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瀋陽公用發展股份有限公司

Shenyang Public Utility Holdings Company Limited

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

(Stock code: 747)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
30% EQUITY INTEREST OF THE TARGET COMPANY**

ACQUISITION

The Board is pleased to announce that on 11 January 2016, after trading hours, the Purchaser, a wholly-owned subsidiary of the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to acquire the Sale Shares at a total consideration of RMB150,000,000.

Immediately before the Completion, the Target Company is owned as to 32% by Mr. Hu Zhen; as to 18% by Mr. Tian Jia Hua and 50% by an independent third party. Upon Completion, the Target Company will be owned as to 12% by Mr. Hu Zhen; as to 8% by Mr. Tian Jia Hua; 30% by the Purchaser and 50% by an independent third party.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

THE ACQUISITION AGREEMENT

Date

11 January 2016

Parties

Purchaser: Shenzhen Zhonghe Chuangjian Investment and Development Company Limited* 深圳市眾合創建投資發展有限公司, a limited company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company

Vendors: (1) Mr. Hu Zhen 胡振; and
(2) Mr. Tian Jia Hua 田佳華

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons (as defined in Chapter 14A of the Listing Rules).

Assets to be acquired

The Sale Shares represent 30% equity interest of the Target Company of which 20% is owned as to Mr. Hu Zhen and 10% is owned as to Mr. Tian Jia Hua.

Consideration

The Consideration for the Acquisition is RMB150,000,000 and shall be payable in cash by the Purchaser to the Vendors in the following manner:

- (a) as to RMB50,000,000 payable within 5 days upon the signing of the Acquisition Agreement;
- (b) as to RMB80,000,000 payable within 30 days upon the signing of the Acquisition Agreement; and
- (c) the remaining balance of the Consideration amounted to RMB20,000,000 within 15 days upon fulfilling condition (iii) of the conditions precedent.

The Vendors agreed to repay outstanding shareholder's loan due to the Target Company of approximately RMB57,735,000 to the Target Company before the remaining balance of the Consideration is settled by the Purchaser.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendors with reference to the valuation of the fair value of the Target Company provided by an independent qualified valuer. According to the valuation report, the fair market value of the Target Company as at 30 November 2015 is RMB519,000,000. The Consideration will be settled by the internal resources of the Group.

Conditions Precedent

Completion of the Acquisition shall be conditional upon and subject to:

- i. the passing by the shareholder's meeting of the Target Company of the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder;

- ii. the passing by the Board of the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder; and
- iii. the procedures of change in industry and commercial registration (工商登記) of the Target Company being completed and the new business registration certificate being obtained by the Target Company.

If any of the above conditions has not been fulfilled or waived by the agreement between the parties in six months upon entering into the Acquisition Agreement or such later date as the Vendors and the Purchaser may agree in writing, the Purchaser has right to terminate the Acquisition Agreement and its obligations thereunder with immediate effect. The Vendors shall refund all the consideration being paid by the Purchaser under the Acquisition.

Completion

Completion shall take place upon the fulfillment or waiver of the conditions precedent of the Acquisition Agreement (or such later date as the parties to the Acquisition Agreement may agree in writing).

Upon Completion, the Target Company will be owned as to 12% by Mr. Hu Zhen; as to 8% by Mr. Tian Jia Hua; 30% by the Purchaser and 50% by an independent third party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC and is owned as to 32% by Mr. Hu Zhen; as to 18% by Mr. Tian Jia Hua and 50% by an independent third party. It is principally engaged in the commercial and real estate investment in the PRC.

The Target Company is currently operating an integrated commercial plaza called Lion City International Plaza* 獅城國際廣場 (the “**Plaza**”) in Shishi City, Fujian Province of the PRC. The Plaza comprises the retails shop, restaurants, recreation facilities and parking spaces with a total gross floor area of approximately 37,996 square meters. The Plaza has been operated since 2008. Many international retail brands like Wal-Mart, McDonald’s and Starbucks are currently stationed in the Plaza.

As at the date of this announcement, the Plaza offers 83 commerce units and 300 car parking spaces for leasing and the current occupancy rate amounted to approximately 90%. The monthly rental income generated by the Plaza is approximately RMB2.5 million.

Financial information of the Target Company

The unaudited net asset value of the Target Company as of 30 November 2015 was approximately RMB418,833,732.

The unaudited financial information of the Target Company for each of the two years ended 31 December 2013 and 2014 are set out below:

	For the year ended	
	31 December	
	2014	2013
	(RMB'000)	(RMB'000)
Revenue	27,496	26,763
Net profit before taxation and extraordinary items	4,665	4,246
Net profit after taxation and extraordinary items	3,499	3,185

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.

Given the Plaza is located in prime area of Shishi City, the Directors consider the Acquisition represents a good investment opportunity for the Group to further expand its property investment portfolio in the PRC and is in line with the Group's business strategies. In view of the good location and high occupancy rate of the Plaza, the Board believes that the Acquisition allows the Group to generate stable rental income.

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

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is 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 and by the Purchaser from the Vendors pursuant to the terms of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 11 January 2016 entered into the Purchaser and the Vendors in relation to the Acquisition

“Board	the board of Directors
“Company”	Shenyang Public Utility Holdings Company Limited
“Completion”	the completion of the Acquisition Agreement in accordance with the terms thereof
“Connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Consideration”	the consideration of RMB150,000,000 for the Sale Shares payable by the Purchaser to the Vendors pursuant to the Acquisition Agreement
“Director(s)”	means the directors of the Company
“Domestic Share(s)”	domestic share(s) with a nominal value of RMB1 each in the share capital of the Company which are subscribed for in RMB
“Group”	the Company and its subsidiaries
“H-Share(s)”	overseas listed foreign ordinary share(s) in share capital of the Company, with a nominal value of RMB1 each, all of which are listed on the main board of the Stock Exchange, and subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Zhonghe Chuangjian Investment and Development Company Limited* 深圳市眾合創建投資發展有限公司, a limited company incorporated under the laws of the PRC and a wholly owned subsidiary of the Company
“Sale Shares”	30% equity interest of the Target Company which shall be legally and beneficially owned by the Vendors immediately prior to Completion
“Share(s)”	H-Share(s) and Domestic Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Shishi Shen Guo Tou Commercial Property Company Limited* 石獅深國投商用置業有限公司
“Vendors”	Mr. Hu Zhen 胡振 and Mr. Tian Jia Hua 田佳華
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Shenyang, the PRC, 12 January 2016

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

* *for identification purposes only*