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# 東原

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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)**

## **MAJOR AND CONNECTED TRANSACTION RELATING TO THE ADVANCEMENT OF LOANS**

### **(1) THE ADVANCEMENT OF LOAN BY THE COMPANY**

The Board is pleased to announce that on 21 November 2014 (after trading hours), the Company entered into the Dowell Loan Agreement with the Borrower, a company wholly-owned by Mr. Lo and his spouse, Ms. Chiu, pursuant to which the Company has agreed to advance a loan in the amount of RMB255,000,000.00 (i.e. the Dowell Loan) to the Borrower. The Dowell Loan will be used exclusively by the Borrower as its general working capital. The Company will through its subsidiary, Chongqing Baoxu entrust a licensed bank in the PRC to advance the Dowell Loan to the Borrower by way of entrusted loan in accordance with the applicable PRC laws and regulations and practices. Such PRC bank will receive handling charges which will be borne by the Borrower.

### **(2) THE ADVANCEMENT OF LOAN BY CHONGQING BAOXU**

The Board is pleased to announce that on 21 November 2014 (after trading hours) Chongqing Baoxu entered into the Baoxu Loan Agreement with the Borrower, a company wholly-owned by Mr. Lo and his spouse, Ms. Chiu, pursuant to which Chongqing Baoxu has agreed to advance a loan in the amount of RMB105,000,000.00 (i.e. the Baoxu Loan) to the Borrower. The Baoxu Loan will be used exclusively by the Borrower as its general working capital. Chongqing Baoxu will entrust a licensed bank in the PRC to advance the Baoxu Loan to the Borrower by way of entrusted loan in accordance with the applicable PRC laws and regulations and practices. Such PRC bank will receive handling charges which will be borne by the Borrower.

## GENERAL

The advancement of the Dowell Loan and the Baoxu Loan, in aggregate, and together with the Past Transaction will constitute a major transaction for the Company under Rule 14.07 of the Listing Rules on the basis that certain of the applicable percentage ratios are more than 25%.

Furthermore, given that approximately 77.78% and 22.22% of the equity interest of the Borrower is owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement, and Mr. Lo is an executive Director, the Chairman and the Controlling Shareholder of the Company, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of the advancement of the Dowell Loan and the Baoxu Loan also constitutes a connected transaction for the Company pursuant to Rule 14A.23 and Rule 14A.24(4) of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Mr. Lo and his associates (beneficially interested in an aggregate of 780,013,018 Shares, representing approximately 61.22% of the entire issued share capital of the Company as at the date of this announcement) shall abstain from voting on the proposed resolutions to approve the advancement of the Dowell Loan and the Baoxu Loan at the EGM. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the advancement of the Dowell Loan and the Baoxu Loan and the transactions contemplated thereunder. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

It is expected that a circular containing, among other things, (i) further information on the advancement of the Dowell Loan and the Baoxu Loan; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the advancement of the Dowell Loan and the Baoxu Loan and the transactions contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 12 December 2014 in accordance with the Listing Rules.

**As the advancement of the Dowell Loan and the Baoxu Loan are subject to the satisfaction of the conditions precedent under the Dowell Loan Agreement and the Baoxu Loan Agreement respectively, the advancement of the Dowell Loan and the Baoxu Loan may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## (1) THE ADVANCEMENT OF LOAN BY THE COMPANY

The Board is pleased to announce that on 21 November 2014 (after trading hours), the Company entered into the Dowell Loan Agreement with the Borrower, a company wholly-owned by Mr. Lo and his spouse, Ms. Chiu, pursuant to which the Company has agreed to advance a loan in the amount of RMB255,000,000.00 (i.e. the Dowell Loan) to the Borrower. The Dowell Loan will be used exclusively by the Borrower as its general working capital. The Company will through its subsidiary, Chongqing Baoxu, entrust a licensed bank in the PRC to advance the Dowell Loan to the Borrower by way of entrusted loan in accordance with the applicable PRC laws and regulations and practices. Such PRC bank will receive handling charges which will be borne by the Borrower.

### THE DOWELL LOAN AGREEMENT

**Date:** 21 November 2014

**Lender:** The Company

**Borrower:** 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.\*), a company established with limited liability under the laws of the PRC and approximately 77.78% and 22.22% of its equity interest is owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement. Mr. Lo is an executive Director, the Chairman and the Controlling Shareholder of the Company. Mr. Lo and his associates are beneficially interested in an aggregate of approximately 61.22% of the total issued share capital of the Company as at the date of this announcement. Thus, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. It is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, digital information technology product manufacturing and property investment and development.

**Principal Loan Amount:** RMB255,000,000.00 will be advanced to the Borrower through a bank appointed by the Company's subsidiary, Chongqing Baoxu.

**Term:** A period of one year commencing from the date of advancement of the Dowell Loan (or such other date as shall be agreed to by the Company and the Borrower in writing prior to the Dowell Maturity Date).

- Purpose:** The Dowell Loan shall be applied and used exclusively by the Borrower as its general working capital.
- Interest:** 10.5% per annum.
- Repayment:** The Borrower shall pay the above-mentioned interest of the Dowell Loan to the Company quarterly on the last day of each interest period. The first interest period starts from the date of advancement of the Dowell Loan up to 31 March 2015. Any interest period which would extend beyond the Dowell Maturity Date shall end on the Dowell Maturity Date. The principal amount of the Dowell Loan will be repaid on the Dowell Maturity Date.
- Governing Law:** Hong Kong law.
- Others:** In the event that the Borrower fails to pay any sum payable under the Dowell Loan Agreement when due, default interest and compound interest shall be charged on such sum from and including the due date up to the date of actual payment (after as well as before judgment) at the rate per annum to be the aggregate of the above-mentioned interest rate and 5% per annum.
- The Borrower shall pay all relevant fees and expenses in relation to the Dowell Loan as agreed by the Company and the Borrower.
- Conditions Precedent:** The Company shall advance the Dowell Loan to the Borrower subject to the condition that (i) no event of default or potential event of default contained in the Dowell Loan Agreement shall have occurred (or would be likely to occur as a result of the advancement of the Dowell Loan), (ii) all representations and warranties made by the Borrower in or in connection with the Dowell Loan Agreement shall be true and correct as at the date of advancement of the Dowell Loan, (iii) the Company shall have received the Dowell Loan Agreement duly executed by the Borrower and the relevant corporate documents and such other related documents the Company may reasonably request, and (iv) the Company has, according to the relevant applicable requirements under the Listing Rules, obtained the approval from its Independent Shareholders in relation to the entering into of the Dowell Loan Agreement and the transactions contemplated in the Dowell Loan Agreement.

## REASONS FOR THE ADVANCEMENT OF THE DOWELL LOAN

The Company would like to seize the opportunity to make short-term, low-risk investment before it can identify potential properties for investment in order to obtain greater returns for the Shareholders. The advancement of the Dowell Loan will provide interest income to the Group. The Dowell Loan will be recorded as loan receivable under current asset of the Group.

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser to be appointed by the Company) consider that the terms of the Dowell Loan Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## (2) THE ADVANCEMENT OF LOAN BY CHONGQING BAOXU

The Board is pleased to announce that on 21 November 2014 (after trading hours), Chongqing Baoxu entered into the Baoxu Loan Agreement with the Borrower, a company wholly-owned by Mr. Lo and his spouse, Ms. Chiu, pursuant to which Chongqing Baoxu has agreed to advance a loan in the amount of RMB105,000,000.00 (i.e. the Baoxu Loan) to the Borrower. The Baoxu Loan will be used exclusively by the Borrower as its general working capital. Chongqing Baoxu will entrust a licensed bank in the PRC to advance the Baoxu Loan to the Borrower by way of entrusted loan in accordance with the applicable PRC laws and regulations and practices. Such PRC bank will receive handling charges which will be borne by the Borrower.

### THE BAOXU LOAN AGREEMENT

**Date:** 21 November 2014

**Lender:** Chongqing Baoxu

**Borrower:** 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.\*), a company established with limited liability under the laws of the PRC and approximately 77.78% and 22.22% of its equity interest is owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement. Mr. Lo is an executive Director, the Chairman and the Controlling Shareholder of the Company. Mr. Lo and his associates are beneficially interested in an aggregate of approximately 61.22% of the total issued share capital of the Company as at the date of this announcement. Thus, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. It is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, digital information technology product manufacturing and property investment and development.

**Principal Loan Amount:** RMB105,000,000.00 will be advanced to the Borrower through a bank appointed by Chongqing Baoxu.

**Term:** A period of one year commencing from the date of advancement of the Baoxu Loan (or such other date as shall be agreed to by Chongqing Baoxu and the Borrower in writing prior to the Baoxu Maturity Date).

**Purpose:** The Baoxu Loan shall be applied and used exclusively by the Borrower as its general working capital.

**Interest:** 10.5% per annum

**Repayment:** The Borrower shall pay the above-mentioned interest of the Baoxu Loan to the Chongqing Baoxu quarterly on the last day of each interest period. The first interest period starts from the date of advancement of the Baoxu Loan up to 31 March 2015. Any interest period which would extend beyond the Baoxu Maturity Date shall end on the Baoxu Maturity Date. The principal amount of the Baoxu Loan will be repaid on the Baoxu Maturity Date.

**Governing Law:** Hong Kong law

**Others:** In the event that the Borrower fails to pay any sum payable under the Baoxu Loan Agreement when due, default interest and compound interest shall be charged on such sum from and including the due date up to the date of actual payment (after as well as before judgment) at the rate per annum to be the aggregate of the above-mentioned interest rate and 5% per annum.

The Borrower shall pay all relevant fees and expenses in relation to the Baoxu Loan as agreed by Chongqing Baoxu and the Borrower.

**Conditions Precedent:** Chongqing Baoxu shall advance the Baoxu Loan to the Borrower subject to the condition that (i) no event of default or potential event of default contained in the Baoxu Loan Agreement shall have occurred (or would be likely to occur as a result of the advancement of the Baoxu Loan), (ii) all representations and warranties made by the Borrower in or in connection with the Baoxu Loan Agreement shall be true and correct as at the date of advancement of the Baoxu Loan, (iii) Chongqing Baoxu shall have received the Baoxu Loan Agreement duly executed by the Borrower and the relevant corporate documents and such other related documents Chongqing Baoxu may reasonably request, and (iv) the the Company has, according to the relevant applicable requirements under the Listing Rules, obtained the approval from its Independent Shareholders in relation to the entering into of the Baoxu Loan Agreement and the transactions contemplated in the Baoxu Loan Agreement.

## **REASONS FOR THE ADVANCEMENT OF THE BAOXU LOAN**

The Company would like to seize the opportunity to make short-term, low-risk investment before it can identify potential properties for investment in order to obtain greater returns for the Shareholders. The advancement of the Baoxu Loan will provide interest income to the Group. The Baoxu Loan will be recorded as loan receivable under current asset of the Group.

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the independent financial adviser to be appointed by the Company) consider that the terms of the Baoxu Loan Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES REQUIREMENTS**

On 9 December 2013, the Company announced the Past Transaction, whereby the Company entered into a loan agreement for the advancement of a loan in the principal amount of RMB360,000,000.00 to the Borrower.

Since the counterparty of the Past Transaction, the Dowell Loan and the Baoxu Loan are the same (i.e. the Borrower) and all such transactions are expected to be completed within a 12 month period, they will be aggregated under Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions. As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the aggregation of such transactions are more than 25%, the transactions, in aggregate, will constitute a major transaction for the Company under Rule 14.07 of the Listing Rules on the basis that certain of the applicable percentage ratios are more than 25%.

The Company intends that the Dowell Loan and the Baoxu Loan will be advanced to the Borrower after the repayment of the loan in the Past Transaction by the Borrower in full.

Furthermore, given that approximately 77.78% and 22.22% of the equity interest of the Borrower is owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement, and Mr. Lo is an executive Director, the Chairman and the Controlling Shareholder of the Company, the Borrower is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of the advancement of the Dowell Loan and Baoxu Loan also constitutes a connected transaction for the Company pursuant to Rule 14A.23 and Rule 14A.24(4) of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements.

Mr. Lo and his associates (beneficially interested in an aggregate of 780,013,018 Shares, representing approximately 61.22% of the entire issued share capital of the Company as at the date of this announcement) shall abstain from voting on the proposed resolutions to approve the advancement of the Dowell Loan and the Baoxu Loan at the EGM. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the advancement of the Dowell Loan and the Baoxu Loan and the transactions contemplated thereunder. The Company will in due course appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

It is expected that a circular containing, among other things, (i) further information on the advancement of the Dowell Loan and the Baoxu Loan; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the advancement of the Dowell Loan and the Baoxu Loan and the transactions contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 12 December 2014 in accordance with the Listing Rules.

**As the advancement of the Dowell Loan and the Baoxu Loan are subject to the satisfaction of the conditions precedent under the Dowell Loan Agreement and the Baoxu Loan Agreement respectively, the advancement of the Dowell Loan and the Baoxu Loan may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **INFORMATION ON THE BORROWER**

The Borrower is a company established with limited liability under the laws of the PRC and approximately 77.78% and 22.22% of its equity interest is owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement. It is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, digital information technology product manufacturing and property investment and development.



## INFORMATION ON THE COMPANY, THE GROUP AND CHONGQING BAOXU

The Company is principally engaged in investment holding, and its subsidiaries are principally engaged in operation of a shopping mall.

Chongqing Baoxu is a company established in the PRC with limited liability, a non-wholly owned subsidiary of the Company, of which 70% of its equity interest is held by the Group. It is principally engaged in investment holding of Dong Dong Mall, a shopping arcade located at Chongqing, the PRC.

### DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

|                        |   |
|------------------------|---|
| “Baoxu Loan”           | a term loan in the principal amount of RMB105,000,000.00 granted by Chongqing Baoxu to the Borrower pursuant to the terms of the Baoxu Loan Agreement   |
| “Baoxu Loan Agreement” | a loan agreement dated 21 November 2014 entered into between Chongqing Baoxu and the Borrower, the details of which are set out in the section headed “The Baoxu Loan Agreement” in this announcement   |
| “Baoxu Maturity Date”  | the date falling one year from the date of advancement of the Baoxu Loan (or such other date as shall be agreed to by Chongqing Baoxu and the Borrower in writing prior to the Baoxu Maturity Date)   |
| “Board”                | the board of Directors  |
| “Borrower”             | 重慶東銀控股集團有限公司 (Chongqing Doyen Holdings Group Co., Ltd.*), a company established with limited liability under the laws of the PRC  |
| “Chairman”             | the chairman of the Company   |
| “Chongqing Baoxu”      | 重慶寶旭商業管理有限公司 (Chongqing Baoxu Commercial Property Management Limited*), a company established in the PRC with limited liability, the holding company of Dong Dong Mall and a non-wholly owned subsidiary of the Company as at the date of this announcement, of which 70% of its equity interest is held by the Group |

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|-------------------------------|---|
| “Company”                     | Dowell Property Holdings Limited (Stock code: 668), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange   |
| “connected person(s)”         | has the meaning ascribed to it under the Listing Rules  |
| “Controlling Shareholder(s)”  | controlling shareholder(s) (which has the meaning ascribed to it under the Listing Rules) of the Company  |
| “Directors”                   | directors of the Company  |
| “Dowell Loan”                 | a term loan in the principal amount of RMB255,000,000.00 granted by the Company to the Borrower pursuant to the terms of the Dowell Loan Agreement  |
| “Dowell Loan Agreement”       | a loan agreement dated 21 November 2014 entered into between the Company and the Borrower, the details of which are set out in the section headed “The Dowell Loan Agreement” in this announcement  |
| “Dowell Maturity Date”        | the date falling one year from the date of advancement of the Dowell Loan (or such other date as shall be agreed to by the Company and the Borrower in writing prior to the Dowell Maturity Date)   |
| “EGM”                         | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the Dowell Loan Agreement and the Baoxu Loan Agreement and the transactions contemplated thereunder                                |
| “Group”                       | the Company and its subsidiaries  |
| “Hong Kong”                   | Hong Kong Special Administrative Region of the PRC  |
| “Independent Board Committee” | the independent board committee of the Company whose members comprises all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Dowell Loan Agreement and the Baoxu Loan Agreement and the transactions contemplated thereunder |
| “Independent Shareholders”    | Shareholders other than Mr. Lo, Ms. Chiu and their associates   |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange   |

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|--------------------|---|
| “Mr. Lo”           | Mr. Lo Siu Yu, the spouse of Ms. Chiu, an executive Director, the Chairman and the Controlling Shareholder of the Company                                   |
| “Ms. Chiu”         | Ms. Chiu Kit Hung, the spouse of Mr. Lo   |
| “Past Transaction” | the advancement of loan in the principal amount of RMB360,000,000.00 to the Borrower by the Company as announced by the Company on 9 December 2013          |
| “PRC”              | the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB”              | Renminbi, the lawful currency of the PRC  |
| “Shareholders”     | shareholders of the Company   |
| “Shares”           | ordinary shares in the share capital of the Company   |
| “Stock Exchange”   | The Stock Exchange of Hong Kong Limited   |
| “%”                | per cent  |

By order of the Board  
**Dowell Property Holdings Limited**  
**Chen Yang**  
*Chief Executive Officer*

Hong Kong, 21 November 2014

*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*