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東原地產控股有限公司

Dowell Property Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 668)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors ("Director") of Dowell Property Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 as follows:

For the year ended 31 December 2014, loss from continuing operations was HK$40.8 million while profit of HK$3.6 million was recorded for the year ended 31 December 2013.

Loss from discontinued operation for the year ended 31 December 2013 was about HK$0.6 million, while a profit of HK$3.0 million was recorded for the year ended 31 December 2014.

As at 31 December 2014, the current ratio increased to 15.1 (2013: 13.7) and the Group had cash and cash equivalents of HK$217.3 million (2013: HK$720.6 million), which represented a strong and stable financial position.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations			
Revenue	3	**16,569**	25,815
Staff costs		**(13,885)**	(11,835)
Operating lease rentals		**(3,233)**	(3,435)
Business and other tax expenses		**(5,642)**	(4,340)
Depreciation and impairment of property, plant and equipment		**(1,064)**	(1,102)
Other operating expenses	4	**(11,628)**	(9,585)
Fair value (loss)/gain on investment property		**(34,537)**	4,522
Fair value loss on financial assets at fair value through profit or loss		**(4,048)**	(118)
(Loss)/gain on disposal of financial assets at fair value through profit or loss		**(4,771)**	518
Gain on disposal of available-for-sale financial assets		**114**	–
Other income		**6,604**	–
Exchange (loss)/gain – net		**(11,115)**	12,822
Operating (loss)/profit		**(66,636)**	13,262
Finance income	5	**40,865**	17,185
Finance costs	5	**(15,486)**	(22,123)
Finance income/(costs) – net	5	**25,379**	(4,938)
(Loss)/profit before income tax		**(41,257)**	8,324
Income tax credit/(expenses)	6	**437**	(4,716)
(Loss)/profit for the year from continuing operations		**(40,820)**	3,608
Discontinued operation			
Profit/(loss) for the year from discontinued operation		**3,033**	(621)
(Loss)/profit for the year		**(37,787)**	2,987

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Equity holders of the Company		**(29,793)**	1,818
Non-controlling interests		**(7,994)**	1,169
		(37,787)	2,987
(Loss)/profit attributable to equity holders of the Company arises from:			
Continuing operations	*8*	**(32,826)**	2,439
Discontinued operation		**3,033**	(621)
		(29,793)	1,818
Basic and diluted (loss)/earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)	*8*	**HK cents**	HK cents
From continuing operations		**(2.58)**	0.19
From discontinued operation		**0.24**	(0.05)
From continuing and discontinued operations		**(2.34)**	0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit for the year	**(37,787)**	2,987
Other comprehensive (loss)/income:		
Item that may be subsequently reclassified to profit or loss		
Exchange differences arising from translation of foreign operations	**(13,768)**	12,298
Other comprehensive (loss)/income for the year, net of tax	**(13,768)**	12,298
Total comprehensive (loss)/income for the year	**(51,555)**	15,285
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company		
– Continuing operations	**(42,085)**	11,059
– Discontinued operation	**3,033**	(621)
	(39,052)	10,438
Non-controlling interests		
– Continuing operations	**(12,503)**	4,847

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,149**	2,616
Investment property		**389,688**	433,920
Intangible assets		**7,932**	8,350
Deferred income tax assets		**5,687**	1,053
Loan receivable		**47,844**	–
Rental deposits		**648**	–
		453,948	445,939
Current assets			
Inventories		–	1,702
Trade receivables	*9*	–	181
Loan receivable		**33,800**	–
Due from related companies		**471,720**	–
Deposits, prepayments and other receivables		**8,828**	12,861
Financial assets at fair value through profit or loss		**17,363**	18,333
Restricted bank deposits		–	397
Cash and cash equivalents		**217,313**	720,566
		749,024	754,040
Total assets		**1,202,972**	1,199,979
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**1,174,378**	127,404
(Deficit)/reserves		**(379,271)**	706,730
		795,107	834,134
Non-controlling interests		**208,145**	130,948
Total equity		**1,003,252**	965,082

	Note	2014	2013
		HK$'000	HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**–**	310
Bank borrowings		**149,880**	179,200
Finance lease liabilities		**133**	534
		150,013	180,044
Current liabilities			
Trade payables	*10*	**–**	2,194
Other payables and accrued charges		**19,427**	25,863
Income tax payable		**4,899**	675
Bank borrowings		**24,980**	25,600
Finance lease liabilities		**401**	521
		49,707	54,853
Total liabilities		**199,720**	234,897
Total equity and liabilities		**1,202,972**	1,199,979
Net current assets		**699,317**	699,187
Total assets less current liabilities		**1,153,265**	1,145,126

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Dowell Property Holdings Limited is a limited liability company incorporated in Hong Kong. The address of its registered office is Suites 2009-2010, 20/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the period from 1 January 2014 to 30 April 2014, the Company and its subsidiaries (together, the "Group") are principally engaged in (i) operation of a restaurant in Hong Kong and (ii) investment property holding in the People's Republic of China (the "PRC"). The Group ceased the restaurant business (the "discontinued business") on 30 April 2014 upon expiration of the lease of its only restaurant in Hong Kong. The accompanying consolidated financial statements and the comparative figures of the consolidated income statement and statement of comprehensive income have been prepared to reflect the results of such discontinued business separately.

On 14 August 2014, the Group entered into an agreement with two joint venture partners, both being related companies, to establish a sino-foreign joint venture enterprise in the PRC. Such joint venture enterprise, named Dongkui Financial Leasing (Shanghai) Co. Ltd ("Shanghai Dongkui"), is 59% owned by the Group and has been accounted for as a subsidiary of the Group. Shanghai Dongkui is principally engaged in provision of financing to customers under finance lease or other arrangements in the PRC. Since then, the Group is principally engaged in (i) investment property holding in the PRC and (ii) provision of financing to customers in the PRC (the "Dongkui business").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 26 March 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA. They have been prepared under the historical cost convention, as modified by investment property and financial assets at fair value through profit or loss which are stated at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

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

The following amendments to standards are mandatory for the first time for the year ended 31 December 2014. The Group has adopted these amendments to standards which are relevant to its operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13. It also enchanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The adoption of the amendments does not have an impact on the consolidated financial statements because the Group has no impairment of assets which is subject to the disclosures of HKAS36 during the years presented.

Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group is not currently subjected to hedge accounting so the impact on the Group is not material.

HK(IFRIC) 21, "Levies", sets out the accounting for an obligation 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 the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendment to HKAS 10, 12 and HKAS 27, "Consolidation for investment entities" on the consolidation requirement on funds and similar entities. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The adoption of these amendments does not have any impact on the consolidated financial statements of the Group.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

		Effective for annual periods beginning on or after
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture for Bearer Plants	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9 (2014)	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual improvements	Annual Improvements 2010-2012 Cycle	1 July 2014
Annual improvements	Annual Improvements 2011-2013 Cycle	1 July 2014
Annual improvements	Annual Improvements 2012-2014 Cycle	1 January 2016

The Group has already commenced an assessment of the impact of the above new/revised standards and amendments to standards and have concluded that on a preliminary basis that these new/revised standards and amendments to standards would not have a significant impact to its results of operations and financial position.

3 REVENUE AND SEGMENT INFORMATION

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

During the year, the Group is principally engaged in (i) operation of a restaurant in Hong Kong (discontinued business), (ii) investment property holding in the PRC and (iii) the Dongkui business.

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue from the three segments is analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Investment property holding	**15,753**	25,815
Dongkui business	**816**	–
	16,569	25,815
Discontinued operation		
Restaurant operation	**8,956**	31,026

The segment information provided to the CODM for the reportable segments is as follows:

	Continuing operations			**Discontinued operation**
	Investment property holding	**Dongkui business**	**Total**	**Restaurant operation**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2014				
Revenue from external customers	**15,753**	**816**	**16,569**	**8,956**
Depreciation of property, plant and equipment	**(9)**	**–**	**(9)**	**(252)**
Fair value loss on investment property	**(34,537)**	**–**	**(34,537)**	**–**
Fair value loss on financial assets at fair value through profit or loss	**–**	**(732)**	**(732)**	**–**
Gain on disposal of financial assets at fair value through profit or loss	**–**	**18**	**18**	**–**
Gain on disposal of available-for-sale financial assets	**14**	**100**	**114**	**–**
Finance income	**12,564**	**407**	**12,971**	**–**
Finance costs	**(15,444)**	**–**	**(15,444)**	**–**
Exchange loss	**–**	**(790)**	**(790)**	**–**
Segment results	**(29,202)**	**(1,264)**	**(30,466)**	**3,033**
Income tax credit	**3,860**	**312**	**4,172**	**–**
Capital expenditure	**(512)**	**–**	**(512)**	**–**
As at 31 December 2014				
Segment assets	**580,608**	**215,380**	**795,988**	**–**
Segment liabilities	**(179,806)**	**(1,350)**	**(181,156)**	**–**

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operation
	Investment property holding *HK$'000*	Dongkui business *HK$'000*	Total *HK$'000*	Restaurant operation *HK$'000*
Year ended 31 December 2013 (Restated)				
Revenue from external customers	25,815	–	25,815	31,026
Depreciation of property, plant and equipment	(8)	–	(8)	(926)
Fair value gain on investment property	4,522	–	4,522	–
Finance income	7,551	–	7,551	–
Finance costs	(22,058)	–	(22,058)	(135)
Segment results	7,939	–	7,939	(621)
Income tax expenses	(4,041)	–	(4,041)	–
Capital expenditure	(21,042)	–	(21,042)	(185)
As at 31 December 2013				
Segment assets	946,979	–	946,979	7,223
Segment liabilities	(510,484)	–	(510,484)	(9,859)

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

	2014 *HK$'000*	2013 *HK$'000* *(Restated)*
Continuing operations:		
Segment results	**(30,466)**	7,939
Elimination of segment finance income from head office	**(12,111)**	–
Depreciation of property, plant and equipment at head office	**(1,055)**	(1,094)
Staff costs at head office	**(10,082)**	(9,891)
Finance income	**40,005**	9,634
Finance cost	**(42)**	(65)
Corporate expenses	**(15,638)**	(11,425)
(Loss)/gain on disposal of property, plant and equipment	**(42)**	4
Fair value loss on financial assets at fair value through profit or loss	**(3,316)**	(118)
(Loss)/gain on disposal of financial assets at fair value through profit or loss	**(4,789)**	518
Other income	**6,604**	–
Exchange (loss)/gain-net	**(10,325)**	12,822
(Loss)/profit before income tax	**(41,257)**	8,324

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	2014	2013
	HK$'000	*HK$'000*
Total assets for reportable segments	**795,988**	954,202
Property, plant and equipment	**2,121**	1,933
Financial assets at fair value through profit or loss	**11,827**	18,333
Cash and cash equivalents	**46,224**	215,201
Due from related companies	**471,720**	–
Other assets	**9,345**	10,310
Total unallocated assets	**541,237**	245,777
Elimination of inter-company receivables	**(134,253)**	–
Total assets	**1,202,972**	1,199,979

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

	2014	2013
	HK$'000	*HK$'000*
Total liabilities for reportable segments	**181,156**	520,343
Finance lease liabilities	**534**	1,055
Income tax payable	**4,377**	675
Other liabilities	**13,653**	11,741
Total unallocated liabilities	**18,564**	13,471
Elimination of inter-company payables	**–**	(298,917)
Total liabilities	**199,720**	234,897

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

4 EXPENSES BY NATURE

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Promotion expense	**2,427**	2,801
Legal and professional expenses	**2,382**	1,768
Auditor's remuneration	**1,463**	1,311
Travelling and accommodation	**1,241**	526
Motor vehicle expenses	**685**	739
Occupancy expense (other than operating lease rentals)	**590**	559
Amortisation of intangible assets	**418**	418
Information and technology ("IT") expenses	**372**	118
Insurance expense	**190**	197
Repair and maintenance expenses	**186**	281
Bank charges	**535**	33
Other expenses	**1,139**	834
Other operating expenses	**11,628**	9,585

5 FINANCE INCOME AND COSTS

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Finance costs:		
– Finance lease liabilities	**(42)**	(65)
– Bank borrowings wholly repayable after 5 years	**(15,444)**	(22,058)
Finance costs	**(15,486)**	(22,123)
Finance income:		
– Interest income from bank deposits	**3,224**	3,780
– Interest income from loan to a related company	**37,214**	–
– Interest income from amount due from a related company	**–**	4,500
– Other interest income	**427**	8,905
Finance income	**40,865**	17,185
Finance income/(costs) – net	**25,379**	(4,938)

6 INCOME TAX

No Hong Kong profits tax has been provided for the year ended 31 December 2014 (2013: Nil) as there was no estimated assessable profit for the year (2013: Nil).

PRC corporate income tax is provided on the profit before income tax of subsidiaries which are subject to PRC corporate income tax at the statutory tax rate of 25%, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

The amount of income tax (credited)/charged to the consolidated income statement represents:

	Year ended 31 December 2014			Year ended 31 December 2013 (Restated)		
	Continuing operations	**Discontinued operation**	**Total**	Continuing operations	Discontinued operation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Current income tax						
PRC corporate income tax						
– charge for the year	**4,261**	**–**	**4,261**	675	–	675
– over-provision in prior years	**–**	**–**	**–**	(4,226)	–	(4,226)
	4,261	**–**	**4,261**	(3,551)	–	(3,551)
Deferred income tax						
– current year (credit)/charge	**(4,726)**	**–**	**(4,726)**	4,041	–	4,041
– under-provision in prior years	**28**	**–**	**28**	4,226	–	4,226
	(4,698)	**–**	**(4,698)**	8,267	–	8,267
	(437)	**–**	**(437)**	4,716	–	4,716

6 INCOME TAX (CONTINUED)

The income tax (credit)/charge on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/losses of the consolidated entities as follows:

	Year ended 31 December 2014		Year ended 31 December 2013 (Restated)	
	Continuing operations *HK$'000*	**Discontinued operation** *HK$'000*	Continuing operations *HK$'000*	Discontinued operation *HK$'000*
(Loss)/profit before tax	**(41,257)**	**3,033**	8,324	(621)
Calculated at domestic taxation rates applicable to the (loss)/profit in the respective jurisdictions	**(11,825)**	**501**	2,047	(102)
Income not subject to income tax	**(1,699)**	**(661)**	(2,599)	–
Expenses not deductible for taxation purposes	**8,462**	**65**	2,471	–
Tax losses not recognised	**4,639**	**470**	2,797	217
Other temporary differences	**(42)**	**(375)**	–	(115)
Recognition of prior years' temporary differences	**–**	**–**	4,226	–
Under/(over)-provision in prior years	**28**	**–**	(4,226)	–
Income tax (credit)/expense	**(437)**	**–**	4,716	–

7 DIVIDENDS

	2014 *HK$'000*	2013 *HK$'000*
Write-back of unclaimed dividends	**25**	343

No final dividend was proposed for the year ended 31 December 2014 (2013: Nil).

8 (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per share are based on the following:

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
(Loss)/profit attributable to equity holders of the Company from:		
Continuing operations	**(32,826)**	2,439
Discontinued operation	**3,033**	(621)
	(29,793)	1,818
Number of shares (in thousands)		
Weighted average number of ordinary shares in issue	**1,274,039**	1,274,039

Employee share options outstanding as at 31 December 2014 and 2013 would not have dilutive effect on earnings per share since the average market price of the shares of the Company during the year was below the exercise prices of the employee share options.

9 TRADE RECEIVABLES

The ageing analysis of the Group's trade receivables as at 31 December 2013 is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**–**	181

The Group's trade receivables are either repayable within one month or on demand and denominated in Hong Kong dollars.

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

The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above.

10 TRADE PAYABLES

The ageing analysis of the Group's trade payables as at 31 December 2013 is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**–**	2,191
Over 60 days	**–**	3
	–	2,194

As at 31 December 2013, the Group's trade payables were denominated in HKD and RMB.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS

BUSINESS REVIEW

For the year ended 31 December 2014, Dowell Property Holdings Limited and its subsidiaries recorded revenue of HK$16.6 million (2013: HK$25.8 million) for its continuing operations, representing a decrease of 35.7%. Loss for the year attributable to equity holders of the Company was HK$29.8 million (2013: profit of 1.8 million).

The loss is mainly attributable to the deficit on valuation of an investment property and the depreciation of Renminbi ("RMB") in 2014, compared to net exchange gain and appreciation of investment property recorded in the previous year.

Dongkui business

On 24 October 2014, an extraordinary general meeting was held to approve the formation of a joint venture, 東葵融資租賃(上海)有限公司 (Dongkui Financial Leasing (Shanghai) Co. Ltd.*) ("Dongkui Financial Leasing"). Dongkui Financial Leasing engaged in financial leasing in the PRC and its registered capital was US$28 million as at 31 December 2014. East Profit Global Investments Limited ("East Profit Investments"), an indirect wholly owned subsidiary of the Company, has 58.93% interest of Dongkui Financial Leasing. Dongkui Financial Leasing has started to seek appropriate clients and expand business network for further opportunities. Although it runs shortly, Dongkui Financial Leasing has advanced a loan of RMB71 million to a coal mining company under a sale-and-lease-back arrangement as at 31 December 2014. For the year ended 31 December 2014, the Group's financial leasing segment has contributed a revenue of approximately HK$0.82 million and recorded a loss before tax of approximately HK$1.26 million.

Dongkui Financial Leasing targets itself as a company engaged in asset management for finance, trading, and industrial areas with the knowledge-orientated technical services set skill. The benefits attached to financial leasing business includes 1) drive the profit growth with a high profit ratio; 2) increase the Company's capital utilisation efficiency; 3) balance the Company's real estate business depreciation loss; 4) enlarge the advantage of low-cost financing; 5) add liquidity for the Company, etc. Without doubt, financial leasing business will continually grow up in the future, which we have full reason to be confident about the Company's further gains on that.

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, 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

Property Investment (continued)

For the year ended 31 December 2014, the Group's property investment segment has contributed a revenue of approximately HK$15.8 million (2013: HK$25.8 million), representing a decrease of 38.8%. Also, the Group recognised a fair value loss on investment property amounted to HK$34.5 million (2013: a fair value gain of HK$4.5 million). On the other hand, the net finance cost attributable by this segment decreased to approximately HK$2.9 million for the year ended 31 December 2014 (2013: HK$14.5 million). Thus, this segment has recorded a loss before tax of HK$29.2 million for the year ended 31 December 2014 (2013: profit of HK$7.9 million).

Restaurant Operation

The Group has operated its only restaurant, Eighteen Brook Cantonese Cuisine (the "Restaurant") for the four months ended 30 April 2014. The operation of the Restaurant recorded a revenue of approximately HK$9.0 million (2013: HK$31.0 million) and a profit of approximately HK$3.0 million (2013: loss of HK$0.6 million).

The lease of the Restaurant has expired on 30 April 2014. The Board 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 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.

Other new business

On 14 April 2014, Super Dynasty Investment Limited (漢鼎投資有限公司) (a company incorporated in Hong Kong with limited liability) ("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. On 14 October 2014 and 14 January 2015, two supplemental agreements to the MOU were entered into to extend the last date of entering into the formal sale and purchase agreement to 14 April 2015. For details, please refer to the announcements dated 14 April 2014, 14 October 2014 and 14 January 2015.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 50 (2013: 76) 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 also provides training to improve staff working capabilities and creates opportunities for individual long-term growth of employees.

FINANCIAL REVIEW

Liquidity and financial resources

With a loan amounting RMB360 million being advanced to Chongqing Doyen in January 2014, the Group had cash and cash equivalents of approximately HK$217.3 million as at 31 December 2014 (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 31 December 2014, the current ratio of the Group, representing current assets divided by current liabilities, was 15.1 (2013: 13.7).

As at 31 December 2014, gearing ratio of the Group is 0.17 (2013: 0.21), which is calculated as total debt divided by total capital. Total debt is calculated as total borrowings, including current and non-current borrowings as shown in the consolidated statement of financial position. Total capital is calculated as "equity", as shown in the consolidated statement of financial position. As at 31 December 2014, the Group's cash and cash equivalents exceeded the total borrowings by HK$41.9 million (2013: HK$514.7 million).

Capital structure

As at 31 December 2014, the Group's current and non-current bank borrowings and finance lease liabilities amounted to HK$25.4 million (2013: HK$26.1 million) and HK$150.0 million (2013: HK$179.7 million) respectively. All the bank borrowings bore interest at floating rates while finance lease liabilities bore interest at fixed rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the years ended 31 December 2014 and 2013.

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

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

Pledge of assets

As at 31 December 2014, the Group pledged its investment property with carrying amounts of approximately HK$389.7 million (2013: HK$433.9 million). As at 31 December 2013, a bank deposit of approximately HK$0.4 million was pledged and subsequently released in 2014 for the borrowings and general banking facilities granted to the Group.

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 and Dongkui Financial Leasing 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 31 December 2014, the Group had no capital commitments (2013: Same).

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK$3.1 million (2013: HK$4.0 million).

Contingent Liabilities

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

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Same).

Save as disclosed above, there have been no events to cause material impact on the Group from 31 December 2014 to the date of this report that should be disclosed.

Events after the date of the statement of financial position

On 5 December 2014, Haitong International Finance Company Limited (the "Subscriber") entered into a subscription agreement with the Group pursuant to which the Subscriber would subscribe a bond of the Group with a face value of HK$195 million. Such bond has been fully issued in January 2015. The bond is unsecured, interest bearing at 9.5% per annum, repayable within two years from the subscription date and is guaranteed by Mr. Lo Siu Yu ("Mr. Lo"), chairman, executive director and controlling shareholder of the Company.

On 14 January 2015, Super Dynasty and Shanghai Dongsheng entered into a further supplemental memorandum of understanding to the MOU, pursuant to which the parties thereto have agreed to extend the last date of entering into of the formal sale and purchase agreement to 14 April 2015. For details, please refer the announcements dated 14 April 2014, 14 October 2014 and 14 January 2015.

On 23 January 2015, an extraordinary annual meeting was held. During the meeting, independent shareholder has approved a resolution in relation to entering into of a loan agreement. For details, please refer to the circular of the Company dated 7 January 2015 and the announcement dated 23 January 2015.

On 2 March 2015, East Profit Investments entered into the Capital Injection Agreement with Shanghai Dongsheng, Jianghuai Engine and Dongkui Financial Leasing, pursuant to which, East Profit Investments agreed to inject US$23.3 million in Dongkui Financial Leasing as additional capital, representing approximately 45.42% of the enlarged registered capital of Dongkui Financial Leasing after the additional capital injection. Upon completion of the additional capital injection by East Profit Investments, the registered capital of the JV Company will be increased from US$28 million to US$51.3 million. For details, please refer to the Company's announcement dated 2 March 2015.

On 5 March 2015, Dongkui Financial Leasing entered into a loan agreement with 深圳市東融投資發展有限公司 (Shenzhen Dongrong Investment Development Company Limited*) ("Shenzhen Dongrong"), a company established with limited liability under the laws of the PRC, pursuant to which Dongkui Financial Leasing has agreed to grant a loan by way of entrusted loan through a licensed bank in the PRC in the amount of RMB28 million to Shenzhen Dongrong for a term of 6 months at the interest rate of 10% per annum. For details, please refer to the Company's announcement dated 5 March 2015.

PROSPECTS

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.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE OPERATIONS (CONTINUED)

Financial Leasing

Given that financial leasing is highly encouraged by the PRC government, the Company believes that the business of financial leasing will grow rapidly in the PRC. The Company is trying to establish a comprehensive financial service platform for integrating the financial leasing business, expanding the Group's current business chain, and also providing related value-add services if need. Correspondingly, the financial leasing business will develop broader client network for the Group, which will probably contribute for the routine real estate business and further innovation in case.

Financial leasing industry embraces a booming development in recent years, especially supported by a series of positive policies, which include tax incentives, free trade zone cross-border financing convenience, etc. Therefore, the Company believes a promising prospect of financial leasing industry ahead.

It is expected that the financial leasing business will leverage from Shanghai free trade zone policy advantages, such as accelerate service industry expansion has been listed as the key working focus of Shanghai free trade zone, cancel the minimum registered capital restrictions for financial leasing company to set up stand-alone single ship subsidiaries, and also permit the financial leasing company conduct related commercial factoring business as mainline and sideline business.

Property Investment

With the development of the internet and other information technologies, online shopping has become the mainstream shopping for Chinese consumers. For the reason that the traditionally general merchandise is heavily impacted by low-cost and competitive-price online shopping. The rental income of Dong Dong Mall is expected to decrease this year. Our management team will try the best to slow the downside momentum.

On 21 November 2014, the Company and Chongqing Baoxu entered into a loan agreement with 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.*) ("Chongqing Doyen"), it is expected that the Group will have more interest income in 2015. Besides the management will be continuously looking for short-term and low-risk investment opportunities to fight for greater returns to our shareholders until there are good chances of long-term investment.

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 year ended 31 December 2014, save for deviations from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)

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.

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 developments.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company ("Audit Committee") currently consists of three independent non-executive Directors, namely Mr. Chan Ying Kay (Chairman of the Committee), Dr. Zhu Wenhui and Mr. Wang Jin Ling, has reviewed the audited financial statements of the Company for the year ended 31 December 2014 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group and other financial reporting matters.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by Directors of Listed Issuers (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 year ended 31 December 2014.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements that give a true and fair view of the state of affairs of the Group and of the results and cash flows for each financial periods.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares for the year ended 31 December 2014.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective system of internal control and for reviewing its effectiveness through the Audit Committee. The Group's system of internal control includes a defined management structure with limits of authority, and is designed to help the Group achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensure compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

During the year, the Board has reviewed the effectiveness of the system of internal control through the Audit Committee and no material internal control deficiencies were identified by the Audit Committee.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's results announcement for the year ended 31 December 2014 is published on both websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dowellproperty.com). The annual report of the Company for the year ended 31 December 2014 containing all the information as required in Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our staff for their hard work and dedication. I would also like to thank our clients and business partners for their continued trust, as well as you, our shareholders, for your constant support.

By Order of the Board
Dowell Property Holdings Limited
Lo Siu Yu
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Lo Siu Yu (Chairman) Ms. Luo Shaoying (Vice Chairman) and Mr. Chen Yang (Chief Executive Officer), as executive Directors, Mr. Wang Xiaobo and Mr. Qin Hong, as non-executive Directors, and Mr. Chan Ying Kay, Dr. Zhu Wenhui and Mr. Wang Jin Ling as independent non-executive Directors.

* *For identification purpose only*