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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 INVOLVING INJECTION OF ADDITIONAL CAPITAL INTO THE JV COMPANY

On 2 March 2015 (after trading hour), East Profit, an indirect wholly owned subsidiary of the Company, entered into the Capital Injection Agreement with Shanghai Dongsheng, Jianghuai Engine and the JV Company, pursuant to which, East Profit agreed to inject US\$23.3 million in the JV Company as additional capital, representing approximately 45.42% of the enlarged registered capital of the JV Company after the Additional Capital Injection. Upon completion of the Additional Capital Injection by East Profit, the registered capital of the JV Company will be increased from US\$28 million to US\$51.3 million. As at the date of this announcement, the JV Company is owned as to 12.50% by Shanghai Dongsheng, 28.57% by Jianghuai Engine and 58.93% by East Profit.

The Additional Capital Injection will be used by the JV Company as general working capital.

LISTING RULES IMPLICATIONS

The Additional Capital Injection pursuant to the Capital Injection Agreement together with the investment the Group previously had in the JV Company in aggregate will constitute a major transaction for the Company under Rule 14.07 of the Listing Rules since certain of the applicable percentage ratios are more than 25%, but all are less than 100%.

Given that Shanghai Dongsheng is wholly-owned by Chongqing Doyen and approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are 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, Shanghai Dongsheng is a connected person of the Company under Chapter 14A of the Listing Rules.

Given that approximately 41.06% of the equity interest of Jianghuai Engine is owned by Jiangsu Jiangdong and approximately 69.30% of the equity interest of Jiangsu Jiangdong is owned by Chongqing Doyen as at the date of this announcement, approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are 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, Jianghuai Engine is a connected person of the Company under Chapter 14A of the Listing Rules.

The Additional Capital Injection pursuant to the Capital Injection Agreement therefore constitutes a connected transaction of the Company under 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 resolution(s) to approve the Capital Injection Agreement and the transaction 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 Capital Injection Agreement and the transaction contemplated thereunder; (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 Capital Injection Agreement and the transaction contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 23 March 2015 in accordance with the Listing Rules.

As the Additional Capital Injection is subject to the satisfaction of the conditions precedent under the Capital Injection Agreement, the Additional Capital Injection 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.

THE JV COMPANY

On 14 August 2014 (after trading hours), East Profit, Jianghuai Engine and Shanghai Dongsheng entered into a joint venture agreement to establish a sino-foreign joint venture enterprise, the JV Company. The details of the formation of the JV Company are set out in the circular of the Company dated 8 October 2014. The JV Company was established on 27 August 2014.

ADDITIONAL CAPITAL INJECTION

On 2 March 2015, East Profit, an indirect wholly owned subsidiary of the Company, entered into the Capital Injection Agreement with Shanghai Dongsheng, Jianghuai Engine and the JV Company, pursuant to which, East Profit agreed to inject US\$23.3 million in the JV Company as additional capital, representing approximately 45.42% of the enlarged registered capital of the JV Company after the Additional Capital Injection. Upon completion of the Additional Capital Injection by East Profit, the registered capital of the JV Company will be increased from US\$28 million to US\$51.3 million.

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are as follows:

Date of the Capital Injection Agreement	:	2 March 2015
Parties to the Additional Capital Injection	:	(i) East Profit (ii) Shanghai Dongsheng (iii) Jianghuai Engine (iv) The JV Company
Additional Capital	:	US\$23.3 million
Settlement date of the Additional Capital Injection	:	Within two years of issue of the new business licence of the JV Company

Capital Contribution

Before the Additional Capital Injection by East Profit, the equity interest in the JV Company are as follow as at the date of this Announcement:

	Amount of Contribution <i>(US\$)</i>	Percentage <i>(%)</i>
East Profit	16.5 million	58.93
Shanghai Dongsheng	3.5 million	12.50
Jianghuai Engine	8 million	28.57
Total	28 million	100

Upon completion of the Additional Capital Injection by East Profit, the equity interest in the JV Company will be as follow:

	Amount of Contribution <i>(US\$)</i>	Percentage <i>(%)</i>
East Profit	39.8 million	77.58
Shanghai Dongsheng	3.5 million	6.83
Jianghuai Engine	8.0 million	15.59
Total	51.3 million	100

Conditions precedent

Completion of the Capital Injection Agreement shall be conditional upon the following matters:

- (1) the passing of resolution(s) by the Independent Shareholders of the Company in accordance with the Listing Rules and all applicable laws at an extraordinary general meeting of the Company to be convened approving the Capital Injection Agreement and the transaction contemplated thereunder;
- (2) all necessary consents and approvals from any relevant PRC governmental or regulatory authority or agency for the transactions contemplated under the Capital Injection Agreement having been obtained and all registration procedures in relation to the Capital Injection Agreement and other related documents (if any) duly completed;
- (3) all requirements from the memorandum and articles of association of East Profit and the Company, all applicable laws and regulations in the PRC have been complied with; and
- (4) all consents and approvals (if any) from the third parties in relation to the Capital Injection Agreement and the transaction contemplated thereunder.

REASONS FOR THE ADDITIONAL CAPITAL INJECTION

The Company has been looking for suitable investment or business opportunities to diversify the business of the Group with an objective to broaden the Group's income sources. The Group has previously invested in the JV Company and the JV Company needs additional capital to develop its business. The Company considers that further investing in the JV Company is a suitable opportunity for 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 Capital Injection Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Additional Capital Injection pursuant to the Capital Injection Agreement together with the investment the Group previously had in the JV Company 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%, but all are less than 100%.

Given that Shanghai Dongsheng is wholly-owned by Chongqing Doyen and approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are 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, Shanghai Dongsheng is a connected person of the Company under Chapter 14A of the Listing Rules.

Given that approximately 41.06% of the equity interest of Jianghuai Engine is owned by Jiangsu Jiangdong and approximately 69.30% of the equity interest of Jiangsu Jiangdong is owned by Chongqing Doyen as at the date of this announcement, approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are 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, Jianghuai Engine is a connected person of the Company under Chapter 14A of the Listing Rules.

The Additional Capital Injection pursuant to the Capital Injection Agreement therefore constitutes a connected transaction of the Company under 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 resolution(s) to approve the Capital Injection Agreement and the transaction contemplated thereunder at the EGM. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Capital Injection Agreement and the transaction 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 Capital Injection Agreement and the transaction contemplated thereunder; (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 Capital Injection Agreement and the transaction contemplated thereunder; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 23 March 2015 in accordance with the Listing Rules.

INFORMATION ON SHANGHAI DONGSHENG

Shanghai Dongsheng is a company established with limited liability under the laws of the PRC and is wholly-owned by Chongqing Doyen and approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement.

Shanghai Dongsheng is principally engaged in equity investment, equity investment management and investment consulting, and its subsidiaries are principally engaged in financial investment and asset management business.

Chongqing Doyen is principally engaged in investment holding, and its subsidiaries are principally engaged in special vehicle manufacturing, machine manufacturing, energy mining and property investment and development, etc.

INFORMATION ON JIANGHUAI ENGINE

Jianghuai Engine (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. Approximately 41.06% of the equity interest of Jianghuai Engine is owned by Jiangsu Jiangdong and approximately 69.30% of the equity interest of Jiangsu Jiangdong is owned by Chongqing Doyen as at the date of this announcement. Approximately 77.78% and 22.22% of the equity interest of Chongqing Doyen are owned by Mr. Lo and his spouse, Ms. Chiu, respectively as at the date of this announcement.

Jianghuai Engine is principally engaged in the production of agricultural machine, gardening machine and power engine and facility leasing, etc.

Jiangsu Jiangdong is principally engaged in investment holding.

INFORMATION ON EAST PROFIT, THE COMPANY AND THE GROUP

East Profit is principally engaged in financial investment.

The Company is principally engaged in investment holding, and the Group is principally engaged in the property investment business including operation of a shopping mall and financial leasing.

INFORMATION ON THE JV COMPANY

The JV Company is principally engaged in financial leasing.

Based on the unaudited management accounts of the JV Company made up to 31 December 2014, the net asset value of the JV Company as at 31 December 2014 was approximately RMB173.0 million (equivalent to approximately HK\$214.6 million). The unaudited net profits before and after taxation were approximately RMB1,227,000 (equivalent to approximately HK\$1,522,000) and RMB920,000 (equivalent to approximately HK\$1,141,000) respectively.

DEFINITIONS

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

“Additional Capital”	the sum of US\$23.3 million to be injected in the JV Company as additional capital
“Additional Capital Injection”	the injection of the Additional Capital in the JV Company as pursuant to the Capital Injection Agreement
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Capital Injection Agreement”	the capital injection agreement dated 2 March 2015 entered into among East Profit, Shanghai Dongsheng and Jianghuai Engine in respect of the Additional Capital Injection
“Chairman”	the chairman of the Company
“Chongqing Doyen”	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
“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
“Director(s)”	director(s) of the Company
“East Profit”	East Profit Global Investments Limited, a company incorporated in BVI with limited liability, an indirect wholly owned subsidiary of the Company
“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 Capital Injection Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“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 Capital Injection Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Lo, Ms. Chiu and their associates
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associate of any of them as defined in the Listing Rules
“Jianghuai Engine”	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
“Jiangsu Jiangdong”	江蘇江動集團有限公司 (Jiangsu Jiangdong Group Co., Ltd*), a company established in the PRC with limited liability
“JV Company”	東葵融資租賃(上海)有限公司 (Dongkui Financial Leasing (Shanghai) Co. Ltd.*), a sino-foreign joint venture enterprise established with a registered capital of US\$28 million under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Siu Yu, the spouse of Ms. Chiu, an executive Director, the Chairman and the Controlling Shareholder
“Ms. Chiu”	Ms. Chiu Kit Hung, the spouse of Mr. Lo
“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
“Shanghai Dongsheng”	上海東勝股權投資有限公司 (Shanghai Dongsheng Equity Investment Company Limited*), a company established in the PRC with limited liability
“Shareholder(s)”	shareholder(s) of the Company

“Shares”	ordinary shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	means United States Dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Dowell Property Holdings Limited
Cho Chun Wai
Company Secretary

Hong Kong, 2 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 illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.24.

* *For identification purpose only*