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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
(1) THE SALE AND PURCHASE AGREEMENT;
(2) THE FINANCE LEASE AGREEMENT; AND
(3) THE CONSULTANCY AGREEMENT**

- (1) The Board announces that on 5 November 2015, the JV Company, an indirect non-wholly owned subsidiary of the Company, in which 77.58% of its equity interest is held by the Group, entered into the Sale and Purchase Agreement with Shanxi Hospital, an Independent Third Party, pursuant to which the JV Company agreed to purchase the Machinery and Equipment from Shanxi Hospital at a total consideration of RMB20,000,000.00 (equivalent to approximately HK\$24.4 million).
- (2) The Board further announces that on 5 November 2015, the JV Company entered into the Finance Lease Agreement with Shanxi Hospital, pursuant to which the Machinery and Equipment would be leased back to Shanxi Hospital for a term of three years. The obligation of the Shanxi Hospital under the Finance Lease Agreement is secured by the guarantee provided by the Guarantor.
- (3) The Board further announces that on 5 November 2015, the JV Company entered into the Consultancy Agreement with Shanxi Hospital whereby the JV Company has agreed to provide consultancy service to Shanxi Hospital in relation to, inter alia, machinery and equipment financial leasing and Shanxi Hospital has agreed to pay a fee of RMB0.6 million (equivalent to approximately HK\$0.732 million) to the JV Company.

The transactions contemplated under the (1) Sale and Purchase Agreement; (2) the Finance Lease Agreement; and (3) the Consultancy Agreement form a transaction which constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

The Board announces that, the JV Company, an indirect non-wholly owned subsidiary of the Company, in which 77.58% of its equity interest is held by the Group, had entered into (1) Sale and Purchase Agreement; (2) the Finance Lease Agreement; and (3) the Consultancy Agreement for sale and lease back arrangements with Shanxi Hospital on 5 November 2015.

(1) SALE AND PURCHASE AGREEMENT

The Board announces that the JV Company and Shanxi Hospital entered into the Sale and Purchase Agreement on 5 November 2015. The principal terms of the Sale and Purchase Agreement are set out below.

Sale and Purchase Agreement

Date

5 November 2015

Parties

Purchaser: the JV Company
Vendor: Shanxi Hospital

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Shanxi Hospital and its ultimate beneficial owners are Independent Third Parties.

Subject matter of the sale and purchase

The Machinery and Equipment comprised certain machinery and equipment including medical equipment such as endoscope, X-ray machine, and multi-functional operation table owned by Shanxi Hospital.

Consideration

Pursuant to the Sale and Purchase Agreement, the JV Company purchased the Machinery and Equipment from Shanxi Hospital for a total consideration of RMB20,000,000.00 (equivalent to approximately HK\$24.4 million), which shall be leased back to Shanxi Hospital in accordance with the Finance Lease Agreement. The book asset value of the Machinery and Equipment is RMB20,394,052.92 (equivalent to approximately HK\$24.9 million).

Pursuant to the Sale and Purchase Agreement, the JV Company shall, within 25 working days after the fulfillment of all the following conditions, make the first payment of RMB2,000,000.00 (equivalent to approximately HK\$2.44 million) as part of the consideration to Shanxi Hospital:–

- (i) The JV Company having received “Payment Notice 1” from Shanxi Hospital;
- (ii) The JV Company having received the ordinary value-added tax (VAT) invoice in the amount of RMB2,000,000.00 (equivalent to approximately HK\$2.44 million) payable to the JV Company;
- (iii) The JV Company having received the acceptance of the leased asset issued by Shanxi Hospital;
and
- (iv) The JV Company having confirmed the receipt of the effective documents as stated in the Finance Lease Agreement.

Pursuant to the Sale and Purchase Agreement, the JV Company shall, within 25 working days after the fulfillment of all the following conditions, make the second payment of RMB18,000,000.00 (equivalent to approximately HK\$22.0 million) as balance of the consideration to Shanxi Hospital:–

- (i) The JV Company having received “Payment Notice 2” from Shanxi Hospital; and
- (ii) The JV Company having received the ordinary value-added tax (VAT) invoice in the amount of RMB18,000,000.00 (equivalent to approximately HK\$22.0 million) payable to the JV Company.

The consideration in respect of the sale and purchase of the Machinery and Equipment was funded by internal resources of the Group and was determined after arm’s length negotiations between the parties to the Sale and Purchase Agreement by reference to the prevailing market price of the Machinery and Equipment.

(2) FINANCE LEASE AGREEMENT

The Board announces that the JV Company and Shanxi Hospital entered into the Finance Lease Agreement on 5 November 2015. The principal terms of the Finance Lease Agreement are set out below.

Finance Lease Agreement

Date

5 November 2015

Parties

Lessor: the JV Company
Lessee: Shanxi Hospital

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Shanxi Hospital and its ultimate beneficial owners are Independent Third Parties.

Lease back arrangements

Pursuant to the Finance Lease Agreement, the JV Company agreed to lease the Machinery and Equipment back to Shanxi Hospital for a term of three years commencing from the day the JV Company makes the first payment to Shanxi Hospital in accordance with the Sale and Purchase Agreement.

Subject matter of the lease back

The Machinery and Equipment comprised certain machinery and equipment including medical equipment such as endoscope, X-ray machine, and multi-functional operation table owned by Shanxi Hospital.

Lease payments

Pursuant to the Finance Lease Agreement, the amount of lease rent to be paid by Shanxi Hospital to the JV Company was calculated based on the principal lease cost and the lease interest rate. The total principal lease cost under the Finance Lease Agreement was RMB20,000,000.00 (equivalent to approximately HK\$24.4 million).

The lease rent is calculated at the actual interest rate of 9% per annum during the lease term, subject to the adjustment pursuant to the adjustment of the interest rate published by the People's Bank of China. Based on the aforementioned interest rate, the total lease rent payable by Shanxi Hospital under the Finance Lease Agreement will be RMB23,044,188.00 (equivalent to approximately HK\$28.1 million) subject to the adjustment of the interest rate. In accordance with the Finance Lease Agreement, the lease rent will be payable by Shanxi Hospital every three months in twelve installments.

In the event that Shanxi Hospital fails to pay any sum payable under the Finance Lease Agreement when due, default interest may be charged for each day of late repayment, if more than one day of late repayment, at the rate of 0.1% per day of any sum payable.

Shanxi Hospital shall pay a refundable interest-free deposit of RMB1,400,000.00 (equivalent to approximately HK\$1.71 million) to the JV Company as a guarantee of its obligation under the Finance Lease Agreement within two working days after the JV Company makes the first payment in accordance to the Sale and Purchase Agreement. Such deposit shall be used to offset any default of repayment of Shanxi Hospital. If there is no default of repayment of Shanxi Hospital, such deposit may be used to offset part of the payment of the last installment payable by Shanxi Hospital.

The lease rent was determined after arm's length negotiations between the parties to the Finance Lease Agreement by reference to the principal amounts of the lease and the prevailing market interest rate for finance leases of comparable machines and equipment.

Lessee's option to purchase

The legal title of the Machinery and Equipment under the Finance Lease Agreement will be vested in the JV Company throughout the lease period. At the end of the lease period and subject to payment by Shanxi Hospital of all amounts due under the Finance Lease Agreement, Shanxi Hospital will have the right to purchase the Machinery and Equipment as specified in the Finance Lease Agreement at a nominal purchase price of RMB100.00 (equivalent to approximately HK\$122.00).

SECURITY

In consideration of the provision of the finance lease to Shanxi Hospital under the Finance Lease Agreement, the Guarantor entered into a guarantee agreement on 5 November 2015 as security for the obligations of Shanxi Hospital under the Finance Lease Agreement.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Guarantor and its ultimate beneficial owners are Independent Third Parties.

(3) CONSULTANCY AGREEMENT

The Board announces that on 5 November 2015, the JV Company entered into the Consultancy Agreement with Shanxi Hospital whereby the JV Company has agreed to provide consultancy service to Shanxi Hospital in relation to, inter alia, machinery and equipment financial leasing and Shanxi Hospital has agreed to pay a fee of RMB0.6 million (equivalent to approximately HK\$0.732 million) to the JV Company.

The Consultancy Agreement

Date: 5 November 2015

Parties: (i) the JV Company
(ii) Shanxi Hospital

Consultancy fee: A fee of RMB0.6 million (equivalent to approximately HK\$0.732 million) is payable by Shanxi Hospital to the JV Company for the provision of the consultancy service within five working days upon Shanxi Hospital receiving the consultation service report from the JV Company

Default: In the event that Shanxi Hospital fails to pay any sum payable under the Consultancy Agreement when due, default interest may be charged for each day of late repayment at the rate of 0.1% per day of any sum payable

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Shanxi Hospital and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE COMPANY, THE GROUP AND THE JV COMPANY

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

The JV Company is a sino-foreign joint venture enterprise established under the laws of the PRC. It is an indirect non-wholly owned subsidiary of the Company, in which 77.58% of its equity interest is held by the Group. The JV Company is principally engaged in financial leasing.

INFORMATION OF SHANXI HOSPITAL AND THE GUARANTOR

Shanxi Hospital is a Public Institution Legal Person established in the PRC. Shanxi Hospital is principally engaged in providing medical treatment and healthcare service to the public, medical research and training, continued education to the health care workers.

The Guarantor is established in the PRC with limited liability. The Guarantor is principally engaged in the wholesale and retail of charcoal, stones, warehouse storage, high-tech industrial information consulting and lease of properties.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Shanxi Hospital and its ultimate beneficial owner(s), the Guarantor and its ultimate beneficial owner(s) are Independent Third Parties not connected with the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO (1) THE SALE AND PURCHASE AGREEMENT; (2) THE FINANCE LEASE AGREEMENT; AND (3) THE CONSULTANCY AGREEMENT

The JV Company can obtain revenue and cashflow stream from the interests from the lease back and consultancy fees earned pursuant to the sale and lease back arrangements which is consisted of the entering into of the Sale and Purchase Agreement, the Finance Lease Agreement, and the Consultancy Agreement.

The Group intends to use the proceeds, including the interests from the lease and the consultancy fees generated under the Finance Lease Agreement and the Consultancy Agreement respectively as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the entering into of the Sale and Purchase Agreement, the Finance Lease Agreement the Consultancy Agreement is on normal commercial terms which are made on an arm's length basis and the terms are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

The transactions contemplated under the (1) the Sale and Purchase Agreement, (2) the Finance Lease Agreement, and (3) the Consultancy Agreement form a transaction for the Company. As one or more of the applicable percentage ratios as defined in Rule 14.06 of the Listing Rules for such transaction are more than 5% or more, but all are less than 25%, such transaction will constitute a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Consultancy Agreement”	the consultancy agreement dated 5 November 2015 entered into between the JV Company and Shanxi Hospital
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement dated 5 November 2015 entered into between the JV Company and Shanxi Hospital
“Group”	the Company and its subsidiaries
“Guarantor”	山西梅園工貿集團有限公司 (Shanxi Meiyuan Gongmao Group Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Company and 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
“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 under the laws of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machinery and Equipment”	certain machinery and equipment, including medical equipment such as endoscope, X-ray machine, and multi-functional operation table owned by Shanxi Hospital
“percentage ratio(s)”	as defined in the Listing Rules
“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
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 November 2015 entered into between the JV Company and Shanxi Hospital
“Shanxi Hospital”	Shanxi Meitan Zhongxin Yiyuan (山西煤炭中心醫院), a Public Institution Legal Person established in the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 5 November 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\$1.22.

* *For identification purpose only*