

東原

为新的每一天

DOWELL PROPERTY HOLDINGS LIMITED

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

Interim Report 2015



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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

Mr. Cho Chun Wai, Peter

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

China Everbright Bank
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

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 2015, Dowell Property Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) recorded revenue of HK\$12.7 million (six months ended 30 June 2014: HK\$19.6 million), representing a decrease of 35.20% as compared with that of the same period in prior year, as a result of the higher vacancy rate of the investment property holding business. The result for the period attributable to equity holders of the Company showed a turn from loss of HK\$9.3 million for the six months ended 30 June 2014 to a profit of HK\$2.7 million for the six months ended 30 June 2015.

Dongkui business

On 24 October 2014, an extraordinary general meeting was held by the Company 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”) through its indirect wholly-owned subsidiary East Profit Global Investments Limited (“East Profit Investments”), Dongkui Financial Leasing was indirectly owned as to 58.93% by the Company. On 2 March 2015, East Profit Investments entered into a capital injection agreement to further inject US\$23.3 million (equivalent to approximately HK\$218.4 million) in Dongkui Financial Leasing, the interest in Dongkui Financial Leasing held by East Profit Investments was increased to 77.58%. The registered capital of Dongkui Financial Leasing was also raised to US\$51.30 million (equivalent to approximately HK\$400.1 million).

Dongkui Financial Leasing actively seek appropriate clients since its formation and expand business network for further opportunities. Although it runs shortly, Dongkui Financial Leasing has advanced a loan of RMB71.0 million (equivalent to approximately HK\$88.8 million) to a coal mining company under a sale-and-lease-back arrangement in December 2014. In addition, it has engaged in the lease-back of medical facilities with two hospitals during the first half of 2015 with an amount of RMB23.3 million (equivalent to approximately HK\$29.2 million) and RMB44.3 million (equivalent to approximately HK\$55.3 million) respectively.

For the six months ended 30 June 2015, the Group’s financial leasing segment has contributed a revenue of approximately HK\$7.8 million and recorded a profit before tax of approximately HK\$5.2 million.

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

BUSINESS REVIEW *(continued)*

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 is owned by the Company, operate the business of 東東摩(Dong Dong Mall) (“Dong Dong Mall”), a shopping arcade located at No. 2, Second Lane, Nanping East Road, Nanan District, Chongqing, the People’s Republic of China (the “PRC”) with a total gross floor area of 18,043.45 square metres for commercial use. Dong Dong Mall is situated near a main pedestrian street and a number of shopping malls. Since the area is conveniently accessible by public transportation, it is a popular lifestyle, shopping, entertainment and commercial hub for the city dwellers who reside in the southern part of Chongqing.

For the six months ended 30 June 2015, the Group’s property investment segment has contributed a revenue of approximately HK\$4.8 million (six months ended 30 June 2014: HK\$10.8 million), representing a decrease of 55.56%. Meanwhile, the net finance costs attributable by this segment decreased to approximately HK\$0.3 million for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$2.3 million). This segment has recorded a loss before tax of HK\$0.4 million for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$3.9 million).

Long term investment

On 8 June 2015, the Company signed a share purchase agreement (the “Purchase Agreement”) with Sol Chip Limited (a company incorporated in Israel with limited liability) (“Sol Chip”) through its wholly-owned subsidiary, Super Dynasty Investment Limited (a company incorporated in Hong Kong with limited liability) (“Super Dynasty”). According to the Purchase Agreement, Super Dynasty invested USD 4 million (equivalent to approximately HK\$31.2 million) to participate in the financing of the Preferred B-1 Shares of Sol Chip and purchased 27.78% of the equity interest of Sol Chip.

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

BUSINESS PROSPECTS

The financial leasing business is running smoothly, at present, Dongkui Financial Leasing is negotiating more than 10 facilities lease-back projects, which mainly comes from hospitals and state-owned enterprises, some of the projects have plans for capital injection during the second half of 2015 and some of the capital will be funded by bank loans.

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, in light of the above, the Group planned to carry out large-scale general enhancement work in Dong Dong Mall during the second half of 2015 in the hope of attracting more visitors and increase rental income.

Sol Chip, the investment acquired by the Company in June 2015, is an Israeli solar energy technology company preserving extensive experience in the semiconductor field, and currently it is the supplier of IOT (Internet of Things) system and energy access solutions as well, which mainly sells sustainable solar batteries and related system solutions. The design and technology of Sol Chip is unique and leading-edge, which includes maintaining the eternal solar batteries of IOT and its communication platform etc..

The products of Sol Chip enjoy widely commercial space, including home automation, smart cities, precision agriculture and other aspects, and its direct and most effective applications-IOT, especially the IOT of agriculture is precisely the most promising sunrise industry in China.

Supported by the increasing supply chain and developed labor market, the manufacturing industry of semiconductors and electronic components is expected to generate USD 701.1 billion in revenue with 1.9% increase of 2015 which indicates the consecutive rebound growth of six years since the recession in 2009. The advanced solar battery technology of Sol Chip will usher huge business opportunities, and the gross margin in the next four years is expected to increase from 25% to 45%.

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

BUSINESS PROSPECTS *(continued)*

江蘇農華智慧農業科技股份有限公司 (Jiangsu Nonghua Intelligent Agriculture Technology Co., Ltd.) (“NH Intelligent”) (a company wholly-owned by Mr. Lo Siu Yu, the chairman of the Company and his spouse) targets at becoming a comprehensive agricultural service provider, and currently owns three platforms including Nongyi cloud, agricultural products traceability as well as agriculture IOT, and its business will involve the agricultural informatisation and IOT applications. In addition, NH Intelligent holds 60% equity interest of 上海農易信息技術有限公司 (Shanghai Nongyi Information Technology Co., Ltd.) (“Shanghai Nongyi”). Shanghai Nongyi primarily engages in software development of agricultural farming informatisation, systems integration and information service and other aspects, wherein some products have been already applied and promoted all over the country including agricultural comprehensive service information inquiry system, agricultural safety traceability platform, agricultural e-commerce platform, integrated management platform for agriculture IOT and others.

After Super Dynasty’s successful purchase of Sol Chip’s shares, it will start cooperation with Shanghai Nongyi and NH Intelligent to fulfill the advantages complementation, and strive to provide a variety of advanced agricultural equipment and agricultural informatisation services for agriculture, rural areas and farmers to make the Sol Chip turn to be excellent agricultural enterprises. Should the relevant cooperation constitute connected transactions in the future, the Company will make an announcement in accordance with the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had a total of 50 (31 December 2014: 50) 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 2015, the Group had cash and cash equivalents of approximately HK\$291.4 million (31 December 2014: HK\$217.3 million). Management believes that the Group has sufficient cash and cash equivalents to fund its operations and future development. As at 30 June 2015, the current ratio of the Group, representing current assets divided by current liabilities, was 14.6 (31 December 2014: 15.1).

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 2015, the Group's total borrowings exceeded the cash and cash equivalents by HK\$103.8 million (31 December 2014: cash and cash equivalents exceeded the total borrowings by HK\$41.9 million), as a result of Dongkui business entered into two three-year loans with banks as its general working capital.

Capital structure

As at 30 June 2015, the Group's current and non-current bank borrowings and loans and finance lease liabilities amounted to HK\$37.6 million (31 December 2014: HK\$25.4 million) and HK\$357.6 million (31 December 2014: HK\$150.0 million) respectively. All the bank borrowings bore interest at floating rates.

The Group did not use any derivatives to hedge its exposure to interest rate risks for the six months ended 30 June 2015 and the year ended 31 December 2014.

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 2015, the Group pledged its investment property with total carrying amounts of approximately HK\$390.3 million (31 December 2014: HK\$389.7 million) 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 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 30 June 2015 and 31 December 2014, the Group had no capital commitment.

As at 30 June 2015, the total future minimum lease payments under non-cancellable operating leases for properties amounted to HK\$2.0 million (31 December 2014: HK\$3.1 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 30 June 2015 and 31 December 2014.

Interim dividend

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: same).

Warrant

On 14 August 2015, an extraordinary general meeting was held to approve an issue of 20,000,000 warrant to Haitong International Finance Company Limited. The exercise price of the warrant is HK\$0.6975. Upon full exercise of the warrants, a maximum of 20,000,000 warrant shares will be issued, representing (i) approximately 1.570% of the Company's issued share capital of 1,274,038,550 shares; and (ii) approximately 1.546% of the Company's issued share capital as enlarged by the issue of the warrant shares. For details, please refer to the circular dated 29 July 2015.

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 2015, 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 2015:

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 2015, 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.

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 2015 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 2015	No. of options granted during the six months ended 30 June 2015	No. of options exercised/ cancelled/ lapsed during the six months ended 30 June 2015	No. of options outstanding as at 30 June 2015	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:

1. 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.
2. 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 2015, 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 2015, 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 2015.

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 2015, save for deviation from Code Provision A.4.1 and Code Provision E.1.2 as disclosed below:

OTHER INFORMATION *(continued)*

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 2015, 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 2015.

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 2015 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.

OTHER INFORMATION *(continued)*

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

* *for identification purpose only*

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

	Note	For the six months ended	
		30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Continuing operations			
Revenue	5	12,656	10,807
Cost of sales		(1,211)	(605)
Staff costs	6	(6,528)	(7,080)
Operating lease rentals		(1,290)	(1,988)
Utilities expenses		(23)	(27)
Depreciation of property, plant and equipment		(491)	(556)
Repair and maintenance		(14)	(63)
Other gains/(losses)-net	7	3,835	(12,721)
Other operating expenses	8	(12,045)	(4,959)
Other income	9	2,300	-
Operating loss		(2,811)	(17,192)
Finance income	10	27,382	17,755
Finance costs	10	(18,492)	(7,101)
Finance income – net	10	8,890	10,654
Profit/(loss) before income tax		6,079	(6,538)
Income tax expense	11	(1,428)	(987)
Profit/(loss) for the period from continuing operations		4,651	(7,525)
Discontinued operation			
Loss for the period from discontinued operation	21	-	(901)
Profit/(loss) for the period		4,651	(8,426)
Profit/(loss) attributable to:			
Equity holders of the Company		2,686	(9,314)
Non-controlling interests		1,965	888
		4,651	(8,426)
Profit/(loss) attributable to equity holders of the Company arises from:			
Continuing operations	12	2,686	(8,413)
Discontinued operation	21	-	(901)
		2,686	(9,314)

CONDENSED CONSOLIDATED INCOME STATEMENT *(continued)*

For the six months ended 30 June 2015

		For the six months ended	
		30 June	30 June
		2015	2014
	Note	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
		HK cents	HK cents
Basic and diluted earnings/(losses) per share attributable to equity holders of the Company from:			
	12		
Continuing operations		0.21	(0.66)
Discontinued operation		-	(0.07)
From continuing and discontinued operations		0.21	(0.73)

The notes on pages 23 to 42 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Profit/(loss) for the period	4,651	(8,426)
Other comprehensive loss:		
Item that may be reclassified to profit or loss:		
Currency translation differences	(1,067)	(10,608)
Other comprehensive loss for the period, net of tax	(1,067)	(10,608)
Total comprehensive income/(loss) for the period	3,584	(19,034)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of the Company	1,196	(16,740)
Non-controlling interests	2,388	(2,294)
Total comprehensive income/(loss) for the period	3,584	(19,034)
Total comprehensive income/(loss) attributable to equity holders of the Company arises from:		
Continuing operations	1,196	(15,839)
Discontinued operation	–	(901)
	1,196	(16,740)

The notes on pages 23 to 42 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,683	2,149
Investment property	15	390,293	389,688
Intangible assets		7,723	7,932
Long term investment	16	31,200	–
Deferred income tax assets		7,053	5,687
Loan receivables		93,142	47,844
Rental deposits		648	648
		531,742	453,948
Current assets			
Loan receivables	17	99,021	33,800
Due from related companies	18	459,398	471,720
Deposits, prepayments and other receivables		9,564	8,828
Financial assets at fair value through profit or loss		34,408	17,363
Cash and cash equivalents		291,434	217,313
		893,825	794,024
Total assets		1,425,567	1,202,972
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	19	1,174,378	1,174,378
Deficit		(378,075)	(379,271)
		796,303	795,107
Non-controlling interests		210,533	208,145
Total equity		1,006,836	1,003,252

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2015

	<i>Note</i>	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings and loans	20	357,500	149,880
Finance lease liabilities		133	133
		357,633	150,013
Current liabilities			
Other payables and accrued charges		15,017	19,427
Income tax payable		8,451	4,899
Bank borrowings and loans	20	37,500	24,980
Finance lease liabilities		130	401
		61,098	49,707
Total liabilities		418,731	199,720
Total equity and liabilities		1,425,567	1,202,972
Net current assets		832,727	699,317
Total assets less current liabilities		1,364,469	1,153,265

The notes on pages 23 to 42 are an integral part of these condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Net cash used in operating activities	(94,592)	(493,170)
Net cash (used in)/generated from investing activities	(32,522)	18,291
Net cash generated from/(used in) financing activities	201,128	(19,451)
Net increase/(decrease) in cash and cash equivalents	74,014	(494,330)
Cash and cash equivalents at 1 January 2015 and 1 January 2014 respectively	217,313	720,566
Effect of foreign exchange rate changes	107	(4,986)
Cash and cash equivalents at 30 June 2015 and 30 June 2014	291,434	221,250

The notes on pages 23 to 42 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 2015

Equity attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Other reserve HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2015	127,404	1,046,974	(409,968)	2,962	18,546	9,189	795,107	208,145	1,003,252
Profit for the period	-	-	-	-	2,686	-	2,686	1,965	4,651
Other comprehensive (loss)/income									
Currency translation differences	-	-	-	(1,490)	-	-	(1,490)	423	(1,067)
Total comprehensive (loss)/income	-	-	-	(1,490)	2,686	-	1,196	2,388	3,584
At 30 June 2015	127,404	1,046,974	(409,968)	1,472	21,232	9,189	796,303	210,533	1,066,836
At 1 January 2014	127,404	1,046,974	(409,968)	12,221	48,314	9,189	634,134	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	-	-	-	(7,426)	(9,314)	-	(16,740)	(2,294)	(19,034)
At 30 June 2014	127,404	1,046,974	(409,968)	4,795	39,000	9,189	817,394	128,654	946,048

The notes on pages 23 to 42 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.

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 東葵融資租賃(上海)有限公司 (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. Further on 2 March 2015, the Group, entered into the capital injection agreement and agreed to inject US\$23.3 million in Shanghai Dongkui as additional capital. Upon completion of the additional capital injection by the Group, Shanghai Dongkui is 77.58% owned by 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”).

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 26 August 2015.

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 2015 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 2014, 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 2014.

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 2014, as described in those annual financial statements.

Annual Improvements Project	Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2011-2013 Cycle
Annual Improvements Project	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed financial statements.

3. Accounting policies *(continued)*

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 2015 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
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1 January 2016
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10, HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its associate or Joint Venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016
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 as at 31 December 2014.

There have been no changes in the risk management policies since year end.

4. Financial risk management *(continued)*

4.2 Liquidity risk

Compared to the year ended 31 December 2014, there was a material change in the contractual undiscounted cash out flows for financial liabilities. Two new three-year bank borrowings of RMB10.0 million (equivalent to approximately HK\$12.5 million) and RMB20.0 million (equivalent to approximately HK\$25.0 million) and bonds payables of HK\$195.0 million were generated.

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 2015 and 31 December 2014.

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Financial assets at fair value through profit or loss	34,408	17,363

For the six months ended 30 June 2015, 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.

During the period ended 30 June 2015, the Group is principally engaged in (i) investment property holding in the PRC and (ii) the Dongkui business. Following the cessation of the Group’s restaurant operation, the Group has two continuing reportable segments: investment property holding and Dongkui business, 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
	2015	2014
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Continuing operations:		
Investment property holding	4,813	10,807
Dongkui business	7,843	–
	12,656	10,807
Discontinued operation:		
Restaurant operation	–	8,801

5. Revenue and segment information *(continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2015 and 30 June 2014 is as follows:

	Continuing operations			Discontinued operation
	Investment property holding HK\$'000	Dongkui Business HK\$'000	Total HK\$'000	Restaurant operation HK\$'000
For the six months ended 30 June 2015 (unaudited)				
Revenue from external customers	4,813	7,843	12,656	-
Depreciation of property, plant and equipment	(5)	(2)	(7)	-
Finance income	7,060	3,320	10,380	-
Finance costs	(7,380)	(2,751)	(10,131)	-
Segment results	(371)	5,157	4,786	-
Income tax expense	1,359	(1,312)	47	-
For the six months ended 30 June 2014 (unaudited)				
Revenue from external customers	10,799	-	10,799	8,801
Depreciation of property, plant and equipment	(5)	-	(5)	(263)
Loss on disposal of property, plant and equipment	-	-	-	(384)
Finance income	4,774	-	4,774	-
Finance costs	(7,077)	-	(7,077)	-
Segment results	3,947	-	3,947	(901)
Income tax expense	(987)	-	(987)	-

5. 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
As at 30 June 2015 (unaudited)				
Segment assets	582,455	437,902	1,020,357	-
Segment liabilities	(167,032)	(38,362)	(205,394)	-
As at 31 December 2014 (audited)				
Segment assets	580,608	215,380	795,988	-
Segment liabilities	(179,806)	(1,350)	(181,156)	-

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

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Continuing operations:		
Segment results	4,786	3,947
Depreciation of property, plant and equipment	(485)	(551)
Finance income – net	8,641	12,957
Staff costs	(4,741)	(5,037)
Corporate expenses	(2,122)	(17,854)
Profit/(loss) before income tax	6,079	(6,538)

5. Revenue and segment information *(continued)*

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

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Segment assets	1,020,357	795,988
Unallocated:		
Property, plant and equipment	1,636	2,121
Financial assets at fair value through profit or loss	7,570	11,827
Cash and cash equivalents	26,304	46,224
Due from related companies	326,836	471,720
Other assets	42,864	9,345
Total unallocated assets	405,210	541,237
Elimination of inter-company receivables	–	(134,253)
Total assets	1,425,567	1,202,972

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

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Segment liabilities	205,394	181,156
Unallocated:		
Bond payable	195,000	–
Finance lease liabilities	263	534
Income tax payable	7,928	4,377
Other liabilities	10,146	13,653
Total liabilities	418,731	199,720

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 and Dongkui business segments are derived in the PRC. All of 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 and Dongkui business segments are located in the PRC.

6. Staff costs

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Wages and salaries, including directors' fees	5,509	6,039
Retirement benefit costs – defined contribution schemes	509	257
Other staff costs	510	784
	6,528	7,080

7. Other gains/(losses) – net

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Net exchange gains/(losses)	1,477	(12,198)
Fair value gains/(losses) on financial assets at fair value through profit or loss	2,358	(523)
	3,835	(12,721)

8. Expenses by nature

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Legal and professional expenses	2,202	452
Consumables	2	7
Insurance expenses	86	87
Occupancy expenses (other than operating lease rentals)	264	303
Promotion expenses	1,142	1,229
Business and other taxes	1,418	1,345
Other expenses	6,931	1,536
Other operating expenses	12,045	4,959

9. Other income

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Reimbursement of tax expenses from a related company (Note 18)	2,300	–

10. Finance income and costs

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Finance costs:		
– Bank borrowings wholly repayable within five years	(10,131)	(7,077)
– Bonds payables	(8,351)	–
– Finance lease liabilities	(10)	(24)
Finance costs	(18,492)	(7,101)
Finance income:		
– Interest income from bank deposits	794	2,529
– Interest income from due from a related company	23,464	15,226
– Others	3,124	–
Finance income	27,382	17,755
Finance income – net	8,890	10,654

11. Income tax expense

	30 June 2015		For the six months ended			Total HK\$'000
	Continuing operations	Discontinued operation	Total HK\$'000	Continuing operations	Discontinued operation	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Current income tax						
Hong Kong profits tax	-	-	-	-	-	-
PRC corporate income tax	(1,428)	-	-	(987)	-	(987)
Deferred income tax	-	-	-	-	-	-
	(1,428)	-	-	(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 2015 as there was no estimated assessable profit for the period (2014: 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%.

12. Earnings/(losses) per share

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

	For the six months ended	
	30 June 2015 HK\$'000 (unaudited)	30 June 2014 HK\$'000 (unaudited)
Profit/(loss) attributable to equity holders of the Company arises from:		
Continuing operations	2,686	(8,413)
Discontinued operation	-	(901)
	2,686	(9,314)
Weighted average number of ordinary shares in issue	1,274,038,550	1,274,038,550

Employee share options outstanding at 30 June 2015 and 30 June 2014 would have an anti-dilutive effect on earning/(loss) per share.

13. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: same).

14. Property, plant and equipment

	Property, plant and equipment HK\$'000 (unaudited)
For the six months ended 30 June 2015	
Opening net book value, as at 1 January 2015	2,149
Exchange differences	–
Additions	26
Depreciation	(492)
Closing net book value, as at 30 June 2015	1,683
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

15. Investment property

	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
At fair value		
At 1 January	389,688	433,920
Additions	293	–
Exchange differences	312	(10,509)
At 30 June	390,293	423,411

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 2015. As at 30 June 2015, 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 2015, 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 2015, the investment property with net book value of HK\$390,293,000 was pledged as collateral for a Group's bank facility of HK\$162,500,000 (Note 20).

16. Long term investment

On 8 June 2015, the Company signed a share purchase agreement (the “Purchase Agreement”) with Sol Chip Limited (a company incorporated in Israel with limited liability) (“Sol Chip”) through its wholly-owned subsidiary, Super Dynasty Investment Limited (a company incorporated in Hong Kong with limited liability) (“Super Dynasty”).

On 17 June 2015, Super Dynasty invested US\$4 million (equivalent to approximately HK\$31,200,000) to purchase the Preferred B-1 Shares which constituted, immediately following the closing, 27.78% of the share capital of Sol Chip on a fully diluted basis.

17. Loan receivables

During the current period, Shanghai Dongkui advanced three loans of RMB71.0 million (equivalent to approximately HK\$88.8 million), RMB44.3 million (equivalent to approximately HK\$55.3 million) and RMB23.3 million (equivalent to approximately HK\$29.2 million) to three customers including one coal mining company and two hospitals respectively under sale-and-lease-back arrangements. Such loans are secured by the customers’ coal mining production equipment and medical facilities, interest-bearing at 12.7% – 13.06% per annum and repayable by instalments range within three and five years from the draw-down date.

18. Due from related companies

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Entrusted Loan to a related company (Note a)	450,000	449,640
Interest income receivable from a related company	1,313	1,305
Earnest money (Note b)	–	15,000
Reimbursement for tax expenses (Note c)	8,085	5,775
	459,398	471,720

18. Due from related companies (continued)

Notes:

(a) On 9 December 2013, the Company, Chongqing Baoxu Commercial Property Management Limited (“Chongqing Baoxu”), a subsidiary and Chongqing Doyen Holdings Group Co., Ltd. (“Chongqing Doyen”), a company incorporated in the PRC and wholly owned by Mr. Lo Siu Yu (“Mr. Lo”), Chairman, executive Director and controlling shareholder of the Company, entered into a loan agreement whereby the Company agreed to advance a loan of RMB360 million through a licensed bank in the PRC (the “Entrusted Loan”) to Chongqing Doyen. Such loan was unsecured, interest-bearing at 9.5% per annum and repayable within one year from the draw-down date, which was 26 January 2014. On 23 January 2015, such loan was fully repaid. On the same date, the Group extended two loans with the same amount in aggregate (RMB360 million) to Chongqing Doyen pursuant to two loan agreements signed on 21 November 2014 and approval by the Company’s shareholders on 23 January 2015 (Note 23).

(b) On 14 April 2014, the Group entered into a memorandum of understanding (“MOU”) through Super Dynasty with 上海東勝股權投資有限公司 (Shanghai Dongsheng Equity Investment Company Limited*) (“Shanghai Dongsheng”), a company incorporated in the PRC and controlled by Mr. Lo and his spouse, which also owns 12.5% interests in Shanghai Dongkui. The MOU set out the major principal terms for 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”), a company incorporated in the PRC, which is owned by Shanghai Dongsheng and the proposed cooperation to develop financial and investment business in the PRC with further terms and conditions to be agreed.

In consideration of the exclusive negotiation right and the undertaking by Shanghai Dongsheng that it will facilitate Super Dynasty’s due diligence process in relation to Shanghai Zhongshengda, the Group paid HK\$15 million to Shanghai Dongsheng through Super Dynasty as earnest money for the proposed acquisition.

Such earnest money was non-interest bearing and is repayable (i) within 10 business days upon expiring of the MOU on 14 April 2015 or (ii) as part of the consideration should the acquisition be successful. If repayment is not made within 10 business days after the MOU is terminated, the earnest money is interest bearing at 10% per annum from the date of default up to the date of full repayment, both days inclusive.

On 14 April 2015, the Group decided to terminate the MOU and the Supplemental MOUs on the basis of prudent investment principle and such earnest money was fully refunded.

(c) Under the loan agreement as mentioned in Note 18(a) above, Chongqing Doyen would reimburse any tax expenses relevant to the advancement of the entrusted loan to the Group in order that the Group receives the full loan principal together with the interest income. Accordingly, the Group recorded other income amounting to HK\$2,300,462 (31 December 2014: HK\$5,826,000) during the current period, which represented the relevant tax payable as recorded by the Company in the current period, including corporate income tax amounting to HK\$1,474,655 (31 December 2014: HK\$3,735,000) and business tax amounting to HK\$825,807 (31 December 2014: HK\$2,091,000), in respect of the interest income being received by the Group from such entrusted loan. Such corporate income tax and business tax has been recorded in the Group’s consolidated income statement for the current period.

19. Share capital

	As at 30 June 2014 Number of share (unaudited)	As at 31 December 2014 Number of share (audited)
Authorised: Ordinary shares of HK\$0.1 each	5,000,000,000	5,000,000,000
	HK\$'000 (unaudited)	HK\$'000 (audited)
Issued and fully paid: 1,274,038,550 ordinary shares of HK\$0.1 each	1,174,378	1,174,378

20. Bank borrowings and loans

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Non-current:		
Bank borrowings, secured	162,500	149,880
Bonds payables, unsecured	195,000	–
Current:		
Bank borrowings, secured	37,500	24,980
	395,000	174,860

The Group's bank borrowings and loans were repayable as follows:

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Within one year	37,500	24,980
After one year and within five years	320,000	99,920
Over five years	37,500	49,960
	395,000	174,860

20. Bank borrowings and loans *(continued)*

As at 30 June 2015, the Group's investment property amounting to approximately HK\$390,293,000 (31 December 2014: approximately HK\$389,688,000) was pledged to secure a bank facility of HK\$162,500,000 (31 December 2014: HK\$174,860,000).

The bank borrowing was denominated in RMB and bore floating interest rate during the six months ended 30 June 2015 and 30 June 2014.

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.

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 face value of HK\$195 million. Such bond has been fully issued as at 22 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, director and controlling shareholder of the Company.

21. 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 is set out below. The income statement distinguish discontinued operation from continuing operations. Comparative figures have been restated.

21. Discontinued Operation *(continued)*

Income statement information

	For the six months ended	
	30 June 2015 HK\$'000	30 June 2014 HK\$'000
Revenue	–	8,801
Cost of sales	–	(2,239)
Staff costs	–	(3,142)
Operating lease rentals	–	(1,597)
Utility expenses	–	(644)
Depreciation of property, plant and equipment	–	(263)
Loss on disposal of property, plant and equipment	–	(384)
Repair and maintenance	–	(58)
Other operating expenses	–	(1,375)
Operating loss	–	(901)
Finance costs	–	–
Loss before income tax	–	(901)
Income tax	–	–
Loss from discontinued operation	–	(901)
Loss from discontinued operation attributable to equity holders of the Company	–	(901)

22. Commitments

(a) Capital commitment

There is no capital commitment as at 30 June 2015 and 31 December 2014.

(b) Operating lease commitments

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

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Within one year	1,978	2,217
After one year and within five years	–	899
	1,978	3,116

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

23. Related party transactions

Major and Connected Transactions

On 2 March 2015, East Profit Global Investments Limited, an indirect wholly owned subsidiary of the Company (“East Profit Investments”), entered into the capital injection agreement with Shanghai Dongsheng, 江蘇江淮動力股份有限公司 (Jiangsu Jianghuai Engine Co., Ltd) (Stock code in Shenzhen Stock Exchange: 000816), a company incorporated in the PRC with limited liability, the issued shares of which are listed on the Shenzhen Stock Exchange and Dongkui Shanghai, pursuant to which, East Profit Investments agreed to inject US\$23,300,000 in Dongkui Shanghai as additional capital, representing approximately 45.42% of the enlarged registered capital of Dongkui Shanghai after the additional capital injection. Upon completion of the additional capital injection by East Profit Investments, the registered capital of Dongkui Shanghai will be increased from US\$28,000,000 to US\$51,300,000 and owned as to 77.58% by East Profit Investments. For details, please refer to the circular dated 2 April 2015.

23. Related party transactions *(continued)*

Major and Connected Transactions *(continued)*

On 21 November 2014, 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 RMB255,000,000 to Doyen. Such Loan is unsecured and interest-bearing at 10.5% per annum and repayable within one year from the draw-down date. On 23 January 2015, 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 Company and its subsidiary, Chongqing Baoxu, entrusted a licensed bank in the PRC to advance the Loan to the Borrower by way of entrusted loan in accordance with the applicable PRC laws and regulations and practices. The loan balance has been advanced to Doyen in accordance with the Loan Agreement on 23 January 2015. For details, please refer to the circular dated 7 January 2015.

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

24. Major Transaction

As announced on 23 April 2015, the Group disposed the shares of Huishang Bank Corporation Limited in a series of transactions conducted during the period from 2 December 2014 to 23 April 2015 for an aggregate gross sale proceeds of approximately HK\$14.9 million (exclusive of transaction costs). For details, please refer to the circular dated 4 June 2015.

25. Event after the date of statement of financial position

Issue of warrants

On 14 August 2015, an extraordinary general meeting was held to approve an issue of 20,000,000 warrant to Haitong International Finance Company Limited. The exercise price of the warrant is HK\$0.6975. Upon full exercise of the warrants, a maximum of 20,000,000 warrant shares will be issued, representing (i) approximately 1.570% of the Company’s issued share capital of 1,274,038,550 shares; and (ii) approximately 1.546% of the Company’s issued share capital as enlarged by the issue of the warrant shares. For details, please refer to the circular dated 29 July 2015.

* for identification purpose only