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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 ACQUISITION –
Proposed Acquisition of CY Property**

Financial adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

THE CY ACQUISITION

Pursuant to the resumption proposal for application of resumption of trading of H shares of the Company, on 5 January 2009, the Company entered into the CY Acquisition Agreement with Zhong Yi, pursuant to which the Company agreed to purchase and Zhong Yi agreed to sell the CY Property at a consideration of RMB93,000,000. Subsequently on 20 October 2009, parties to the CY Acquisition Agreement entered into a supplemental agreement of which the Company will purchase the CY Property through its wholly-owned subsidiary, Beijing ShenFa, to be established before the EGM.

The CY Property is situated in the central area of the Chaoyang District in Beijing. It comprises the first and second floors of an 18-storey commercial building with a gross floor area of approximately 3,808.27 square metres, and subject to two tenancies, a bank and a telecom company, with a total annual rent of approximately RMB4,500,000 and RMB5,200,000 respectively.

IMPLICATIONS OF THE LISTING RULES

The CY Acquisition constitutes a major acquisition on the part of the Company under the Listing Rules and is subject to Shareholders' approval requirement under the Listing Rules. None of the Shareholders has a material interest in the transaction and none of them shall abstain from voting at the EGM. The controlling shareholder of the Company,

Beijing Mingde Guangye, holding 58.8% of the issued share capital of the Company as at the date of this announcement, undertakes to vote in favour of the resolution concerning the CY Acquisition.

GENERAL

A circular containing, amongst other things, further information in respect of the CY Acquisition together with the notice of the EGM to be held for the Shareholders to approve the CY Acquisition will be despatched to the Shareholders in accordance with the Listing Rules as soon as possible.

THE CY ACQUISITION AGREEMENT (AS AMENDED BY THE SUPPLEMENTAL AGREEMENT DATED 20 OCTOBER 2009)

Date: 5 January 2009

Parties:

Vendor: Zhong Yi

Purchaser: the Company (including its subsidiary, Beijing ShenFa, to be established before the EGM)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Zhong Yi and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

Assets acquired

The CY Property.

Consideration

The consideration for the CY Acquisition was RMB93,000,000 payable in cash after arm's length negotiation between the Company and Zhong Yi. According to a valuation report of the CY Property as at 30 April 2009 issued by Malcolm & Associates Appraisal Limited, an independent and professional valuer, the market value of the CY Property was RMB120,000,000 as at 30 November 2008. The consideration of the CY Acquisition of RMB93,000,000 is at a discount of 22.5% to the said valuation.

The funding of RMB93,000,000 for the CY Acquisition will be sourced from part of the sale proceeds of the disposal of Beijing Diye. Details of the disposal of Beijing Diye are stated in the announcement of the Company dated 10 August 2009.

Payment terms

The consideration for the CY Acquisition would be payable by the Company to Zhong Yi in the following manner:

- (i) as to RMB1,000,000 in cash on the date of the CY Acquisition Agreement as deposit;
- (ii) as to RMB46,500,000 in cash on the date the Stock Exchange having granted or agreeing to grant the approval for resumption of trading of H shares of the Company; and
- (iii) the remaining balance shall be fully paid in cash within seven Business Days from the completion of all legal procedures for the transfer and registration of the CY Property.

As at the date of this announcement, the Company has paid the cash deposit of RMB1,000,000 to Zhong Yi.

Conditions precedent

Completion of the CY Acquisition is subject to the following conditions precedent:

- (i) the Shareholders having in EGM approved the CY Acquisition Agreement and all transactions contemplated thereunder in accordance with the memorandum and articles of association and the Listing Rules;
- (ii) the Stock Exchange having conditionally granted or agreeing to grant the approval for resumption of trading of H shares of the Company;
- (iii) the completion of disposal in 80% equity interest of Beijing Diye by the Company; and
- (iv) Zhong Yi shall process the legal documents including the building ownership certificate and land use right certificate for the Company.

If any of the conditions precedent is unable to be satisfied, the Company holds the right to terminate the CY Acquisition Agreement and Zhong Yi shall refund the deposit within 30 days from the date of notice served by the Company.

There is no long stop date for the CY Acquisition Agreement.

The profit guarantee

Pursuant to the CY Acquisition Agreement, Zhong Yi has guaranteed the annual rental to be generated by the CY Property shall be no less than RMB8,500,000 for two years following the completion of the CY Acquisition.

In the event that the annual rental income generated by the CY Property is underpaid or less than RMB8,500,000, Zhong Yi shall make up for the shortfall within 30 days from the issue of written notice by the Company.

REASONS FOR ENTERING INTO THE CY ACQUISITION AGREEMENT

The CY Acquisition is considered to be one of the actions taken by the Company pursuant to the resumption proposal submitted by the company for the resumption of the trading in the H shares of the Company. It is expected that the implementation of the CY Acquisition is able to improve the financial position of the Company.

In light of the above, the Directors consider that the terms of the CY Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON ZHONG YI

Zhong Yi is a limited liability company incorporated at Rm 2006, Qingyun Dangdai Mansion, District 9 Manting Fangyuan, Qingyun Lane, Haidian District, Beijing, the PRC on 8 January 2004. It is principally engaged in investment holding with a registered capital of RMB2,000,000. As at the date of this announcement, Zhong Yi is owned by three PRC individuals.

INFORMATION ON THE GROUP

Trading in the H shares of the Company has been suspended since 15 December 2004. Prior to the suspension, the Group was principally engaged in property development, educational investment and cemetery development in the PRC. The Group encountered financial distress in the last few years and has been downsizing the scale of operations since its suspension of trading in H shares. Most of the Group's assets had been sold through auctions as ordered by the courts in the PRC. As at the date of this announcement, the principal activity of the Group is the rental operation of a property in Zhuhai which is currently leased to Zhuhai Subsidiary Experimental School of Beijing University.

INFORMATION ON BEIJING SHENFA

Beijing ShenFa is a limited company to be incorporated in the PRC and will be wholly-owned by the Company with a registered capital of RMB500,000. Beijing ShenFa will principally engage in property leasing and management.

The business registration of Beijing ShenFa is expected to be completed before the EGM.

INFORMATION ON THE CY PROPERTY

The CY Property is a 2-floor office of an 18-storey commercial building (*named as Huipu Building*) completed in about 1998. The gross floor area of the CY Property is approximately 3,808.27sq.m.. According to Malcolm & Associates Appraisal Limited, the independent professional valuer, the CY Property is subject to two tenancies, a bank and a telecom company, with a total annual rent of approximately RMB4,500,000 and

RMB5,200,000 respectively, and was preliminarily valued at RMB120,000,000 as at 30 November 2008.

The Directors represent that since some of the common expenses (eg. staff cost and management fee) are inseparable from the properties, the net profits before and after taxation attributable to the CY Property are not available and only the gross profits are available as at the date of this announcement. The Directors represent that the said net profits before and after taxation attributable to the CY Property will be available and included in the circular in relation to, amongst other things, the CY Acquisition, after auditors' review.

The gross profits of the CY Property for the two years ended 31 December 2008 are approximately RMB9,013,000 and RMB8,542,000 respectively.

IMPLICATIONS OF THE LISTING RULES

The CY Acquisition constitutes a major acquisition on the part of the Company under the Listing Rules and is subject to Shareholders' approval requirements under the Listing Rules. None of the Shareholders has a material interest in the transaction and none of them shall abstain from voting at the EGM. The controlling shareholder of the Company, Beijing Mingde Guangye, holding 58.8% of the issued share capital of the Company as at the date of this announcement, undertakes to vote in favour of the resolution concerning the CY Acquisition.

GENERAL

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DEFINITIONS

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

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| “Beijing Diye” | Beijing Diye Real Estate Development Company Limited (北京地業房地產開發有限公司), a company incorporated in the PRC with limited liability, 80% equity interest of which is held by the Company |
| “Beijing ShenFa” | Beijing ShenFa Property Management Company Limited* (北京瀋發物業管理有限公司) |

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| “Beijing Mingde Guanye” | Beijing Mingde Guanye Investment Consultant Company Limited* (北京明德廣業投資諮詢有限公司) |
| “Board” | board of directors of the Company |
| “Business Day(s)” | any day(s) (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hour |
| “Company” | Shenyang Public Utility Holdings Company Limited, a company incorporated in the PRC with limited liability and the H-shares of which are listed on the Stock Exchange |
| “CY Acquisition” | the acquisition of the CY Property by the Company pursuant to the CY Acquisition Agreement at a consideration of RMB93,000,000 |
| “CY Acquisition Agreement” | the asset transfer agreement (as amended by a supplemental agreement dated 20 October 2009) entered into between the Company and Zhong Yi dated 5 January 2009 in relation to the CY Acquisition |
| “CY Property” | 1st floor and 2nd Floors, Huipu Building, No.112, Jianguo Road, Chaoyang District, Beijing, the PRC |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purposes of considering and if thought fit, to approve, among other things, the CY Acquisition |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan |

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| “Share(s)” | ordinary share(s) of RMB1.00 each in the share capital of the Company |
| “Shareholder(s)” | Shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Zhong Yi” | Beijing Zhong Yi Chong Yi Technology Development Company* (北京中億創一科技發展有限公司) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

** for identification purposes only*

By order of the Board of
Shenyang Public Utility Holdings Company Limited
An Mu Zong
Executive Director

Shenyang, PRC 9 November 2009

As at the date of this announcement, the directors of the Company are as follows:

Executive directors: Mr. An Mu Zong, Mr. Wang Zai Xin Mr. Alex Chow Ka Wo and Mr. Wang Hui

Non executive directors: Mr. Deng Yan Bin and Mr. Lin Dong Hui

Independent non executive director: Mr. Cai Lian Jun, Mr. Wong Kai Tat and Mr. Chan Ming Sun.