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瀋陽公用發展股份有限公司
Shenyang Public Utility Holdings Company Limited

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 747)

DISCLOSEABLE TRANSACTION

PROPERTY ACQUISITION AGREEMENT

On 9 February 2018 (after trading hours), the Purchaser, an wholly-owned subsidiary of the Company, and the Vendor entered into the Property Acquisition Agreement pursuant to which the Vendor have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Property at the cash consideration of RMB110,000,000.

The Property, comprises 11 shop units (including Shop No. 5-1-101, 5-1-102, 5-1-103, 5-1-104, 5-5-111, 5-5-112, 5-5-222, 5-5-223, 5-5-324, 5-5-425, 5-5-426) with a total gross floor area of approximately 3,168 square meter together with 60 car parking spaces (No. 001–005, 008–010, 012–024, 027–029, 032–034, 036–055, 059-071) on basement level of Phase 5 of Tian Zi Zhuang Yuan (天子莊園), located at Yanjiao National High-Tech Industrial Development Area, Sanhe City, Hebei Province.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% and all applicable percentage ratios (as defined under the Listing Rules) are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

PROPERTY ACQUISITION AGREEMENT

Date

9 February 2018

Parties

Purchaser: Beijing Shen Shang Investment & Consulting Company Limited* (北京瀋商投資諮詢有限公司), a wholly-owned subsidiary of the Company

Vendor: San He Jing Jiao Property Development Company Limited* (三河京郊房地產開發有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) is/are third party(ies) independent of the Company and its connected persons (as defined in Chapter 14A of the Listing Rules). San He Jing Jiao Property Development Company Limited is principally engaged in the development and sales of real estate.

Subject matter

Pursuant to the Property Acquisition Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Property.

The Property, comprises 11 shop units (including Shop No. 5-1-101, 5-1-102, 5-1-103, 5-1-104, 5-5-111, 5-5-112, 5-5-222, 5-5-223, 5-5-324, 5-5-425, 5-5-426) with a total gross floor area of approximately 3,168 square meter together with 60 car parking spaces (No. 001–005, 008–010, 012–024, 027–029, 032–034, 036–055, 059-071) (“**Car Parking Spaces**”) on basement level of Phase 5 of Tian Zi Zhuang Yuan (天子莊園), located at Yanjiao National High-Tech Industrial Development Area, Sanhe City, Hebei Province (“**Tian Zi Zhuang Yuan**”).

Consideration

The Consideration for the Property is RMB110,000,000 and shall be payable by instalments in cash by the Purchaser to the Vendor by 30 April 2018.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation of the Property as valued by the independent professional valuer and the prevailing market price of similar properties at similar location.

The Vendor shall enter into the formal commodity housing sale and purchase agreement 《商品房買賣合同》 with the Purchaser according to the consideration paid by the Purchaser for the equivalent value of Property; and the Vendor shall issue to the Purchaser the confirmation

letter for the transfer of usage rights of the corresponding car parking spaces. The Vendor shall also complete the registration of Property in Sanhe Housing Security and Real Estate Administration within 20 business days after the signing of formal commodity housing sale and purchase agreement (the “**Completion Arrangement**”).

Conditions Precedent and compensation

Completion of the Acquisition shall take place upon the fulfillment of the conditions precedent of the Property Acquisition Agreement:

- (a) the approval of or the consent from, where applicable, the Property Acquisition Agreement and the transactions contemplated thereunder be approved by the Board and the relevant authorities, if any;
- (b) the Vendor and the Purchaser shall have obtained any and all approval from its board and shareholders with respect to the transactions contemplated under the Property Acquisition Agreement;
- (c) the Purchaser has obtained the land title of the Property and the right of the use of the Car Parking Spaces.

The Vendor and the Purchaser shall have completed and performed all of their respective obligations under the Property Acquisition Agreement no later than 9 August 2018, or such later date as the parties may agree in writing.

In the event of the Purchaser failing to settle consideration within the stipulated time period, the Purchaser shall pay the Vendor a compensation amount of 0.03% of the outstanding amount under the Property Acquisition Agreement per day for each day of delay.

In the event of the Vendor failing to fulfill the obligations set out in clause (1) and (2) under the paragraph named “Obligations of Vendor and Purchaser” as well as the Completion Arrangement within the stipulated time period, the Vendor shall pay the Purchaser a compensation amount of 0.03% of the amount paid under the Property Acquisition Agreement.

Obligations of Vendor and Purchaser

- 1. the Vendor shall undertake that the Property is free and clear of any and all liens, charges, pledges and mortgages after 15 March 2018;
- 2. the Vendor shall use its best endeavours to complete the registration of Property and shall obtain and deliver the land title of the Property to the Purchaser within three months upon all the consideration has been paid by the Purchaser;
- 3. the Purchaser shall undertake to settle the payments within the stipulated time period and to ensure the source of payments is legal.

INFORMATION ON THE PROPERTY AND THE CAR PARKING SPACES

Tian Zi Zhuang Yuan is a large scale residential development project (the “**Project**”) developed by phases on a site formed by various parcels of land with a total land area of approximately 323,858.60 square meter located off the northern side of Jingha Road (京哈路) within Yanjiao National High-Tech Industrial Development Area, Sanhe City.

The Property comprises 11 shop units with a total gross floor area of approximately 3,168 square meters together with 60 car parking spaces on basement level of Phase 5 of Tian Zi Zhuang Yuan. The land use rights of the Property have been granted for commercial use for a term from 9 July 2004 to 3 February 2063.

The Property is currently vacant, except for Shop No. 5-5-112, having a gross floor area of approximately 135.40 square meter that is subject to a tenancy for a term from 3 December 2017 to 2 December 2020 at an annual rental of RMB100,000.

The market value of the Property as of 9 February 2018 as valued by the independent professional valuer is approximately RMB112,000,000.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE PROPERTY ACQUISITION AGREEMENT

As at the date of this announcement, the Group is principally engaged in infrastructure and construction business in the PRC. The Acquisition provides capital appreciation potential to the Group, and also enables the Group to generate a considerable rental income and strengthen income base of the Group. As such, the Directors consider that it is a good opportunity for the Group to invest in the Property. As such, the Board is of the view that the Acquisition is in the benefit of the Company.

Taking into account the benefits of the Acquisition, the Directors are of the view that the Acquisition is in the interest of the Group and the terms and conditions of the Property Acquisition Agreement is on normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Property Acquisition Agreement exceeds 5% and all applicable percentage ratios (as defined under the Listing Rules) are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

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| “Acquisition” | the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms of the Property Acquisition Agreement |
| “Board” | the board of Directors |
| “Business Days” | a day (excluding Saturday, Sunday and any other public holidays) on which banks in the PRC are generally open for settlement business |
| “Company” | Shenyang Public Utility Holdings Company Limited |
| “Connected person(s)” | has the same meaning ascribed to it in the Listing Rules |
| “Director(s)” | means the directors of the Company |
| “Domestic Share(s)” | domestic share(s) with a nominal value of RMB1 each in the share capital of the Company which are subscribed for in RMB |
| “Group” | the Company and its subsidiaries |
| “H-Share(s)” | overseas listed foreign ordinary share(s) in share capital of the Company, with a nominal value of RMB1 each, all of which are listed on the main board of the Stock Exchange, and subscribed for and traded in Hong Kong dollars |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |

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| “Property” | The Property, being the 11 shop units (including Shop No. 5-1-101, 5-1-102, 5-1-103, 5-1-104, 5-5-111, 5-5-112, 5-5-222, 5-5-223, 5-5-324, 5-5-425, 5-5-426) together with 60 basement car parking spaces (No. 001–005, 008–010, 012–024, 027–029, 032–034, 036–055, 059-071) in Phase 5 of Tian Zi Zhuang Yuan (天子莊園), Yanjiao National High-Tech Industrial Development Area, Sanhe City, Hebei Province |
| “Property Acquisition Agreement” | the conditional sale and purchase agreement dated 9 February 2018 entered into the Purchaser and the Vendor in relation to the Acquisition |
| “Purchaser” | Beijing Shen Shang Investment & Consulting Company Limited* (北京瀋商投資諮詢有限公司), a wholly-owned subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | H-Share(s) and Domestic Share(s) |
| “Shareholder(s)” | holder(s) of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | San He Jing Jiao Property Development Company Limited* (三河京郊房地產開發有限公司) |
| “%” | per cent |

By Order of the Board
Shenyang Public Utility Holdings Company Limited
Zhang Jing Ming
Chairman

Shenyang, the PRC, 9 February 2018

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Jing Ming, Mr. Deng Xiao Gang and Mr. Huang Zhen Kun, the non-executive directors are Mr. Yin Zong Chen and Ms. Li Yu Xiang and the independent non-executive directors are Mr. Chan Ming Sun Jonathan, Mr. He Qing Jia and Mr. Yu Guan Jian.