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If you have sold or transferred all your shares in Shenyang Public Utility Holdings Company Limited (the “**Company**”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION
RELATING TO ACQUISITION OF
THE PROPERTIES WITH ADVANCE TO AN ENTITY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 5 to 19 of this circular.

A notice convening the EGM of the Company to be held at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC at 11 a.m. on 16 March 2021 is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend such meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's H-Share registrar, the Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H-Shares) or the Company's office at 2606A, Golden Central Tower, No. 3037 Jintian Road, Fu'an District, Futian Sub-district, Futian District, Shenzhen, the PRC (for the holders of Domestic Shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

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DEFINITIONS

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

“Acquisition”	the acquisition of the Properties
“Beijing Shen Shang”	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
“Board”	the board of Directors
“Business Day”	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, a joint stock limited company incorporated in the PRC and its H-Shares are listed on the main board of the Stock Exchange
“Compensation Agreement”	the compensation agreement dated 18 March 2019 entered into between the Vendor and the Purchaser
“Completion”	the completion of the Acquisition
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Deposit”	the consideration of the Property Acquisition Agreement of RMB110,000,000 (equivalent to approximately HK\$123,211,000) already paid by Beijing Shen Shang to Sanhe Jingjiao, which was treated as part of the consideration of the Sale and Purchase Agreement paid by Shenzhen Shenhe Chuangli to Shanghai Wanbang
“Director(s)”	the director(s) 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

DEFINITIONS

“EGM”	the extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and approve, if thought fit, the Second Supplemental Agreement and the transactions contemplated thereunder
“First Supplemental Agreement”	the supplemental agreement dated 17 August 2018 entered into between the Vendor and the Purchaser to extend the long stop date of the Property Acquisition Agreement from 9 August 2018 to 31 December 2018
“Four Road”	the planned south side branch road Xinxing Road* (新興路) of approximately 1,530 meters in the land JN06-13; the north side branch road Chaoshang Road* (潮商路) in the land JN06-09; the planned branch road Xinwang Road* (新旺路) in between the land JN02-17 and JN02-22; and the extension of M line* (M綫) of Huoju Road* (火炬路)
“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 PRC
“Latest Practicable Date”	23 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Consideration”	RMB110,000,000 (equivalent to approximately HK\$123,211,000) as the consideration for the acquisition of the Properties according to the Second Supplemental Agreement
“One Slope”	the slope at the junction of the Jing Nan Industrial Park* (經南園區) and lower creek
“PRC”	the People’s Republic of China

DEFINITIONS

“Properties”	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
“Property Acquisition Agreement”	the conditional sale and purchase agreement dated 9 February 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Properties Acquisition Agreements”	the Property Acquisition Agreement and the First Supplemental Agreement
“Purchaser”	Beijing Shen Shang
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 October 2019 entered into between Shenzhen Shenhe Chuangli, Beijing Shen Shang, Sanhe Jingjiao and the Vendors III in respect of the acquisition of 78% of the equity interests of Sanhe Jingjiao
“Sanhe Jingjiao”	Sanhe Jingjiao Property Development Company Limited* (三河京郊房地產開發有限公司)
“Second Supplemental Agreement”	the second supplemental agreement dated 24 August 2020 entered into between the Purchaser, the Vendor and other related parties to resume the original sale and purchase of the Properties
“Shanghai Wanbang”	Shanghai Wanbang Enterprise Group Company Limited* (上海萬邦企業集團有限公司)
“Share(s)”	H-Share(s) and Domestic Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Shenhe Chuangli”	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

DEFINITIONS

“Shenzhen Wanbang”	Shenzhen Wanbang Real Estate Company Limited* (深圳市萬邦置業有限公司)
“Shenzhen Zhaowanda”	Shenzhen Zhaowanda Investment Company Limited* (深圳市兆萬達投資有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement I”	the termination agreement dated 5 August 2019 entered into between the Purchaser and the Vendor to terminate the Properties Acquisition Agreements and the Compensation Agreement
“Termination Agreement II”	the termination agreement dated 24 August 2020 entered into between the Vendors III, Shenzhen Shenhe Chuangli, Sanhe Jingjiao and Beijing Shen Shang to terminate the Sale and Purchase Agreement on 28 October 2019
“Vendor”	Sanhe Jingjiao
“Vendors III”	Shanghai Wanbang, Shenzhen Wanbang and Shenzhen Zhaowanda
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* For identification purpose only

In this circular, unless otherwise specified, the translation of RMB into HKD is based on the exchange rate of RMB1 to HK\$1.1201 quoted on 21 August 2020 which is provided for information purposes only. No representation is made that any amounts in RMB have been or could be converted at the above rate or any other rates.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Jing Ming (*Chairman*)
Mr. Chau Ting Yan
Mr. Leng Xiao Rong

Registered office:

No. 1-4, 20A, Central Street,
Shenyang Economic and
Technological Development Zone,
the PRC

Non-executive Directors:

Mr. Yin Zong Chen
Mr. Ye Zhi E

Principal place of business in the PRC:

Room 2-12-5, Block B, Diwang Club Apartment,
No. 19 Wenyi Road,
Shenhe District, Shenyang,
the PRC

Independent Non-executive Directors:

Mr. Luo Zhuo Qiang
Mr. Guo Lu Jin
Ms. Gao Hong Hong

Principal place of business in Hong Kong:

8/F., Skyway Centre,
23 Queen's Road West,
Sheung Wan,
Hong Kong

26 February 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
RELATING TO ACQUISITION OF
THE PROPERTIES WITH ADVANCE TO AN ENTITY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 24 August 2020, 14 September 2020, 9 October 2020, 23 October 2020, 30 November 2020, 30 December 2020 and 25 January 2021 in relation to the Acquisition.

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On 24 August 2020 (after trading hours), Beijing Shen Shang, a wholly-owned subsidiary of the Company, as the Purchaser, Sanhe Jingjiao, as the Vendor, and other related parties entered into the Second Supplemental Agreement relating to the Property Acquisition Agreement to resume the original sale and purchase of the Properties, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Properties at the consideration of RMB110,000,000 (equivalent to approximately HK\$123,211,000).

The purpose of this circular is to provide the Shareholders with, among other things, further details of (i) the Second Supplemental Agreement and the transactions contemplated thereunder; (ii) the valuation report of the Properties; (iii) a notice convening the EGM; and (iv) other information as required under the Listing Rules.

BACKGROUND

Properties Acquisition Agreements

Reference is made to the Company's announcement dated 9 February 2018, Beijing Shen Shang, as the Purchaser, and Sanhe Jingjiao, as the Vendor, entered into the Property Acquisition Agreement on 9 February 2018, as supplemented by the First supplemental agreement dated 17 August 2018 pursuant to which Sanhe Jingjiao had conditionally agreed to sell, and Beijing Shen Shang had conditionally agreed to acquire the Properties at the cash consideration of RMB110,000,000 (equivalent to approximately HK\$123,211,000) by instalments. As at the date of signing the First Supplemental Agreement on 17 August 2018, RMB76,736,000 (equivalent to approximately HK\$85,951,994) had been paid to Sanhe Jingjiao as part of the consideration.

Compensation Agreement

On 18 March 2019, Beijing Shen Shang, the Purchaser, and Sanhe Jingjiao, the Vendor, entered into the Compensation Agreement, pursuant to which it was agreed that the Sanhe Jingjiao shall additionally deliver the rights to use one car parking space to Beijing Shen Shang as compensation for delay in processing the property ownership certificate of the Properties.

Termination Agreement I

Reference is made to the Company's announcement dated 5 August 2019, Beijing Shen Shang, the Purchaser, and Sanhe Jingjiao, the Vendor, entered into the Termination Agreement I on 5 August 2019, pursuant to which both parties mutually agreed to terminate the Properties Acquisition Agreements and the Compensation Agreement with immediate effect and the transactions contemplated thereunder will not proceed. As at the date of signing the Termination Agreement I, the consideration of RMB110,000,000 (equivalent to approximately HK\$123,211,000) paid to Sanhe Jingjiao was treated as a Deposit.

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The Sale and Purchase Agreement

Reference is made to the Company's announcement dated 28 October 2019, Shenzhen Shenhe Chuangli, Beijing Shen Shang, Sanhe Jingjiao and the Vendors III entered into the Sale and Purchase Agreement on 28 October 2019, pursuant to which Shenzhen Shenhe Chuangli has conditionally agreed to purchase and the Vendors III have conditionally agreed to sell 78% equity interest of Sanhe Jingjiao at the consideration of RMB321,000,000 (equivalent to approximately HK\$359,552,100).

Pursuant to the Sale and Purchase Agreement, the Vendors III, Shenzhen Shenhe Chuangli, Beijing Shen Shang and Sanhe Jingjiao agreed and confirmed to transfer the Deposit by Sanhe Jingjiao to Shanghai Wanbang.

Termination Agreement II

References are made to (i) the Company's announcement dated 28 October 2019 in relation to the acquisition of 78% equity interest in Sanhe Jingjiao pursuant to the Sale and Purchase Agreement; (ii) the Company's announcements dated 18 November 2019, 20 December 2019, 31 December 2019, 6 February 2020, 11 March 2020, 15 April 2020, 15 May 2020, 15 June 2020, 15 July 2020 and 14 August 2020 in relation to the delay in despatch of the circular; and (iii) the termination announcement of the Company dated 24 August 2020.

On 24 August 2020, the Vendors III, Shenzhen Shenhe Chuangli, Sanhe Jingjiao and Beijing Shen Shang entered into the Termination Agreement II, pursuant to which, *inter alia*, (i) each of the parties of the Sale and Purchase Agreement agreed to terminate the Sale and Purchase Agreement dated 28 October 2019; (ii) Shanghai Wanbang shall refund the paid Deposit of RMB110,000,000 (equivalent to approximately HK\$123,211,000) to Shenzhen Shenhe Chuangli; and (iii) Beijing Shen Shang and Sanhe Jingjiao shall resume the sale and purchase of the Properties by entering into another agreement.

From the date of the Termination Agreement II, all rights and obligations of Vendors III and Shenzhen Shenhe Chuangli in connection to the Sale and Purchase Agreement are terminated and no party shall be liable for any breach due to the termination of the Sale and Purchase Agreement.

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THE SECOND SUPPLEMENTAL AGREEMENT

Date	24 August 2020
Parties	
Purchaser:	Beijing Shen Shang Investment & Consulting Company Limited*, a wholly-owned subsidiary of the Company 北京瀋商投資諮詢有限公司
Vendor:	Sanhe Jingjiao Property Development Company Limited* 三河京郊房地產開發有限公司
Other related parties:	Shenzhen Shenhe Chuangli Investment and Development Company Limited*, a wholly-owned subsidiary of the Company 深圳市深合創立投資發展有限公司 Shanghai Wanbang Enterprise Group Company Limited*, which holds 75% equity interest in Sanhe Jingjiao as at the Latest Practicable Date 上海萬邦企業集團有限公司

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, the Vendor, Shanghai Wanbang and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in Chapter 14A of the Listing Rules).

Properties to be acquired

Pursuant to the Second Supplemental Agreement, the Purchaser and the Vendor have agreed to resume the acquisition of the Properties. The Properties, 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) ("**Shop Units**") 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**") (collectively, the "**Properties**").

As at the Latest Practicable Date, the 11 shop units have been registered under the name of the Purchaser, and no further change of registration is required between the Purchaser and the Vendor. The Vendor shall deliver Car Parking Spaces to the Purchaser on the same date of receipt of payment of the New Consideration of RMB110,000,000 (equivalent to approximately HK\$123,211,000). The Properties is vacant and has recorded no rental income for the past two financial years.

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Other than the consideration, delivery time and other terms have been amended in the Second Supplemental Agreement, the Purchaser and the Vendor will implement other rights and obligations in accordance with the Property Acquisition Agreement.

New Consideration

The New Consideration for the Acquisition of the Properties is RMB110,000,000 (equivalent to approximately HK\$123,211,000).

The New Consideration was determined after arm's length negotiation among the Purchaser and the Vendors on normal commercial terms with reference to, among other things, a valuation report as set out in Appendix II to this circular, based on the exchange rate of HK\$1 to RMB0.8487, the market value of the Shop Units of RMB103,900,000 (equivalent to approximately HK\$122,400,000) and the Car Parking Spaces of RMB6,900,000 (equivalent to approximately HK\$8,100,000), the aggregate market value of the Properties of approximately RMB110,800,000 (equivalent to approximately HK\$130,550,000) as at 30 November 2020 valued by an independent valuer. In consideration of the change of the acquisition structure by the Company and the factors considered as stated in the section headed "Reasons for termination and benefits of the Acquisition" in this circular, the Directors are of the view that the New Consideration is fair and reasonable.

According to the Termination Agreement II, Shanghai Wanbang shall refund the paid Deposit of RMB110,000,000 (equivalent to approximately HK\$123,211,000) to Shenzhen Shenhe Chuangli. Pursuant to the Second Supplemental Agreement, the New Consideration of RMB110,000,000 (equivalent to approximately HK\$123,211,000) shall be payable by the Purchaser to the Vendor. Now Shenzhen Shenhe Chuangli agreed to pay the New Consideration on behalf of the Purchaser and RMB110,000,000 (equivalent to approximately HK\$123,211,000) shall be payable by Shanghai Wanbang to the Vendor within 3 days from the date of the Second Supplemental Agreement. The liabilities between Shenzhen Shenhe Chuangli and the Purchaser shall be set off accordingly. As at the Latest Practicable Date, the New Consideration has been settled in full.

Reference is made to the Company's announcement dated 9 February 2018, Beijing Shen Shang, the Purchaser, entered into the Property Acquisition Agreement on 9 February 2018 with Sanhe Jingjiao, the Vendor, to acquire the Properties at the cash consideration of RMB110,000,000 (equivalent to approximately HK\$123,200,000).

Geographically, Sanhe City belongs to Hebei Province and lies at the junction of Beijing and Tianjin. The Company has conducted research on the change in property market in Beijing and Tianjin as they are the nearest cities to Sanhe City. The Directors believe that Sanhe City will be influenced by the development of surrounding cities and Sanhe City will have great development potential in the future.

According to the report regarding the changes in the sales prices of commodity residential properties in Beijing and Tianjin by the National Bureau of Statistics, the sales price index of commodity residential properties in Beijing and Tianjin increased by 4.8%

LETTER FROM THE BOARD

and 1.8% in August 2019 respectively compared with those in August 2018, and increased by 3.4% and 0.9% in August 2020 respectively compared with those in August 2019. Accordingly, the sales price index of commodity residential properties in Beijing and Tianjin increased by an average of 3.3% in August 2019 and 2.2% in August 2020 annually. It showed that the sales prices of commodity residential properties only record a slight increase during the period.

In addition, the valuation of the aggregate market value of the Properties as at 30 November 2020 of approximately RMB110,800,000 (equivalent to approximately HK\$130,550,000), which was very close to the valuation of the Properties as at 7 February 2018 of RMB112,000,000 (equivalent to approximately HK\$125,500,000).

Based on the abovementioned, there was no significant change in terms of sales price index of commodity residential property market in Beijing and Tianjin during the period from the date of the Property Acquisition Agreement and the Second Supplemental Agreement were entered. In light of the (i) stable sales price of commodity residential properties in Beijing and Tianjin; and (ii) similar valuation value from the valuation report in 2018 and 2020 of the Properties, the Directors consider that it is understandable that the New Consideration is the same as the consideration under the Property Acquisition Agreement.

Upon Completion, the Company expected that the Properties will become the investment properties of the Group. Save for the costs of the ordinary repairs and maintenance, there is no capital requirement on the Properties. As at the Latest Practicable Date, no rental agreement has been entered into with any party in relation to the Properties.

In the PRC, the situation of COVID-19 pandemic has been stabilized. It is not foreseeable that it will cause significant impact on the Properties. The Directors will keep an eye on the change of the economic situation in the PRC and adopt adequate plan to the Properties.

Taking into account (i) the condition of the property market in PRC is expected to be stabilized; and (ii) the Properties will become the investment properties of the Group upon Completion, the Directors consider that the New Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Car Parking Spaces

The Board has taken into consideration the PRC legal opinion that the Car Parking Spaces are entitled to occupy and lease pursuant to the PRC law by the Vendor. The PRC legal opinion also stated that the Car Parking Spaces belongs to the motor vehicle parking spaces within the planning scope, and have passed the completion inspection as part of the Phase 5 of Tian Zi Zhuang Yuan (天子莊園). The Car Parking Spaces are not the construction of civil air defense shelters (人防工程). The Vendor further confirmed that the Car Parking Spaces are still owned by them on the benchmark date (31 July 2020) and there is no transfer or attached as bonus. In addition, on 27 August 2020, a delivery confirmation of the Car Parking Spaces has been signed by the Vendor and the Purchaser

LETTER FROM THE BOARD

(the “**Confirmation**”) to confirm that the Vendor has transferred the right to use the Car Parking Spaces to the Purchaser, and the Purchaser has received and able to control the Car Parking Spaces. The Vendor has also confirmed that the Car Parking Spaces are free from any encumbrances and restrictions on any rights. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, generally in many cities of the PRC, the value of car parking spaces is reflected by assignment of long term land-use rights instead of transfer of property right. The application of the real estate ownership certificates of the Car Parking Spaces is subject to the government policy. The Vendor has also undertaken to assist the Purchaser for application of the real estate ownership certificates of the Car Parking Spaces under the name of the Purchaser and shall not charge any extra fees from the Purchaser when it is available by the government policy.

Conditions Precedent

Completion is subject to and conditional upon satisfaction or waiver (as the case maybe) of the following conditions precedent:

- i. the Company having convened the EGM and passed the ordinary resolution to approve the Second Supplemental Agreement and the transactions contemplated thereunder;
- ii. all necessary permissions, consents and approvals in relation to the Second Supplemental Agreement and the transactions contemplated thereunder having been obtained by the Purchaser (including but not limited to the approval from the board of directors);
- iii. all necessary permissions, consents and approvals in relation to the Second Supplemental Agreement and the transactions contemplated thereunder having been obtained by the Vendor (including but not limited to the approval from the board of directors);
- iv. 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 Second Supplemental Agreement and the transactions contemplated thereunder having been obtained;
- v. all the payments in relation to the Second Supplemental Agreement and the transactions contemplated thereunder having been paid by the Purchaser;
- vi. all 60 Car Parking Spaces having been delivered to the Purchaser.

The Second Supplemental Agreement and the transactions contemplated thereunder shall be completed on or before 28 February 2021, or such later date as the Purchaser and the Vendor may agree. Otherwise the Second Supplemental Agreement and the Acquisition shall be terminated and all the consideration paid shall be refunded by the Vendor to the Purchaser within 3 Business Days from the date of the termination of the Second Supplemental Agreement.

LETTER FROM THE BOARD

INFORMATION ON THE PURCHASER, THE VENDOR AND OTHER RELATED PARTIES

Information on the Purchaser, Shenzhen Shenhe Chuangli and the Group

The Purchaser, Beijing Shen Shang, is a wholly-owned subsidiary of the Company. Its principal business is investment holding. Beijing Shen Shang was the purchaser of the Properties Acquisition Agreements which was terminated on 5 August 2019. It does not have any relationship with the Vendor, the Vendors III and their ultimate beneficial owners.

Shenzhen Shenhe Chuangli 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 H-Shares 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 construction business in the PRC.

BUSINESS UPDATE OF THE GROUP

Construction of Infrastructure and Development of Properties

The Chaozhou Industrial Park Project

As disclosed in the annual report of the Company for the year ended 31 December 2019, the infrastructure construction business remains the principal business of the Group. The Group endeavours to develop and push ahead the project progress and has gradually completed the procedures of acceptance and transfer and settlement in relation to a infrastructure construction project in Jing Nan Industrial Park, in Chaozhou (“Chaozhou Industrial Park Project”).

The land, being the main part of the Chaozhou Industrial Park Project, of which the current construction project of the Company is divided into two parts, i.e. the main part (主體工程) and its appurtenant works (附屬工程). The appurtenant works are under the construction of Four Roads and the slope protection work of One Slope* (四路一坡) in such industrial park.

The construction of the main part of the Chaozhou Industrial Park Project has been completed and the appurtenant works of Xinxing Road* (新興路) of the Four Roads is still under construction as at the Latest Practicable Date. Upon completion of construction, the main part of the Chaozhou Industrial Park Project (other than its appurtenant works) has entered into the settlement proceeding.

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The settlement proceeding of the Chaozhou Industrial Park Project involved various parties and covered different stages. Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司) (“**Zhongfang Chaozhou**”) was required to submit the settlement information to an independent construction supervision company for review which shall be reviewed by Chaozhou Jinshan Investment and Development Company Limited* (潮州市金山投資開發有限公司) (“**Chaozhou Jinshan**”), Fengquan Lake High-tech Zone Management Committee* (鳳泉湖高新區管委會) (“**Management Committee**”) and the third-party agencies. The settlement proceeding of the main part of the Chaozhou Industrial Park Project is being reviewed by Chaozhou Jinshan. The settlement proceeding of the main part of the Chaozhou Industrial Park Project are expected to be completed in 2021.

Due to the outbreak of the COVID-19 pandemic, the discussion between Chaozhou Jinshan and Zhongfang Chaozhou in relation to the Chaozhou Industrial Park Project has been interrupted. As at the Latest Practicable Date, Zhongfang Chaozhou has submitted the information requested per the supplemental information list, and now being reviewed by Chaozhou Jinshan.

As advised by Chaozhou Jinshan, there may be a change of the management in February 2021. As Chaozhou Jinshan is primarily responsible for the settlement proceeding, new management of Chaozhou Jinshan may take additional time to take over the settlement proceeding of the Chaozhou Industrial Park Project. The Company regards that it may be the risk factor and the event which may lead to delay in completion of the settlement proceeding of the Chaozhou Industrial Park Project. As such, the Company will enhance the communication with Chaozhou Jinshan to ensure the progress of the settlement proceeding will be on track to meet the settlement schedule.

As to the appurtenant works, the construction of Four Roads and the slope protection work of One Slope* (四路一坡) and the temporary drainage engineering, in which Xinxing Road* (新興路) is in the final construction stage and expected to be completed in May 2021. Other than this road, the other three roads (Xinwang Road* (新旺路), Huoju Road* (火炬路) and Chaoshang Road* (潮商路)), One Slope and the LS temporary drainage engineering* (LS臨時排水工程) have been completed. The construction acceptance of the slope works has already been passed in 2019 and such revenue of approximately RMB21.9 million was already been recognised in 2019. Except for the slope works, it is expected that relevant revenue of the others of approximately RMB43 million is expected to be recognised in the first quarter of 2021. The extension of Huoju Road* (火炬路) which locates out of the boundary line of the first phase but within the planning zone of the second phase of the Jing Nan Industrial Park* (經南園區). It is the main road of the Jing Nan Industrial Park* (經南園區). In view of the importance of the extension of Huoju Road* (火炬路), the planning and construction of the road without advance registration with the land administration authority was approved by the government. But the inspection and acceptance shall only be completed after all registration procedures with the land administration authority is done.

The Company has communicated with the Management Committee and Chaozhou Jinshan several times in relation to the request for inspecting the extension of Huoju Road* (火炬路) first. As at the Latest Practicable Date, the government agreed to firstly inspect and accept the extension of Huoju Road* (火炬路) before completion of the registration

LETTER FROM THE BOARD

procedures with the land administration authority later. The on-site inspection and acceptance have been completed. Such communication with the government and the response process from the authority parties took long time, which thereby delayed the inspection and acceptance work of the road and the time of recognised revenue. The inspection and work satisfaction confirmation of the construction of K line road* (K綫道路) was completed in June 2020 and relevant revenue of approximately RMB6.6 million has been recognised and recorded in September 2020 in the financial statement of the Group.

Upon completion of the settlement proceeding of the main part, it is expected that further revenue will be recorded and recognised in 2021. The Company shall use their best efforts to assist and satisfy the requirements of settlement proceeding, and make sure the construction work will be completed on schedule.

The Directors have strong connection in construction business in certain provinces in the PRC, and they are proactively seeking different potential projects in the industry. As at the Latest Practicable Date, the Company has been in negotiation of some potential construction projects. As construction projects need to consider a lot of aspects including but not limited to cost estimation, governmental approval, environmental evaluation and plenty of applications, as at the Latest Practicable Date, the Company has not entered into any agreement with any party in this regard. The Company will make announcement(s) and comply with the applicable Listing Rules as and when appropriate.

The Shennongjia Da Jiu Hu Hotel Project

Reference is made to the announcement of the Company dated 16 October 2020 in relation to a discloseable transaction of acquisition of 60% equity interest of Shennongjia Da Jiu Hu Hotel Company Limited (“**Shennongjia Hotel Company**”).

Shennongjia Hotel Company holds the land use rights of two parcels of adjoining land, which were granted by the PRC government, a total site area of approximately 35,506 square metres located in Ping Qian Ancient Town, Da Jiu Hu, Shennongjia Forestry District, Hubei Province, the PRC* (湖北省神農架林區大九湖坪阡古鎮) for commercial hotel service use.

As at the Latest Practicable Date, the detailed development plan of the hotel developing project has been finalized. The construction of the hotel developing project has already begun and expected to be completed in December 2023. Afterwards, the hotel project will start the decorating works, and expected to be completed in April 2024. The hotel targets to commence operations on 1 May 2024.

Property investment business

The Group has property investment business in Guangzhou, Beijing and Sanhe cities, and some of them are currently under construction and others are ready to commence the renovation works. The Company is from time to time sourcing properties with potential for investment purpose to receive rental income and may enjoy potential capital appreciation of properties in the future.

LETTER FROM THE BOARD

List of investment properties held by the Group

Location and description	Nature	Shareholding	Acquisition date	Announcement date	Completion date	Market value of the property	Rental situation
1. A total of 125 properties with the total area of 5,328.98 sq.m.. The properties are located in the Zhiying Commercial Center in Liangxiang Higher Education Park, Fangshan, Beijing, adjacent to Liangxiang University City North Station.	Commercial use	95%	30 December 2019	30 December 2019	7 April 2020	RMB131,000,000 as at 30 November 2019	At the moment, the design of renovation is in progress.
2. A shop unit with a gross floor area of approximately 516.69 sq.m.. The property located at No. 15, Guang'an Road, No. 138, Heshu Road, Datansha Island, Liwan District, Guangzhou, the PRC.	Commercial use	100%	24 June 2019	Not Applicable	30 August 2019	RMB19,400,000 as at 31 December 2019	In 2019, the monthly rent was approximately RMB32,550. Now the monthly rent is approximately RMB34,180.
3. The property is a commercial premise with the construction area of 2,800 sq.m. (with the rights to use 5,000 sq.m. of car parks at the basement level two of the Beijing International Zone Convention Centre* (北京會展國際港展館), being part of Phase 3 of the ancillary facility project of the Convention Center located in Beijing Shunyi District Tianzhu Airport Commercial Zone* (北京市順義區天竺空港商務區).	Commercial use	100%	15 November 2016	15 November 2016	Construction is expected to be completed in June 2021	RMB173,800,000 as at 31 December 2019	Nil

LETTER FROM THE BOARD

Location and description	Nature	Shareholding	Acquisition date	Announcement date	Completion date	Market value of the property	Rental situation
4. A total site area of approximately 35,506 sq.m. located in Ping Qian Ancient Town, Da Jiu Hu, Shennongjia Forestry District, Hubei Province, the PRC* (湖北省神農架林區大九湖坪壩古鎮) for commercial hotel service.	Commercial hotel service use	60%	16 October 2020	16 October 2020	Under construction and expected to be completed on or before 31 December 2023	RMB33,470,000 as at 31 July 2020	Nil
5. The properties, comprises 11 shop units with a total gross floor area of approximately 3,168 sq.m. together with 60 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.	Commercial use	100%	24 August 2020	24 August 2020	Expected completion date is pending to clearance of the circular by Stock Exchange and the approval by the Shareholders	RMB110,800,000 as at 30 November 2020	Pending completion of the transaction

Business plan of the Group

The Company is principally engaged in infrastructure construction business and property investment business. As mentioned above, a few construction projects are still actively underway. Meanwhile, the property investment business in Guangzhou, Beijing and Sanhe cities will generate rental income and revenue to the Group.

In relation to the construction projects, the Group will maintain communication with Chaozhou Jinshan to actively push ahead the progress of settlement proceedings of the Chaozhou Industrial Park Project and the transfer of the remaining construction land. Upon the completion of the Chaozhou Industrial Park Project, revenue and profit will be recorded to the books of the Group.

In relation to the property investment business, the revenue from the infrastructure construction and property investment projects will reinforce the financial strength of the Company and the Directors will continue to identify potential property investment projects in order to maximize the investment returns.

As for the ongoing projects, the Company will actively communicate with the related parties to shorten the progress and time of the completion of the existing projects with the target to record revenue and profits as soon as possible. The investment properties owned by the Company are considered to be financially rewarding and stable since the rental incomes are steady and recurrent. The Company will also monitor the latest market development and dispose certain investment properties if the market value of such demonstrate substantial appreciation.

LETTER FROM THE BOARD

The Directors are of the view that there will be more potential infrastructure construction and investment property opportunities in the PRC especially with the state's policy of increasing infrastructure investment. The Chaozhou Industrial Park Project is a vivid example which demonstrates the prosperous nature of the construction businesses in the PRC. The Company will actively respond to the national demand and push ahead the development of the existing projects on hand. Given that the principal business of the Company locates in Beijing and its nearby cities, the Directors will commit to identify suitable opportunities in the region for implementing the expected business plan and achieving the performance target for the Group for the coming year. The Company will also devote to explore various investment opportunities and enhance the Group's market competitiveness.

Information on the Vendor, Shanghai Wanbang and its related parties

The Vendor is principally engaged in the property investment as well as development and sales of properties. As at the Latest Practicable Date, the Vendor is owned as to 75%, 20% and 5% by Shanghai Wanbang, Shenzhen Wanbang and Shenzhen Zhaowanda, respectively.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) each of Shanghai Wanbang, Shenzhen Wanbang and Shenzhen Zhaowanda is a company established under the laws of the PRC with limited liability; (ii) Shanghai Wanbang is principally engaged in property investment; (iii) Shenzhen Wanbang is principally engaged in the real estate management and development, real estate brokerage consulting, investment consulting; (iv) Shenzhen Zhaowanda is principally engaged in investment holding; (v) He Wei Wen* (何偉文) and Chen Ning* (陳寧) are ultimate beneficial owners of the controlling shareholders of Shanghai Wanbang, Shenzhen Wanbang and Shenzhen Zhaowanda. He Wei Wen* (何偉文) and Chen Ning* (陳寧) each indirectly holds the effective interest of approximately 36.07% and 15.46% of the shares of Sanhe Jingjiao respectively. Xiao Ji Hong* (肖繼紅) is an ultimate beneficial owner of the controlling shareholders of Shanghai Wanbang and Shenzhen Wanbang. Xiao Ji Hong* (肖繼紅) indirectly holds the effective interest of approximately 39.10% of the shares of Sanhe Jingjiao. Accordingly, as at the Latest Practicable Date, the aggregate effective interest in Sanhe Jingjiao held by He Wei Wen* (何偉文), Chen Ning* (陳寧) and Xiao Ji Hong* (肖繼紅) is 90.63%.

REASONS FOR TERMINATION AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the infrastructure construction business. As part of its business strategies, the Group has focused on the development of property investment business, deployed in first-tier cities and surrounding areas nationwide since 2019, as stated in the Company's annual report for the year ended 31 December 2019.

Sanhe City is a country-level city located at the border of Beijing and Tianjin, enjoying a superior geographically position. However, with the over-concentration of development in the real estate market over decades, the problems, including transports and community developments, due to overpopulation have been arising.

LETTER FROM THE BOARD

The coordinated development plan for Tongzhou District of Beijing and three counties of Hebei Province, Sanhe, Dachang and Xianghe* (北京市通州區與河北省三河、大廠、香河三縣市協同發展規劃) (the “Plan”) was announced on 17 March 2020 by National Development and Reform Commission. The cities, including Sanhe, have planned to shift the focus from developing real estate projects to including public transportation, public services and infrastructure, etc.

The Plan outlines cooperative development between Beijing and cities, which helps to improve public services and infrastructure development, and to relieve the problems brought by over-centralization of population activities in Beijing.

The details of the Plan includes (i) the development in ancillary transport facilities with new-build cross city bridges and reconstruction of railway networks; and (ii) the expansion in the public services especially in education, medical and recreation and culture. Through the abovementioned, the population mobility between cities is expected to increase and talents and skills are brought to Sanhe City.

Based on the change of the government policy as stated above, in consideration of (i) the sustainable and potential community development in Sanhe City brought by the Plan; and (ii) the possible shift of the city development focus of Sanhe City from real estate to business and infrastructure, the Board is of the view that the direct investment in the Properties instead of the equity interest in Sanhe Jingjiao is a more prudent decision.

In consideration of the above, the Board is of the view that the termination of the Sale and Purchase Agreement, and entering into the Second Supplemental Agreement is 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

MAJOR TRANSACTION

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition of the Second Supplemental Agreement exceeds 25% but is less than 100%, the Acquisition of the Second Supplemental Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the requirements of reporting, announcement and circular pursuant to Chapter 14 of the Listing Rules and the approval by the Shareholders under Chapter 14 of the Listing Rules.

ADVANCE TO AN ENTITY

As the amount of the Deposit exceeds 8% under the assets ratio as defined under Rule 13.13 of the Listing Rules, the Deposit is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

LETTER FROM THE BOARD

EGM

The notice convening the EGM to be held at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC on 16 March 2021 (Tuesday) at 11 a.m., is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, ordinary resolution will be proposed for the Shareholders to approve the Second Supplemental Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, none of the Shareholders or any of their respective associates has a material interest in the Acquisition, thus no Shareholder would be required to abstain from voting on the resolution to approve the Second Supplemental Agreement and the transactions contemplated thereunder at the EGM.

The form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend such meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's H-Share registrar, the Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H-Shares) or the Company's office at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC, (for the holders of Domestic Shares) as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meetings or at any adjourned meetings should you so wish.

RECOMMENDATION

The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

* For identification purposes only

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2017, 2018 and 2019 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 have been set out in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.shenyang747.com:

- (i) for the year ended 31 December 2017, on pages 42 to 170 of the annual report of the Company for the year ended 31 December 2017 published on 30 April 2018 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430534.pdf>;
- (ii) for the year ended 31 December 2018, on pages 48 to 198 of the annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429395.pdf>;
- (iii) for the year ended 31 December 2019, on pages 49 to 221 of the annual report of the Company for the year ended 31 December 2019 published on 31 May 2020 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0531/2020053100009.pdf>;
- (iv) for the six months ended 30 June 2020, on pages 14 to 38 of the interim report of the Company for the six months ended 30 June 2020 published on 18 September 2020 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0918/2020091800902.pdf>.

2. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account that (i) the Group could successfully reach the agreement with the properties developer to delay the settlement of the outstanding consideration of approximately RMB54,465,000 in relation to the acquisition as announced by the Company on 30 December 2019 till 30 June 2022 and waive the penalty for delayed payment; (ii) the Group could successfully dispose of 100% equity investment in Shenzhen Shen Wu Investment & Development Company Limited and its subsidiaries and could receive the proceed of approximately RMB5,000,000 before 30 June 2021; (iii) the Group could receive the settlement of other receivables of approximately RMB6,000,000; (iv) the Group could receive progress billing of approximately RMB102,248,000 upon customers' completion of the acceptance and transfer procedures of slop stabilization works and construction land before 30 June 2022, and the financial resources available to the Group, including internal resources, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the indebtedness of the Group was as follows:

i) Other indebtedness and charges

- amount due to non-controlling interest with an aggregated amount of approximately RMB1,554,000 is repayable on demand, non-interest bearing and unsecured; and
- amount due to a shareholder with an aggregated amount of approximately RMB2,153,000 are repayable on demand, non-interest bearing and unsecured.

ii) Lease liabilities

The Group, as a lessee, has outstanding unpaid contractual lease liabilities of approximately RMB754,000 in relation to the remaining lease terms of right-of-use assets, which are unsecured and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 31 December 2020, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorized or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2019, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

As at the Latest Practicable Date, the Group is principally engaged in the infrastructure construction business. As part of the Group's business strategies, the Group has focused on the development of property investment business, deployed in first-tier cities and surrounding areas nationwide since 2019.

During the year ended 31 December 2019, the Group focused on development property investment business and successively acquired properties in Guangzhou and Beijing. Sanhe City, the Group has been actively seeking potential investment opportunities in this city, and strive to bring in revenue and cashflow stream to the Group. In order to in line with the government policy imposed in Sanhe City, the Directors believe that the acquisition of the Properties is a more prudent decision and able to strengthen the property investment portfolio.

Affected by the epidemic in 2020, the global economic situation is uncertain, the Group will adhere to the development objective of making steady progress, continue to maintain its core competitiveness. The Group will continue to explore other business opportunities in infrastructure construction business and identify potential property investment projects.

Looking ahead, the Group will actively cope with the severe economic environment locally and abroad, stabilise existing businesses and strictly monitor operational risks. At the same time, it will actively explore projects with higher development prospects and optimise resource allocation to enhance the Group's overall capabilities.

The following is the text of letter, summary of valuation and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 30 November 2020 of the property interests to be acquired by the Group in the People's Republic of China.



Graval Consulting Limited
Unit 1026A, Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

26 February 2021

The Board of Directors
Shenyang Public Utility Holdings Company Limited
Unit 2-12-5, Block B, Diwang Club Apartment,
No. 19 Wenyi Road, Shenhe District, Shenyang City,
Liaoning Province, the PRC

Dear Sirs and Madams,

Re: Valuation of Shop Units 5-1-101 to 5-1-104, 5-5-111, 5-5-112, 5-5-222, 5-5-223, 5-5-324, 5-5-425 and 5-5-426, and Basement Carparking Spaces Nos. 001 to 005, 008 to 010, 012 to 024, 027 to 029, 032 to 034, 036 to 055, 059 to 071 of B2 Car Park, Phase 5 of Tianzizhuangyuan, western side of Lijiawu Village and northern side of Jingha Road, Yanjiao Town, Sanhe City, Langfang City, Hebei Province, the People's Republic of China ("the Property")

INSTRUCTIONS

We refer to your instruction for us to value the property interest (the "**Property**") to be acquired by Shenyang Public Utility Holdings Company Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 30 November 2020 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“**Market Value**”) which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

VALUATION METHODOLOGY(IES)

In valuing the Property, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the Properties in the PRC include: (i) PRC business tax (equivalent to 5% of sales revenue), (ii) PRC land appreciation tax (equivalent to 30%-60% of the net appreciation amount) and (iii) PRC corporate income tax (25%). It is unlikely that such tax liability will be crystallised in the recent future as the Company has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the properties.

We have also assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the properties upon which this report is based, all required licenses, permit, certificated, and authorizations have been obtained.

Moreover, in undertaking our valuation for the properties located in the PRC, we have assumed that, unless otherwise stated, transferable land use rights in respect of such properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of such properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, SD & Partners (廣東晟典律師事務所), concerning the validity of the title to the property interest located in the PRC.

LIMITING CONDITIONS

We have conducted on-site inspections to the Property on 24 December 2020 by Mr. Liang Zhi Peng, who is graduated with a bachelor degree with 3-years working experience in property valuation. We have inspected the exteriors and where possible, the interiors of the Property. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

As at the Valuation Date, we continue to be faced with an unprecedented set of circumstances caused by Novel Coronavirus (COVID-19) and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Property(ies) is therefore reported as being subject to “material valuation uncertainty” as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards (2020 Edition).

Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt this explanatory note, including the “material valuation uncertainty” declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date. We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate adopted in valuing the property interest in the PRC as at the Valuation Date was HK\$1: RMB0.8487. There has been no significant fluctuation in the exchange rate for this currency against Hong Kong Dollars between that date and the date of this letter.

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
Graval Consulting Limited

Kelvin Chan Chun Hong
FCCA CFA MRICS
Chairman

Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MCIREA MHIREA
RICS Registered Valuer
Partner

Analysed and reported by: Cris K.L. Chan
Assistant Manager

Mr. Kelvin C.H. Chan is a CFA Charterholder, a member of RICS and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis, property and business valuation. Kelvin founded Graval Consulting Limited in 2016.

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 17 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Rim. Lawrence joined Graval Consulting Limited in 2020.

Mr. Cris K.L. Chan was graduated from The University of Hong Kong who has over 13 years' experience in the valuation of property in Hong Kong, Macau, the PRC and the Pacific Rim. Cris joined Graval Consulting Limited in 2020.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2020 RMB
Shop Units 5-1-101 to 5-1-104, 5-5-111, 5-5-112, 5-5-222, 5-5-223, 5-5-324, 5-5-425 and 5-5-426, and Basement Carparking Spaces Nos. 001 to 005, 008 to 010, 012 to 024, 027 to 029, 032 to 034, 036 to 055, 059 to 071 of B2 Car Park, Phase 5 of Tianzizhuangyuan, West Side of Lijiaowu Village and North Side of Jingha Road, Yanjiao Town, Sanhe City, Langfang City, Hebei Province, the PRC	<p>The subject development ("the Development") is a composite development comprises various parcels of lands having a total site area of approximately 300,243 sq.m. developed into 5 phases with a total gross floor area of approximately 477,156 sq.m. (excluding basement car parking spaces).</p> <p>The Property comprises 11 shop units ("the Shop Units") on the Level 1 to Level 4 of a 6-storey commercial building and 60 basement carparking spaces ("the Carparking Spaces") in Phase 5 of the Development, which was completed in about 2009.</p> <p>The total gross floor area of the Property is approximately 3,168 sq.m. (excluding car parking spaces).</p> <p>The land-use rights of the Property were granted for commercial use expiring on 3 February 2063.</p>	The Property was vacant as at the Valuation Date.	<p>RMB103,900,000 (equivalent to approximately HK\$122,400,000)</p> <p>(the market value of the Shop Units of the Property only)</p>

Notes:

- Pursuant to 11 Real Estate Ownership Certificates (Document No.: Ji (2019) San He Shi Bu Dong Chan Quan Nos. 0008721, 0008712, 0008670, 0008746, 0008749, 0008751, 0008685, 0008691, 0008698, 0008706 and 0008754, the ownership of 11 shop units of the Property with a total gross floor area of 3,168 sq.m. (exclusive of basement car parking spaces) is vested in Beijing Shenshang Investment Consulting Limited* 北京沈商投資諮詢有限公司 ("**Beijing Shenshang**") for a term expiring on 3 February 2063 for commercial use.
- According to the information provided by the Group, the Carparking Spaces were held by Sanhe Jingjiao Property Development Company Limited* 三河京郊房地產開發有限公司 ("**Sanhe Jingjiao**") without Real Estate Ownership Certificates. In the course of our valuation, we ascribed no commercial value to the Carparking Spaces that are not entitled to be transferred and mortgaged.

For the indicative purpose, the market value of the Carparking Spaces as at the Valuation Date is RMB6,900,000 (equivalent to approximately HK\$8,100,000) by assuming the Carparking Spaces are legally transferrable in the market.

- The Property is situated at Yanjiao Town, buildings in the locality are various residential/commercial buildings, schools, hospitals, and industrial complexes. Yanjiao Train Station and Beijing Capital International Airport are about 15-minutes and 1-hour driving distance from the Property respectively. Taxis and buses are accessible to the Property.
- The unit rate of similar commercial premises in the locality as at the Valuation Date is in the range of RMB30,000 per sq.m. to RMB55,000 per sq.m. The unit rate of basement car parking space in the locality as at the Valuation Date is in the range of RMB100,000 to RMB200,000 per car parking space.

5. According to the information provided by the Group, Beijing Shenshang is a wholly-owned subsidiary of the Group while Sanhe Jingjiao is an independent third-party company incorporated in the PRC and will transfer the Carparking Spaces to the Group upon completion of the proposed transaction.
6. We have been provided with a legal opinion on the Property prepared by the Company's PRC legal adviser, SD & Partners, which contains, inter alia, the following information:
 - (a) the Property is free from any charges, orders and other legal encumbrances which may cause adverse effects to the ownership of the Property;
 - (b) Beijing Shenshang is the sole owner of the shop units of the Property and is entitled to occupy, transfer, lease, and mortgage the shop units of the Property stated in Note 1; and
 - (c) the registration of the Real Estate Ownership Certificate of the car parking spaces stated in Note 2 has not applied, Sanhe Jingjiao is entitled to occupy and lease but not entitled to transfer and mortgage the Carparking Spaces.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', chief executives' and supervisors' Interests and short position in the securities of the Company

As at the Latest Practicable Date, none of the Directors, chief executives and supervisors of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and supervisors as referred to in the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and other person's interests and short position in the Shares, underlying Shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (other than Director or chief executive of the Company) had, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of the Company (if any) or had any options in respect of such capital:

	Beneficial owners	Shares	Approximate percentage of total issued share capital
1	Beijing Hua Xia Ding Technology Company Limited*	420,000,000 Domestic Shares	28.58%
2	Huang Guang Fu (<i>Note 1</i>)	420,000,000 Domestic Shares	28.58%

	Beneficial owners	Shares	Approximate percentage of total issued share capital
3	Beijing Lichuang Future Technology Company Limited*	180,000,000 Domestic Shares	12.25%
4	Zhai Ming Yue (<i>Note 2</i>)	180,000,000 Domestic Shares	12.25%
5	Shenzhen Wan Zhong Run Long Investment Company Limited*	140,000,000 Domestic Shares	9.53%
6	Zhang Song (<i>Note 3</i>)	140,000,000 Domestic Shares	9.53%
7	HKSCC Nominees Limited (<i>Note 4</i>)	599,209,595 H-Shares (listed shares)	40.78%

Notes:

- Huang Guang Fu is a PRC resident who holds 100% equity interests in Beijing Hua Xia Ding Technology Company Limited*. Pursuant to section 316 of the SFO, Huang Guang Fu is also deemed to be interested in the underlying shares of the Company held by Beijing Hua Xia Ding Technology Company Limited*.
- Zhai Ming Yue is a PRC resident who holds 100% equity interests in Beijing Lichuang Future Technology Company Limited*. Pursuant to section 316 of the SFO, Zhai Mingyue is also deemed to be interested in the underlying shares of the Company held by Beijing Lichuang Future Technology Company Limited*.
- Zhang Song is a PRC resident who holds 100% equity interests in Shenzhen Wan Zhong Run Long Investment Company Limited*. Pursuant to section 316 of the SFO, Zhang Song is deemed to be interested in the underlying shares of the Company held by Shenzhen Wan Zhong Run Long Investment Company Limited*.
- As notified by HKSCC Nominees Limited, as at 30 June 2020, the following participants of CCASS had interests amounting to 5.00% or more of the total issued H-Shares of the Company as shown in the securities accounts in CCASS:
 - The Hongkong and Shanghai Banking Corporation Limited as nominee holds 90,146,740 H-Shares, representing 14.89% of the issued H-Shares of the Company.
 - Bank of China (Hong Kong) Limited as nominee holds 64,812,000 H-Shares, representing 10.7% of the issued H-Shares of the Company.
 - Ever-Long Securities Company Limited as nominee holds 64,428,000 H-Shares, representing 10.64% of the issued H-Shares of the Company.

Save as aforesaid, as at the Latest Practicable Date, so far as was known to the Directors, no person had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company (if any) or who had any option in respect of such capital.

3. INTERESTS IN GROUP'S ASSETS, CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any direct or indirect interests in any assets which have since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

The Company has entered into service contracts with all of the Directors and supervisors of the Company. As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates (within the meaning of the Listing Rules) had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company within the two years preceding the Latest Practicable Date and are or may be material:

- i. the share transfer agreement I dated 16 November 2018 entered into between Shenzhen Tong He Chuangjian Investment Development Company Limited* (深圳市同合創建投資發展有限責任公司) and Shenzhen Zhongtou Construction Investment Company Limited* (深圳市中投建設投資有限公司) regarding the acquisition of 90% equity interest of Guangdong Xinmao Biotechnology Company Limited* (廣東鑫茂生物科技有限公司) at a consideration of RMB8,800,000

- ii. the share transfer agreement II dated 16 November 2018 entered into between Shenzhen Ju Sheng Chuang Jian Investment and Development Limited* (深圳市聚璽投資發展有限公司) and Shenzhen Chen Sui Industrial Investment Company Limited* (深圳市琛穗實業投資有限公司) regarding the acquisition of 90% equity interest of Chaozhou Jiafu Packaging Materials Company Limited* (潮州市佳富包裝材料有限公司) at a consideration of RMB3,000,000
- iii. the share purchase agreements dated 3 January 2019 entered into between the vendors, being 8 natural persons, and Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司), the purchaser in relation to the acquisition of 8,700,000 shares of Chaozhou Rural Credit Cooperative* (潮州市區農村信用合作聯社) at the consideration of RMB15,660,000
- iv. the share purchase agreements dated 24 January 2019 entered into between the vendors, being 19 individuals, and Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司), the purchaser in relation to the acquisition of an aggregate number of 25,720,335 shares of Chaozhou Rural Credit Cooperative* (潮州市區農村信用合作聯社) at the consideration of approximately RMB48,271,000
- v. the supplemental agreement dated 12 March 2019 entered into between Shenzhen Shenxi Investment & Development Company Limited (“**Shenzhen Shenxi**”), Shenzhen He Hui Huang Development Company Limited (“**SHHH Development**”) and Shenzhen Newpont Investment Group Limited, Shenzhen He Hui Huang Development Company Limited, Shenzhen Zhong De Logistics Company Limited (“**Zhong De Logistics**”), Lu Hancui and Ma Xinan (both being natural persons) pursuant to which it is agreed that the capital contribution in Zhong De Logistics will be replaced by the acquisition of an aggregate of 66.67% equity interest in SHHH Development by Shenzhen Shenxi from Lu Hancui and Ma Xinan
- vi. the Compensation Agreement
- vii. a sale and purchase agreement dated 24 June 2019 entered into between Shenzhen Shenhe Chuangli and Beijing Chengyang Software Company Limited* (北京程陽軟體有限公司) in relation to the acquisition of 100% equity interests of Beijing Yufeng Chengyou Technology Company Limited* (北京御風程遊科技有限公司) at the consideration of RMB10,660,000
- viii. a disposal agreement dated 24 June 2019 entered into between the Company and Guangzhou Yiwan Trading Company Limited* (廣州藝苑貿易有限公司) in relation to the disposal of 100% equity interests of Shenzhen Shen He Chuang Jian Investment Development Company Limited at the consideration of RMB13,950,000

- ix. the disposal agreement dated 4 July 2019 entered into between Shenzhen Shenxi Investment & Development Company Limited* (深圳市沈璽投資發展有限公司), a wholly-owned subsidiary of the Company as the vendor and Shenzhen Hongxun Investment Company Limited* (深圳市鴻訊投資發展有限公司) as the purchaser regarding disposal of 66.67% equity interests and the shareholder's loan in Shenzhen He Hui Huang Development Company Limited* (深圳市合輝煌發展有限公司) at the consideration of RMB173,000,000
- x. the Termination Agreement I
- xi. the Sale and Purchase Agreement
- xii. the sale and purchase agreement dated 30 December 2019 entered into between Shenzhen Shenhe Chuangli and Beijing Wanzi Apartment Management Company Limited* (北京萬紫公寓管理有限公司) in relation to acquisition of 95% equity interest of 8 target companies at the consideration of RMB71,000,000
- xiii. the Termination Agreement II
- xiv. the Second Supplemental Agreement
- xv. the share transfer agreement dated 16 October 2020 entered into between Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司) and 深圳市萬億貿易有限公司 in relation to the disposal of shares of Chaozhou Rural Commercial Bank at the consideration of RMB18,476,480
- xvi. the equity transfer agreement dated 16 October 2020 entered into between Shenzhen Apple Culture Media Company Limited* (深圳市蘋果文化傳媒有限公司) and Shenzhen Ju Sheng Chuang Jian Investment and Development Limited* (深圳市聚晟創建投資發展有限公司) in relation to the acquisition of 60% equity interest of Shennongjia Da Jiu Hu Hotel Company Limited* (神農架大九湖賓館有限公司) and the sale loan for the aggregate consideration of RMB35,000,000
- xvii. the share transfer agreement dated 15 January 2021 entered into between Guangdong Zhipuguangdian Advanced Materials Company Limited* (廣東至普光電新材料有限公司), Shenzhen Tong He Chuangjian Investment Development Company Limited* (深圳市同合創建投資發展有限責任公司) and Mr. Cai Shenghuang* (蔡聲煌) in relation to the disposal of 90% equity interest in Guangdong Xinmao Biotechnology Company Limited* (廣東鑫茂生物科技有限公司) and the sale loan for the total consideration of RMB9,990,000

7. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against the Company.

8. QUALIFICATIONS AND CONSENT OF EXPERTS

The following is the qualification of the expert who has given its opinion or advice which is contained in circular:

Name	Qualifications
Graval Consulting Limited	Independent professional valuer

Graval Consulting Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Graval Consulting Limited was not beneficially interested in the share capital of the Company nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company nor did it have any interest, either direct or indirect, in any asset which has been, since the date to which the latest published audited consolidated financial statements of the Company were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company.

9. CONTINGENT LIABILITIES

Save as disclosed in the paragraph headed “Statement of Indebtedness” in Appendix I to this circular, the Directors were not aware of any material changes in respect of the indebtedness or other contingent liabilities of the Group since 31 December 2019.

10. MISCELLANEOUS

- (i) The registered address of the Company is at No.1–4, 20A, Central Street, Shenyang Economic and Technological Development Zone, the PRC.
- (ii) The principal place of business of the Company in the PRC is at Room 2-12-5, Block B, Diwang Club Apartment, No.19 Wenyi Road, Shenhe District, Shenyang, the PRC.
- (iii) The principal place of business of the Company in Hong Kong is at 8/F., Skyway Centre, 23 Queen’s Road West, Sheung Wan, Hong Kong.

- (iv) The H-Share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (v) The joint company secretaries of the Company are Ms. Qian Fang Fang and Mr. Chung Man Wai, Stephen (“**Mr. Chung**”). Mr. Chung is a member of Hong Kong Institute of Certified Public Accountants. He has extensive experience in the professional field of accounting, audit and company secretarial.
- (vi) Unless otherwise stated, in the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at 8/F., Skyway Centre, 23 Queen’s Road West, Sheung Wan, Hong Kong and on the Company website at www.shenyang747.com during normal business hours on any business day from the date of this circular up to and including the date of EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) the valuation report on the Properties issued by Graval Consulting Limited, the independent valuer, the text of which is set out in Appendix II of this circular;
- (iii) the written consents referred to in the section headed “Qualifications and Consent of Experts” in this Appendix;
- (iv) the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019;
- (v) the interim report of the Company for the six months ended 30 June 2020;
- (vi) the material contracts referred to in the section headed “Material Contracts” in this Appendix;
- (vii) the service contracts referred to in the section headed “Service Contracts” in this Appendix; and
- (viii) this circular.

* For identification purposes only



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)

**NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING FOR 2021**

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting for 2021 (“**EGM**”) of Shenyang Public Utility Holdings Company Limited (the “**Company**”) will be held at 11 a.m. on 16 March 2021 (Tuesday) at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC for the following purposes:

BY WAY OF ORDINARY RESOLUTION:

1. “**THAT**

- (a) the second supplemental agreement (“**Second Supplemental Agreement**”) dated 24 August 2020 entered into between 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 as the purchaser and Sanhe Jingjiao Property Development Company Limited* (三河京郊房地產開發有限公司) as the vendor, and other related parties (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder, be and are hereby approved and confirmed; and
- (b) any one or more of the directors of the Company be and is/are hereby authorized to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, desirable or expedient to carry and implement the Second Supplemental Agreement and all the transactions contemplated thereunder.”

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

Shenyang, the PRC, 26 February 2021

NOTICE OF EGM

Notes:

1. Each shareholder entitled to attend and vote at the EGM is entitled to appoint in written form one or more proxies to attend and vote at the EGM on his/her behalf. A proxy need not be a member of the Company. Shareholders or their proxies are entitled to attend the EGM and vote.
2. To be valid, the proxy form together with the certified power of attorney or authority (if any) must be delivered to the Company's H share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and in case of holders of Domestic shares, with the Company's office at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC not later than 24 hours before the time appointed for holding the EGM or the time appointed for passing the resolutions or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Shareholders or their proxies shall produce their identity documents when attending the EGM.
4. The register of the members of the Company will be closed from 11 March 2021 to 16 March 2021 (both days inclusive), during which period no transfers of H Shares will be effected.
5. Shareholders whose names appear on the register of members of the Company on 10 March 2021 will be entitled to attend and vote at the EGM.
6. To be eligible to attend and vote at the EGM, all transfer documents must be lodged with the H Share Registrar, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for holders of H-Shares no later than 4:30 p.m. on 10 March 2021 (for holders of H Shares) or the Company's office at 2606A, Jinzhonghuan Main Business Building, No.3037 Jintian Road, Futian, Shenzhen, the PRC (for the holders of Domestic Shares) no later than 4:00 p.m. on 10 March 2021.
7. The EGM is expected to last for less than one day. Shareholders and their proxies attending the EGM shall be responsible for their own traveling and accommodation expenses.

* *For identification purpose only*