

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

THE ACQUISITION

The Board is pleased to announce that on 30 December 2019 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing 95% equity interest of the Target Companies at the consideration of RMB71,000,000.

Upon Completion, the Target Companies will become non wholly-owned subsidiaries of the Company and accordingly, the financial results of the Target Companies will be consolidated into the accounts of the Company.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the transaction contemplated under the Sale and Purchase Agreement calculated exceed 5% but less than 25%, the transaction constitutes discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are therefore subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 30 December 2019 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at the consideration of RMB71,000,000.

Date

30 December 2019

Parties

Purchaser: Shenzhen Shenhe Chuangli Investment and Development Company Limited*
深圳市深合創立投資發展有限公司

Vendor: Beijing Wanzi Apartment Management Company Limited* 北京萬紫公寓管理有限公司

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 ("Independent Third Party(ies)")).

Assets to be acquired

The Sale Shares, representing 95% equity interest of the Target Companies.

Consideration

The aggregate consideration for the Acquisition is RMB71,000,000 and shall be payable in cash in the following manner:

- (a) the first instalment, being the amount of RMB52,000,000, of which RMB42,000,000 and RMB10,000,000 shall be payable by the Purchaser to the Vendor and the Creditor of the Target Companies respectively within 5 Business Days upon the signing of the Sale and Purchase Agreement; within 7 days upon the completion of payment of the first instalment, the Vendor shall assist the Purchaser and the Target Companies to complete the change in industry and commercial registration in relation to the transfer of the equity interest of the Target Companies, and submit relevant registration documents to the Administration for Industry and Commerce in relation to the transfer of the equity interest of Target Companies;
- (b) the second instalment, being the amount of RMB14,000,000, shall be payable by the Purchaser to the Creditor of the Target Companies on or before 29 February 2020;
- (c) the remaining balance, being the amount of RMB5,000,000, shall be payable by the Purchaser to the Vendor on or before 30 June 2020.

The Consideration was determined after arm's length negotiations among the Purchaser and the Vendor on normal commercial terms with reference to (i) net asset value of the Target Companies as at 30 November 2019; (ii) the unpaid consideration of the Properties and (iii) the remaining liability of the Target Companies respectively.

The consideration under the Sale and Purchase Agreement will be settled by the internal resources of the Group.

Conditions Precedent

Completion of the Acquisition will take place on the completion date, which shall be conditional upon and subject to:

- i. necessary permissions, consents and approvals in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder having been obtained by the Purchaser (including but not limited to the approval from the board of directors of the Purchaser);
- ii. necessary permissions, consents and approvals in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder having been obtained by the Vendor (including but not limited to the approval from the board of directors of the Vendor);
- iii. the waivers, consents, approvals, permissions, authorizations and commands, if necessary, which in relation to the government, the regulatory authorities or the third party with respect to the Sale and Purchase Agreement and the transaction contemplated thereunder have been obtained;
- iv. the warranties and undertakings made by the Vendor being true and correct and not misleading and no facts or circumstances in relation to the Vendor shall constitute or may constitute any breach of the warranties made by the Vendor to the Purchaser or the Sale and Purchase Agreement;
- v. the obligations of the Vendor under the Sale and Purchase Agreement not being violated;
- vi. the Purchaser having fully settled the Consideration as agreed in the Sale and Purchase Agreement;
- vii. the registration in relation to the transfer of the equity interest of each of the Target Companies having been completed and each of the Target Companies being owned as to 95% by the Purchaser.

The above conditions are expected to be satisfied or waived on or before 30 June 2020 (or such later date as the parties to the Sale and Purchase Agreement may agree in writing). If any of the conditions has not been satisfied or waived by then, the Sale and Purchase Agreement shall be terminated. The Vendor shall refund to the Purchaser all the amount paid by the Purchaser within 30 days upon the termination of the Sale and Purchase Agreement.

Completion

Completion shall take place upon the fulfillment or waiver of the conditions precedent of the Sale and Purchase Agreement (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) (“**Completion**”).

It is agreed that, as at the effective date of the Sale and Purchase Agreement, the Purchaser shall be liable to the balance sheet liabilities (excluding contingent liabilities, liabilities not yet recognised or in dispute) of the Target Companies as recorded in its financial statements for the year ended 30 November 2019. The Purchaser will operate the Target Companies and its subsidiaries upon completion of the change in industry and commercial registration.

INFORMATION ON THE PURCHASER, THE VENDOR AND THE TARGET COMPANIES

Information on the Purchaser and the Group

The Purchaser is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. Its principal business is investment holding.

The Company was incorporated in the PRC with limited liability and its overseas listed foreign ordinary share(s) are listed on the main board of the Stock Exchange. The Company is an investment holding company and the Group is principally engaged in infrastructure and construction business in the PRC.

Information on the Vendor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a company established under the laws of the PRC with limited liability; and is principally engaged in property investment.

Information on the Target Companies

The Target Companies are companies established under the laws of the PRC with limited liability; and are principally engaged in the investment holding. Each of the Target Companies is currently owned as to 95% by the Vendor and 5% by Shenzhen Baihuixiang Investment Co., Ltd.* 深圳市百滙祥投資有限公司 respectively. Upon Completion, the Target Companies will become non wholly-owned subsidiaries of the Company and accordingly, the financial results of the Target Companies will be consolidated into the accounts of the Company.

The Target Companies hold a total of 125 subsidiaries, each of which has entered into a “Beijing Commercial Real Estate Sale and Purchase Contract* 北京市商品房現房買賣合同” with an Independent Third Party, involving acquisition of 125 sets of properties (“**Properties**”). The Properties are located in the Zhiying Commercial Center in Liangxiang Higher Education Park, Fangshan, Beijing, adjacent to Liangxiang University City North Station. The total consideration of the Properties under the contract is RMB88,355,966 of which RMB29,390,942 has been paid. The remaining unpaid amount of RMB58,965,024 will be settled by the Group after Completion.

The total area of the Properties is 5,328,98 square meters and is for commercial use. The land use right is entitled for 50 years. The Properties have been delivered to the Target Companies. It is expected that the Properties will be used for leasing, and will generate stable rental income to the Group in the future.

Financial information of the Target Companies

Set out below is a summary of the unaudited consolidated financial information of the Target Companies for the years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December	
	2017	2018
	(RMB)	(RMB)
Revenue	–	–
Net loss before taxation and extraordinary items	–	(135,890.85)
Net loss after taxation and extraordinary items	–	(135,890.85)

As the Target Companies were newly incorporated in 2018 and is principally engaged in investment holding, they did not generate any revenue in 2017 and 2018. Save as the Properties, they had no other material assets on their accounts as of the date of this announcement. The unaudited adjusted net asset value of Target Companies as of 30 November 2019 was approximately RMB49,951,181.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Group is principally engaged in infrastructure and construction business in the PRC.

In line with its business strategies, the Group has been exploring opportunities to expand its property investment and operation business segment with an aim to capture the steady growth in the thriving property market of various regions in the PRC. The Group has been actively looking for suitable properties in major cities of the PRC for expanding its property business portfolio.

The Properties for leasing not only generates stable rental income, but also generates appreciation gain through long-term property investment, the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole, and are also of the view that the terms of the Agreement, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios under the Listing Rules in respect of the transaction contemplated under the Sale and Purchase Agreement calculated exceed 5% but less than 25%, the transaction constitutes discloseable transaction for the Company under Chapter 14 of the Listing Rules, and are therefore subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase 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
“Creditor”	the creditor of the Target Companies, namely, Beijing Nanrun Hotel Investment Company Limited* 北京南潤酒店投資有限公司
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Shenhe Chuangli Investment and Development Company Limited* 深圳市深合創立投資發展有限公司, a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 December 2019 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Sale Shares”	95% of the equity interests held by the Vendor in the Target Companies
“Shareholder(s)”	holder(s) of the H-Shares and the Domestic Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	8 companies, collectively (1) Beijing Herun wànwù Technology Co., Ltd.* 北京和潤萬物科技有限公司, (2) Beijing Wanxiang Shengrun Technology Co., Ltd.* 北京萬祥盛潤科技有限公司, (3) Ningyun Runyu Technology (Beijing) Co., Ltd.* 凝雲潤宇科技(北京)有限公司, (4) Yueyu Wanrun (Beijing) Culture Communication Co., Ltd.* 月鈺萬潤(北京)文化傳播有限公司, (5) Jiao Yanpengda Technology (Beijing) Co., Ltd.* 郊燕鵬達科技(北京)有限公司, (6) Beijing Shuying Wanyu Culture Communication Co., Ltd.* 北京疏影婉玉文化傳播有限公司, (7) Wu Ruo Yue Xiu (Beijing) Cultural Communication Co., Ltd.* 繆若粵秀(北京)文化傳播有限公司, and (8) Beijing Ronghui Guangyi Technology Co., Ltd.* 北京融匯廣益科技有限公司
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Vendor”	Beijing Wanzi Apartment Management Company Limited* 北京萬紫公寓管理有限公司
“%”	per cent

* For identification purpose only

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

Shenyang, the PRC, 30 December 2019

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Jing Ming, Mr. Chau Ting Yan and Mr. Leng Xiao Rong, the non-executive directors of the Company are Mr. Yin Zong Chen and Mr. Ye Zhi E and the independent non-executive directors of the Company are Mr. Chan Ming Sun Jonathan, Mr. Guo Lu Jin and Ms. Gao Hong Hong.