMB”) in the first half of 2014, which cause net exchange loss of approximately HK\$12.2 million, compared to net exchange gain recorded in the corresponding period last year.

Property Investment

重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*) (“Chongqing Baoxu”), a subsidiary of which 70% equity interest owned by the Company, operate 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.

For the six months ended 30 June 2014, the Group’s property investment segment has contributed a revenue of approximately HK\$10.8 million (six months ended 30 June 2013: HK\$14.9 million), representing a decrease of 27.5%. Meanwhile, the net finance costs attributable by this segment decreased to approximately HK\$2.3 million for the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$6.8 million). Thus, this segment has recorded a profit before tax of HK\$3.9 million for the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$3.9 million), representing nearly unchanged.



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

BUSINESS REVIEW *(continued)*

Restaurant Operation

The Group has operated its only restaurant, Eighteen Brook Cantonese Cuisine (the “Restaurant”) operated by a subsidiary of the Company, Hong Kong Catering Management Limited for the four months ended 30 April 2014. For the six months ended 30 June 2014, the operation of the restaurant business recorded a revenue of approximately HK\$8.8 million (six months ended 30 June 2013: HK\$15.2 million) and a loss of approximately HK\$901,000 (six months ended 30 June 2013: HK\$81,000).

The lease of the Restaurant has expired on 30 April 2014. The Group has closed down the Restaurant upon the expiration of lease due to the increase of rent and labour cost and lower margins of the Restaurant. The board (the “Board”) of directors (the “Director”) of the Company did not see a good prospect for growth for restaurant business and had ceased the restaurant business to focus its resources on other core and new businesses.

BUSINESS PROSPECTS

Our Management are looking for other new business

On 14 April 2014, Super Dynasty Investment Limited (“Super Dynasty”), an indirect wholly-owned subsidiary of the Company and 上海東勝股權投資有限公司 (Shanghai Dongsheng Equity Investment Company Limited*) (“Shanghai Dongsheng”) entered into a memorandum of understanding (“MOU”) which sets out the major principal terms of (1) the proposed acquisition (the “Proposed Acquisition”) by Super Dynasty of 35% equity interest in 上海中勝達資產管理有限公司 (Shanghai Zhongshengda Asset Management Company Limited*) (“Shanghai Zhongshengda”) owned by Shanghai Dongsheng and (2) the proposed cooperation to develop financial and investment business in Shanghai or other places in the PRC with further terms and conditions to be agreed. In consideration of the exclusive negotiation right provided under the MOU to Super Dynasty and the undertaking by Shanghai Dongsheng that it will facilitate Super Dynasty’s due diligence process in relation to Shanghai Zhongshengda, Super Dynasty has paid HK\$15 million to the nominee of Shanghai Dongsheng as earnest money for the Proposed Acquisition. For details, please refer the Company’s announcement dated 14 April 2014.



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

BUSINESS PROSPECTS *(continued)*

Our Management are looking for other new business *(continued)*

On 14 August 2014, East Profit Global Investments Limited, an indirect wholly owned subsidiary of the Company (“East Profit Investments”), 江蘇江淮動力股份有限公司 Jiangsu Jianghuai Engine Co., Ltd (“Jianghuai Engine”) and Shanghai Dongsheng entered into an agreement (the “JV Agreement”) to establish a sino-foreign joint venture enterprise (“JV Company”). The business scope of the JV Company include: (i) financial leasing; (ii) leasing; (iii) acquisition of domestic and foreign leasing properties; (iv) handling and maintenance of residual value of leasing properties; (v) leasing transaction consultation and guarantee; and (vi) commercial guarantee and claims business in relation to the principal business.

The Company has 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. The Company considers that the business of financial leasing which will grow rapidly in the PRC is a suitable opportunity. By establishing the JV Company, the financial resources of its equity holders can be utilised for funding its capital. Moreover, the customer base of Jianghuai Engine and the risk management expertise of Shanghai Dongsheng can reduce the operation cost and the business risk of the JV Company. Therefore, the Company considers that the business of the JV Company is feasible and entered into the JV Agreement.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 30 (31 December 2013: 70) 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.



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

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2014, the Group had cash and cash equivalents of approximately HK\$221.3 million (31 December 2013: HK\$720.6 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development.

As at 30 June 2014, the current ratio of the Group, representing current assets divided by current liabilities, was 15.0 (31 December 2013: 13.7).

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 2014, the Group's cash and cash equivalents exceeded the total borrowings by HK\$33.9 million (31 December 2013: HK\$515.8 million).

Capital structure

As at 30 June 2014, the Group's current and non-current bank borrowings amounted to HK\$25.0 million (31 December 2013: HK\$25.6 million) and HK\$162.3 million (31 December 2013: HK\$179.2 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 2014 and the year ended 31 December 2013.

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 2014, the Group pledged its investment property and bank deposits with total carrying amounts of approximately HK\$423.4 million (31 December 2013: HK\$433.9 million) and nil (31 December 2013: HK\$0.4 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 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 2014 and 31 December 2013, the Group had no capital commitment.

As at 30 June 2014, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK\$4.5 million (31 December 2013: HK\$4.0 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2014 and 31 December 2013.

Interim dividend

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).



OTHER INFORMATION

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

As at 30 June 2014, 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 2014:

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	755,013,018 (Note a)	25,000,000 (Note b)	-	780,013,018	61.22%
Mr. Chen Yang	Beneficial owner	-	-	3,000,000 (Note c)	3,000,000	0.24%
Mr. Wang Xiaobo	Beneficial owner	-	-	2,850,000 (Note c)	2,850,000	0.22%
Mr. Qin Hong	Beneficial owner	-	-	2,100,000 (Note d)	2,100,000	0.16%
Dr. Zhu Wenhui	Beneficial owner	-	10,000	-	10,000	0.00%

Notes:

- 665,013,018 shares were held by Money Success Limited, a company wholly-owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 shares were held by Sino Consult Asia Limited and 30,000,000 shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.
- Such interests are held jointly with Ms. Chiu Kit Hung, the spouse of Mr. Lo.



OTHER INFORMATION *(continued)*

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

Notes: (continued)

- c. These shares represent shares which would be allotted and issued upon the exercise in full of the share options granted to the relevant Directors on 15 October 2010 with an exercise price of HK\$1.638 per share. On the same date, 5,400,000 share options were granted to other eligible employees of the Company with an exercise price of HK\$1.638 per share and all of which were outstanding as at the Latest Practicable Date.
- d. These shares represent shares which would be allotted and issued upon the exercise in full of the share options granted to Mr. Qin Hong on 2 December 2010 with an exercise price of HK\$1.628 per share.

Save as disclosed above, as at 30 June 2014, 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 of registered office

The registered office of the Company has changed to Suite 2009 to 2010, 20th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong with effect from 22 July 2014.

Resignation of a director

On 16 May 2014, Mr. Yang Yong Xi has resigned as an executive Director.



OTHER INFORMATION *(continued)*

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 2014 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 2014	No. of options granted during the six months ended 30 June 2014	No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2014	No. of options outstanding as at 30 June 2014	Approximate percentage of the underlying shares for the options outstanding 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%
Employees (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 shall vested (if applicable) and become exercisable in three tranches in the proportion of approximately 33 $\frac{1}{3}$ %, 33 $\frac{1}{3}$ % and 33 $\frac{1}{3}$ % 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 shall vested (if applicable) and become exercisable in three tranches in the proportion of approximately 33 $\frac{1}{3}$ %, 33 $\frac{1}{3}$ % and 33 $\frac{1}{3}$ % on 2 December 2010, 2 December 2011 and 2 December 2012 respectively.



OTHER INFORMATION *(continued)*

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

As at 30 June 2014, 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 Executives 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
Ms. Chiu Kit Hung	Interest of spouse <i>(Note a)</i>	780,013,018	61.22%
Wealthy In Investments Limited	Interest of controlled corporation <i>(Note b)</i>	755,013,018	59.26%
Money Success Limited	Beneficial owner <i>(Note c)</i>	755,013,018	59.26%
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%



OTHER INFORMATION *(continued)*

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

Notes:

- a. Ms. Chiu Kit Hung is the spouse of Mr. Lo, who is the Chairman and an executive Director of the Company.
- b. Wealthy In Investments Limited is a company wholly-owned by Mr. Lo.
- c. 665,013,018 Shares were held by Money Success Limited, a company wholly-owned by Wealthy In Investments Limited, which is in turn wholly-owned by Mr. Lo. 60,000,000 Shares were held by Sino Consult Asia Limited and 30,000,000 Shares were held by Full Brilliant Limited, both are companies wholly-owned by Money Success Limited.
- d. 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 2014, the Company had not been notified by any persons or corporations (other than Directors or Chief Executives of the Company) who had an interest directly or indirectly and/or short position in the shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of SFO.

Purchase, sale or redemption of 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 2014.

Compliance with the Code on Corporate Governance Practices

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the shareholders. The Directors are of the opinion that the Company has complied with the code provisions ("Code Provision") as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2014, save for deviation from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

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



OTHER INFORMATION *(continued)*

Compliance with the Code on Corporate Governance Practices

(continued)

Code Provision 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 15 May 2014, 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.

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

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2014.

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 2014 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, 25 August 2014



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

		For the six months ended	
		30 June 2014	30 June 2013
	Note	HK\$'000 (unaudited)	HK\$'000 (restated)
Continuing operations			
Revenue	5	10,807	14,944
Cost of sales		(605)	(1,210)
Staff costs	6	(7,080)	(5,037)
Operating lease rentals		(1,988)	(1,697)
Utilities expenses		(27)	(20)
Depreciation of property, plant and equipment		(556)	(619)
Repair and maintenance		(63)	(48)
Other (losses)/gains – net	7	(12,721)	7,534
Other operating expenses	8	(4,959)	(4,945)
Operating (loss)/profit		(17,192)	8,902
Finance income	9	17,755	6,820
Finance costs	9	(7,101)	(10,157)
Finance income/(costs) – net	9	10,654	(3,337)
(Loss)/profit before income tax		(6,538)	5,565
Income tax expense	10	(987)	(987)
(Loss)/profit for the period from continuing operations		(7,525)	4,578
Discontinued operation			
Loss for the period from discontinued operation	20	(901)	(81)
(Loss)/profit for the period		(8,426)	4,497
(Loss)/profit attributable to:			
Equity holders of the Company		(9,314)	3,608
Non-controlling interests		888	889
		(8,426)	4,497
Loss/(profit) attributable to equity holders of the Company arises from:			
Continuing operations	11	(8,413)	3,689
Discontinued operation	20	(901)	(81)
		(9,314)	3,608



CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

For the six months ended 30 June 2014

	Note	For the six months ended	
		30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
		HK cents	HK cents
Basic and diluted (losses)/earnings per share attributable to equity holders of the Company from:			
Continuing operations	11	(0.66)	0.28
Discontinued operation		(0.07)	–
From continuing and discontinued operations		(0.73)	0.28

The notes on pages 21 to 38 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
(Loss)/profit for the period	(8,426)	4,497
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss:		
Currency translation differences	(10,608)	6,837
Other comprehensive (loss)/income for the period, net of tax	(10,608)	6,837
Total comprehensive (loss)/income for the period	(19,034)	11,334
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the Company	(16,740)	8,397
Non-controlling interests	(2,294)	2,937
Total comprehensive (loss)/income for the period	(19,034)	11,334
Total comprehensive (loss)/income attributable to equity holders of the Company arises from:		
Continuing operations	(15,839)	8,478
Discontinued operation	(901)	(81)
	(16,740)	8,397

The notes on pages 21 to 38 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,414	2,616
Investment property	14	423,411	433,920
Intangible assets		8,141	8,350
Deferred income tax assets		1,028	1,053
		433,994	445,939
Current assets			
Inventories		–	1,702
Trade receivables	15	–	181
Loan to a related company	16	450,827	–
Deposits, prepayments and other receivables		34,939	12,861
Financial assets at fair value through profit or loss		16,074	18,333
Restricted bank deposits		–	397
Cash and cash equivalents		221,250	720,566
		723,090	754,040
Total assets		1,157,084	1,199,979
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	127,404	127,404
Reserves		689,990	706,730
		817,394	834,134
Non-controlling interests		128,654	130,948
Total equity		946,048	965,082



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2014

	<i>Note</i>	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Provision for long service payments		–	310
Bank borrowings	18	162,370	179,200
Finance lease liabilities		534	534
		162,904	180,044
Current liabilities			
Trade payables	19	5,729	2,194
Other payables and accrued charges		15,497	25,863
Income tax payable		1,662	675
Bank borrowings	18	24,980	25,600
Finance lease liabilities		264	521
		48,132	54,853
Total liabilities		211,036	234,897
Total equity and liabilities		1,157,084	1,199,979
Net current assets		674,958	699,187
Total assets less current liabilities		1,108,952	1,145,126

The notes on pages 21 to 38 are an integral part of these condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	For the six months ended	
	30 June	30 June
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(493,170)	(652)
Net cash generated from investing activities	18,291	75,945
Net cash used in financing activities	(19,451)	(19,590)
Net (decrease)/increase in cash and cash equivalents	(494,330)	55,703
Cash and cash equivalents at 1 January 2014 and 1 January 2013 respectively	720,566	419,118
Effect of foreign exchange rate changes	(4,986)	5,812
Cash and cash equivalents at 30 June 2014 and 30 June 2013	221,250	480,633

The notes on pages 21 to 38 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 2014

	Equity attributable to equity holders of the Company						Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000			
At 1 January 2014	127,404	1,046,974	48,314	12,221	(409,968)	9,189	834,134	130,948	965,082
(Loss)/profit for the period	-	-	(9,314)	-	-	-	(9,314)	888	(8,426)
Other comprehensive loss									
Currency translation differences	-	-	-	(7,426)	-	-	(7,426)	(3,182)	(10,608)
Total comprehensive loss	-	-	(9,314)	(7,426)	-	-	(16,740)	(2,294)	(19,034)
At 30 June 2014	127,404	1,046,974	39,000	4,795	(409,968)	9,189	817,394	128,654	946,048
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

The notes on pages 21 to 38 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 2009-2010, 20/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries are principally engaged in the property investment business and the operation of restaurant business which was discontinued during the period (Note 20).

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 on 25 August 2014.

The condensed consolidated interim financial information has been reviewed, not audited.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2014 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 year ended 31 December 2013, 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 year ended 31 December 2013.



3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HK(IFRIC)-Int 21	Levies

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed financial statements. Further information about those HKFRSs that are applicable to the Group is as follows:

The amendment to HKAS 32 clarifies the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendment also clarifies the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment does not have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The amendment to HKAS 36 modifies the disclosure requirements for impaired non-financial assets. Among them, the amendment expands the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal. The amendment does not have an impact on the Group’s interim financial report as the Group does not have any impaired non-financial assets.

The amendment to HKAS 39 provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment does not have an impact on the Group’s interim financial report as the Group has not novated any of its derivatives.

Amendment to HKFRS 10 includes a definition of an investment entity and provides an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendment to HKFRS 12 also set out the disclosure requirements for investment entities. These amendments do not have any impact on the Group.



3. Accounting policies *(continued)*

HK(IFRIC)-Int 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial information for the period ended 30 June 2014.

The following new standards, amendments to the existing standards and interpretations have been issued, but are not yet effective for the financial year beginning 1 January 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 July 2014
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKFRS 9	Financial Instruments	No mandatory effective date yet determined but is available for adoption
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017

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 year ended 31 December 2013.

There have been no changes in any risk management policies.



4. Financial risk management *(continued)*

4.2 Liquidity risk

Compared to the year ended 31 December 2013, 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).

The following table presents the Group's financial assets that are measured at fair value (level 1) as at 30 June 2014 and 31 December 2013.

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Financial assets at fair value through profit or loss	16,074	18,333

For the six months ended 30 June 2014, 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 shopping arcade in the PRC. The Group's management considers the business principally from an industry perspective. Following the cessation of the Group's restaurant operation, the Group has one continuing reportable segment: investment property holding, and one discontinued reportable segment, namely restaurant operation, for the six months ended 30 June 2014.

Revenue from the two segments is analysed as follows:

	For the six months ended	
	30 June	30 June
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(restated)
Continuing operation: Investment property holding	10,807	14,944
Discontinued operation: Restaurant operation	8,801	15,217



5. Revenue and segment information *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2014 and 30 June 2013 is as follows:

	Continuing operation Investment property holding HK\$'000	Discontinued operation Restaurant operation HK\$'000	Total HK\$'000
For the six months ended 30 June 2014 (unaudited)			
Revenue from external customers	10,799	8,801	19,600
Depreciation of property, plant and equipment	(5)	(263)	(268)
Loss on disposal of property, plant and equipment	-	(384)	(384)
Finance income	4,774	-	4,774
Finance costs	(7,077)	-	(7,077)
Segment results	3,947	(901)	3,046
Income tax expense	(987)	-	(987)
For the six months ended 30 June 2013 (restated)			
Revenue from external customers	14,944	15,217	30,161
Depreciation of property, plant and equipment	(2)	(432)	(434)
Finance income	3,345	-	3,345
Finance costs	(10,128)	(135)	(10,263)
Segment results	3,949	(81)	3,868
Income tax expense	(987)	-	(987)



5. Revenue and segment information *(continued)*

	Continuing operation Investment property holding HK\$'000	Discontinued operation Restaurant operation HK\$'000	Total HK\$'000
As at 30 June 2014 (unaudited)			
Segment assets	475,733	2,222	477,955
Segment liabilities	(193,997)	(6,156)	(200,153)
As at 31 December 2013 (audited)			
Segment assets	946,979	7,223	954,202
Segment liabilities	(211,567)	(9,859)	(221,426)

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

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
Continuing operations:		
Segment results	3,947	3,949
Depreciation of property, plant and equipment	(551)	(617)
Finance income – net	12,957	3,446
Staff costs	(5,037)	(4,489)
Corporate (expenses)/income	(17,854)	3,276
(Loss)/profit before income tax	(6,538)	5,565



5. Revenue and segment information *(continued)*

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

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Segment assets	477,955	954,202
Unallocated:		
Property, plant and equipment	1,381	1,933
Financial assets at fair value through profit or loss	16,074	18,333
Loan to a related party	449,640	–
Cash and cash equivalents	185,257	215,201
Other assets	26,777	10,310
Total assets	1,157,084	1,199,979

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

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Segment liabilities	200,153	221,426
Unallocated:		
Finance lease liabilities	798	1,055
Income tax payable	675	675
Other liabilities	9,410	11,741
Total liabilities	211,036	234,897

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



6. Staff costs

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
Wages and salaries, including directors' fees	6,039	4,531
Retirement benefit costs – defined contribution schemes	257	173
Other staff costs	784	333
	7,080	5,037

7. Other (losses)/gains – net

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (unaudited)
Net exchange (losses)/gains	(12,198)	6,891
Fair value (losses)/gains on financial assets at fair value through profit or loss	(523)	643
	(12,721)	7,534

8. Expenses by nature

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
Legal and professional expenses	452	348
Consumables	7	–
Insurance expenses	87	83
Occupancy expenses (other than operating lease rentals)	303	274
Promotion expenses	1,229	1,614
Business and other taxes	1,345	1,544
Other expenses	1,536	1,082
Other operating expenses	4,959	4,945



9. Finance income and costs

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
Finance costs:		
– Bank borrowings wholly repayable within five years	(7,077)	(9,992)
– Finance lease liabilities	(24)	(29)
– Others	–	(136)
Finance costs	(7,101)	(10,157)
Finance income:		
– Interest income from bank deposits	2,529	6,820
– Interest income from loan to a related party	15,226	–
Finance income	17,755	6,820
Finance income/(costs) – net	10,654	(3,337)

10. Income tax expense

	For the six months ended					
	30 June 2014			30 June 2013		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000
Current income tax						
– Hong Kong profits tax	–	–	–	–	–	–
– PRC corporate income tax	(987)	–	(987)	(987)	–	(987)
– Deferred income tax	–	–	–	–	–	–
	(987)	–	(987)	(987)	–	(987)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for both periods. No Hong Kong profits tax has been provided for the six months ended 30 June 2014 as there was no estimated assessable profit for the period (six months ended 30 June 2013: same).

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



11. (Losses)/earnings per share

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

	For the six months ended	
	30 June 2014 HK\$'000 (unaudited)	30 June 2013 HK\$'000 (restated)
(Loss)/profit attributable to equity holders of the Company arises from:		
Continuing operations	(8,413)	3,689
Discontinued operation	(901)	(81)
	(9,314)	3,608
Weighted average number of ordinary shares in issue	1,274,038,550	1,274,038,550

Employee share options outstanding at 30 June 2014 and 30 June 2013 would have an anti-dilutive effect on (loss)/earning per share.

12. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

13. Property, plant and equipment

	Property, plant and equipment HK\$'000 (unaudited)
For the six months ended 30 June 2014	
Opening net book value, as at 1 January 2014	2,616
Exchange differences	1
Disposals	(384)
Depreciation	(819)
Closing net book value, as at 30 June 2014	1,414
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



14. Investment property

There is no movement for the six months ended 30 June 2014 and 30 June 2013.

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 26 March 2014. As at 30 June 2014, fair value of the investment property was estimated by the Board by capitalising 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 2014, 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 2014, the investment property with net book value of HK\$423,411,000 was pledged as collateral for a Group's bank facility of HK\$187,350,000 (Note 18).

15. Trade receivables

The ageing analysis of trade receivables is as follow:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Current to 30 days	–	181

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. Loan to a related company

As at 30 June 2014, loan to a related company represented a loan of RMB360 million (the "Loan") to 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.)* ("Doyen"), a company wholly owned by Mr. Lo and his spouse. Such Loan is unsecured and interest-bearing at 9.5% per annum and repayable within one year from the draw-down date. The entire Loan balance has been advanced to Doyen by way of entrusted loan through a bank in the PRC on 26 January 2014 and 19 March 2014.



17. Share capital

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 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 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Non-current: Bank borrowings, secured	162,370	179,200
Current: Bank borrowings, secured	24,980	25,600
	187,350	204,800

The Group's bank borrowings were repayable as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Within one year	30,127	25,600
After one year and within five years	105,921	102,400
Over five years	51,302	76,800
	187,350	204,800



18. Bank borrowings *(continued)*

As at 30 June 2014, the Group's investment property amounting to approximately HK\$423,411,000 (31 December 2013: approximately HK\$433,920,000) was pledged to secure a bank facility of HK\$187,350,000 (31 December 2013: HK\$204,800,000).

The bank borrowing was denominated in RMB and bore floating interest rate during the six months ended 30 June 2014 and 30 June 2013.

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 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Current to 30 days	1,573	2,191
31– 60 days	812	–
Over 60 days	3,344	3
	5,729	2,194

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



20. Discontinued Operation

The Group has closed down the Eighteen Brook Cantonese Cuisine (the "Restaurant") upon the expiration of lease on 30 April 2014 due to the increase of rent and labour cost and lower margins of the Restaurant. The operation of restaurant business is classified as discontinued operation. Details are set out in the Company's announcement dated 8 April 2014.

The results relating to the restaurant operation for the period ended 30 June 2014 and 30 June 2013 are set out below. The income statement distinguish discontinued operation from continuing operations. Comparative figures have been restated.

Income statement information

	For the six months ended	
	30 June 2014 HK\$'000	30 June 2013 HK\$'000
Revenue	8,801	15,217
Cost of sales	(2,239)	(4,051)
Staff costs	(3,142)	(4,957)
Operating lease rentals	(1,597)	(2,396)
Utility expenses	(644)	(1,204)
Depreciation of property, plant and equipment	(263)	(432)
Loss on disposal of property, plant and equipment	(384)	-
Repair and maintenance	(58)	(145)
Other operating expenses	(1,375)	(1,978)
Operating (loss)/profit	(901)	54
Finance costs	-	(135)
Loss before income tax	(901)	(81)
Income tax	-	-
Loss from discontinued operation	(901)	(81)
Loss from discontinued operation attributable to equity holders of the Company	(901)	(81)



21. Commitments

(a) Capital commitment

There is no capital commitment as at 30 June 2014 and 31 December 2013.

(b) Operating lease commitments

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

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Within one year	2,548	3,909
After one year and within five years	1,978	65
	4,526	3,974

The actual payments in respect of certain operating leases are calculated at the minimum commitments as noted above.

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

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Within one year	20,502	24,965
After one year and within five years	26,330	42,084
	46,832	67,049



22. Related party transaction

Major and Connected Transaction

On 9 December 2013, the Company, entered into a loan agreement (the “Loan Agreement”) with Doyen pursuant to which the Company has agreed to advance a loan facility of RMB360,000,000 to Doyen. Such Loan is unsecured and interest-bearing at 9.5% per annum and repayable within one year from the draw-down date. On 14 January 2014, resolutions in relation to advancement of the Loan was approved by the independent shareholders in an extraordinary general meeting of the Company held on the same date. The entire loan balance has been advanced to Doyen by way of entrusted loan through a bank in the PRC in accordance with the Loan Agreement on 26 January 2014 and 19 March 2014.

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

23. Events after the date of statement of financial position

(a) Disposal Transaction

On 9 July 2014, East Profit Investments subscribed for an aggregate of 3,930,000 share of Luye Pharma Group Ltd (“Luye”) (“Luye Shares”), at the offer price of HK\$5.92 per Luye Shares (exclusive of transaction costs). The aggregate purchase price of the Luye Shares (exclusive of transaction costs) is HK\$23,265,600, which was paid from the Group’s internal resources. East Profit Investments disposed on-market the Luye Shares in a series of transactions conducted between 9 July 2014 and 18 July 2014, at the price between HK\$6.65 and HK\$6.93 per share of Luye. As a result, the Group is expected to recognise a gain of approximately HK\$2.9 million. The Group intends to use the proceeds of the disposal for general working capital. For details, please refer to the Company’s announcements dated 9 July 2014 and 15 July 2014.

(b) Subscription of securities

On 5 August 2014, East Profit Investments subscribed for an aggregate of 1,220,000 WH Group shares (“WH Shares”), at the offer price of HK\$6.2 per WH Shares (exclusive of transaction costs). The aggregate purchase price of WH Shares (exclusive of transaction costs) is HK\$7,564,000, which was paid from the Group’s internal resources. For details, please refer to the Company’s announcement dated 5 August 2014.



23. Events after the date of statement of financial position

(continued)

(c) Formation of a Joint Venture

On 14 August 2014, East Profit Investments, Jianghuai Engine and Shanghai Dongsheng entered into an agreement to establish a sino-foreign joint venture enterprise. For details, please refer to the Company's announcement dated 14 August 2014.

* *for identification purpose only*