

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

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Shenyang Public Utility Holdings Company Limited.

SKY EARTH LIMITED
*(a company incorporated in the BVI with
limited liability)*


**Shenyang Public Utility
Holdings Company Limited**
瀋陽公用發展股份有限公司
(a joint stock limited company incorporated in the PRC)
(Stock Code: 747)

JOINT ANNOUNCEMENT

(1) ACQUISITION OF SHARES;

(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED ON BEHALF OF SKY EARTH LIMITED TO ACQUIRE ALL THE ISSUED H SHARES IN SHENYANG PUBLIC UTILITY HOLDINGS COMPANY LIMITED;

(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND

(4) RESUMPTION OF TRADING

Financial adviser to the Offeror

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LTD Karl Thomson Financial Advisory Limited

SALE AND PURCHASE AGREEMENT

On 21 September 2012, the Board was informed by Beijing Mingde, the controlling shareholder of the Company, that it had entered into the conditional Sale and Purchase Agreement with Jinma, pursuant to which Beijing Mingde agreed to sell, and Jinma agreed to purchase, the Sale Shares at a consideration of RMB105 million (or approximately HKD128.39 million), which was equivalent to RMB0.175 (or approximately HKD0.2140) per Sale Share.

Completion of the Sale and Purchase Agreement is subject to the satisfaction of the conditions precedent therein, including, among other things, completion of amendments to the Articles and the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) in connection with the change in the Shareholder of the Domestic Shares. Further details are set out under the paragraph headed “Conditions Precedent” under the section headed “Sale and Purchase Agreement” below.

In respect of the Completion, further announcement(s) will be made to inform the public and the Shareholders when it takes place.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

Immediately following Completion, Jinma will own the Sale Shares (i.e. 600,000,000 Domestic Shares), representing approximately 58.8% of the entire issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, Jinma and parties acting in concert with it are required to make a mandatory unconditional general offer for all the outstanding Shares other than those already owned or agreed to be acquired by Jinma and parties acting in concert with it.

As at the date of this joint announcement, the outstanding Shares other than those already owned or agreed to be acquired by Jinma and parties acting in concert with it amount to all of the 420,400,000 H Shares issued, representing approximately 41.2% of the issued share capital of the Company. Since Jinma, a company established in the PRC, is restricted from holding overseas listed foreign invested shares under the relevant rules and regulations in the PRC, Jinma and the Offeror have formed a consortium for the purpose of the Offer. The Offeror has become a party acting in concert with Jinma and will make the Offer. Kingston Securities Limited will make the Offer on behalf of the Offeror for all the H Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it at the Offer Price, in accordance with Rule 26.1 of the Takeovers Code.

Principal terms of the Offer are set out in the section headed “Possible Mandatory Unconditional Cash Offer” below. Kingston Corporate Finance Limited, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to meet the full acceptance of the Offer.

Based on the 420,400,000 H Shares subject to the Offer, the Offer is valued at approximately HK\$89.97 million based on the Offer Price.

PROPOSED AMENDMENTS TO THE ARTICLES AND THE EGM

For the purpose of effecting transfer of the Sale Shares and complying with the relevant laws and regulations in the PRC, including fulfillment of the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) in relation to the change in the holder of the Domestic Shares, a special resolution will be proposed at the EGM to be held as soon as practicable to approve the necessary amendments to the Articles. Subject to the passing of the aforesaid special resolution by the Shareholders at the EGM and completion of the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局), the proposed amendments to the Articles will become effective.

An EGM will be convened for the purpose of considering and, if thought fit, approving the resolution in respect of the proposed amendments to the Articles by the Shareholders by way of poll at the EGM. A Circular containing details of the proposed amendments to the Articles and a notice of the EGM will be despatched separately to the Shareholders in due course.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if Completion takes place, which is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions Precedent” under the section headed “Sale and Purchase Agreement” below. Accordingly, Completion may or may not take place and the Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL

Further announcement will be made as soon as practicable respectively in relation to the appointment of the independent financial adviser to the Independent Board Committee to be set up to advise on the fairness and reasonableness of the terms and as to the acceptance of the Offer.

A Composite Offer Document setting out details of the Offer (and attaching thereto the relevant acceptance and transfer forms) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser to the Independent Board Committee on the Offer will be sent by the Offeror and the Company jointly to the Shareholders in respect of the Offer.

EXTENSION OF TIME TO DESPATCH THE COMPOSITE OFFER DOCUMENT

As the Composite Offer Document will not be despatched to the Shareholders within the period contemplated under Rule 8.2 of the Takeovers Code, which is 21 days from the date of this joint announcement, an application pursuant to Note 2 to Rule 8.2 of the Takeovers Code has been made to the Executive for his consent to extend the date for the posting of the Composite Offer Document to within 7 days of Completion or 28 March 2013, whichever is the earlier.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 24 September 2012 (Hong Kong time), pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 October 2012 (Hong Kong time).

SALE AND PURCHASE AGREEMENT

On 21 September 2012, the Board was informed by Beijing Mingde, the controlling shareholder of the Company, that it had entered into the conditional Sale and Purchase Agreement with Jinma in relation to the acquisition of the Sale Shares. Principal terms of the Sale and Purchase Agreement are set out as follows:

Principal terms of the Sale and Purchase Agreement

Date: 21 September 2012 (after trading hours)

Parties: Beijing Mingde (as vendor)
Jinma (as purchaser)

Pursuant to the conditional Sale and Purchase Agreement, Beijing Mingde agreed to sell, and Jinma agreed to purchase the Sale Shares at a consideration of RMB105 million (or approximately HK\$128.39 million), which was equivalent to RMB0.175 (or approximately HK\$0.2140) per Sale Share.

Sale Shares

The Sale Shares, comprising a total of 600,000,000 Domestic Shares, representing approximately 58.8% of the entire issued share capital of the Company as at the date of this joint announcement, will be acquired by Jinma free from all Encumbrances and together with all rights attached and accrued to them at the date of Completion. After Completion, Beijing Mingde will cease to hold any share capital of the Company. Further announcement(s) will be made to inform the public and the Shareholders when Completion takes place.

Purchase price and payment terms

The consideration for the Sale Shares pursuant to the Sale and Purchase Agreement was determined between Beijing Mingde and Jinma after arm's length negotiations and taking into account, including (i) the original cost of investment in the Sale Shares by Beijing Mingde; and (ii) the liquidity of the unlisted Domestic Shares. As at 30 June 2012, the unaudited net asset value of the Group was approximately RMB0.50 per Share, whereas the audited net asset value of the Group as at 31 December 2011 was approximately RMB0.50 per Share.

The consideration of RMB105 million for the Sale Shares shall be satisfied in cash in the following manner:

- a. RMB40 million shall be paid by Jinma 6 days after signing of the Sale and Purchase Agreement; and
- b. the remaining RMB65 million shall be paid by Jinma within 6 days upon completion of: (i) amendments to the Articles; and (ii) the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) as provided for in the Sale and Purchase Agreement and obtaining the amended business licence certificate.

Conditions precedent

Completion of the acquisition of the Sale Shares is subject to the satisfaction of the following conditions:

- a. the Company to convene an extraordinary general meeting of the Shareholders to pass the relevant resolution to approve the amendments to the Articles and the change of Directors (if any);
- b. the Company having completed the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) in connection with the change in the Shareholder of the Domestic Shares and obtained the amended business licence certificate; and
- c. a PRC legal adviser to issue a legal opinion, confirming that both Beijing Mingde and the Company have already obtained all necessary approvals (if any) as required under the PRC laws and have completed all necessary filings and registration required to complete the transfer of the Sale Shares.

Completion of the Sale and Purchase Agreement and all necessary actions required pursuant to any rules and regulations under the PRC laws or Hong Kong laws shall take place and be satisfied within 6 months from the date of the Sale and Purchase Agreement (or such other date as agreed between Beijing Mingde and Jinma).

Jinma shall be entitled to terminate the Sale and Purchase Agreement if, among other things, the transaction contemplated under the Sale and Purchase Agreement cannot be completed within 6 months from the date of the Sale and Purchase Agreement or Beijing Mingde defaults

on any of the representations and warranties made by it. Beijing Mingde shall be entitled to terminate the Sale and Purchase Agreement if Jinma fails to pay the consideration for the Sale Shares in accordance with the payment terms for more than 3 months and, among other things, require Jinma to transfer the Sale Shares back to Beijing Mingde.

Completion

The date of Completion shall take place on the date upon satisfaction of all the conditions precedent for the sale and purchase of the Sale Shares.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

Immediately following Completion, Jinma will own the Sale Shares, representing approximately 58.8% of the entire issued share capital of the Company as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, Jinma and parties acting in concert with it will be required to make a mandatory unconditional general offer for all the outstanding Shares other than those already owned or agreed to be acquired by Jinma and parties acting in concert with it. Since Jinma, being a company established in the PRC, is restricted from holding overseas listed foreign invested shares under the relevant rules and regulations in the PRC, Jinma and the Offeror have formed a consortium for the purpose of the Offer. The Offeror has become a party acting in concert with Jinma and will make the Offer.

Subject to Completion, Kingston Securities Limited will make the Offer on behalf of the Offeror for all the H Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it on the following basis:

Principal terms of the Offer

For each H Share. HK\$0.2140
(equivalent to approximately RMB0.175) in cash

The Offer Price is equivalent to RMB0.175, being the price per Sale Share at which the Sale Shares were sold to Jinma under the Sale and Purchase Agreement, and converted into Hong Kong dollars based on the exchange rate of RMB0.81782 to HK\$1 as quoted by The People's Bank of China as at 28 September 2012, being the date of this joint announcement.

The H Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them as at the date on which the Offer is made, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made.

As at the date of this joint announcement, the Company does not have any outstanding warrants, options or derivatives to acquire the Shares or other securities which are convertible into the Shares. Holders of the H Shares and the Domestic Shares have the same voting right and the right to receive dividend.

Neither the Offeror nor any party acting in concert with it has received any irrevocable commitment to accept the Offer.

Dealing and interests in the Company's securities

Save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, none of the Offeror, Jinma or parties acting in concert with any of them has dealt in the Shares, warrants, options, derivatives or other securities convertible into the Shares during the period commencing from the date falling six months before the date of this joint announcement. Save for the Sale Shares to be acquired by Jinma under the Sale and Purchase Agreement, the Offeror, Jinma and parties acting in concert with any of them have not held, owned or controlled any Shares, warrants, options, derivatives or other securities convertible into the Shares as at the date of this joint announcement.

The Offeror did not enter into any agreement or arrangement which is related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer and the consequences of which would give rise to any break fees payable.

Except for the disclosure above, as at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the securities of the Offeror or the Company and which might be material to the Offer. The Offeror, Jinma or any person acting in concert with any of them has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company as at the date of this joint announcement.

Comparison of value

The offer price of HK\$0.2140 per H Share represents:

- (i) a discount of approximately 58.04% to the closing price of HK\$0.510 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 58.69% to the average closing price of HK\$0.518 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 59.16% to the average closing price of HK\$0.524 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 59.70% to the average closing price of HK\$0.531 per H Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day.

Highest and lowest prices

The highest and lowest closing prices per H Share as quoted on the Stock Exchange during the six-month period immediately prior to and including the Last Trading Day were HK\$0.650 on 28 and 29 May 2012 and HK\$0.495 on 30 March 2012, respectively.

Total consideration

There are 420,400,000 H Shares subject to the Offer. The Offer is valued at approximately HK\$89.97 million based on the Offer Price.

The Offeror will satisfy the cash consideration payable under the Offer by the loan facility of HK\$82,800,000 granted to the Offeror by Kingston Securities Limited under the Facility Agreement, together with the cash deposited by the Offeror with Kingston Securities Limited. Kingston Corporate Finance Limited, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

Stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.1% of the market value of the H Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the H Shares.

Payment

Payment in cash in respect of acceptances of the Offer, net of seller's Hong Kong ad valorem stamp duty, will be made as soon as possible but in any event within 7 business days (as defined in the Takeovers Code) from the date of receipt of the relevant documents of title and duly completed acceptance(s) by the Offeror to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Overseas Shareholders

The availability of the Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are resident. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this joint announcement and immediately after Completion but before the Offer (and assuming there are no changes in the issued share capital of the Company) is as follows:

	As at the date of this joint announcement		Immediately after Completion and before the Offer	
	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>
Domestic Shares				
Beijing Mingde	600,000,000 (representing all issued Domestic Shares in the share capital of the Company)	58.80	0	0.00
Jinma	<u>0</u>	<u>0.00</u>	<u>600,000,000</u>	<u>58.80</u>
H Shares				
Public	<u>420,400,000</u>	<u>41.20</u>	<u>420,400,000</u>	<u>41.20</u>
Total	<u>1,020,400,000</u>	<u>100.00</u>	<u>1,020,400,000</u>	<u>100.00</u>

INFORMATION ON THE COMPANY

The Company is an investment holding company and the principal activities of its subsidiaries are property development and leasing and management of real estate in the PRC.

Based on the Company's audited financial results as disclosed in the Company's annual report for the year ended 31 December 2011, the Group recorded an audited net profit of approximately RMB40.9 million and approximately RMB26.7 million for the financial years ended 31 December 2011 and 31 December 2010, respectively.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability solely for the purpose of the Offer. It is an investment holding company with no substantive business operation. As at the date of this joint announcement, the sole director and sole shareholder of the Offeror is Mr. Chim Kim Lun Ricky.

Mr. Chim Kim Lun Ricky, aged 43, holds a Bachelor degree in Arts from the University of British Columbia in Canada and has over 20 years of commercial and investment experience. Mr. Chim is an executive director of Bestway International Holdings Limited (stock code: 718), and an executive director and the chairman of Asia Resources Holdings Limited (stock code: 899), the shares of both companies are listed on the main board of the Stock Exchange.

INFORMATION ON JINMA

Jinma is a limited liability company established in the PRC and is principally engaged in trust asset management, investment management (not including finance, insurance, securities, futures and other restricted items), financial management advisory, investment information advisory, corporate management advisory (not including human resources intermediary services, securities and other restricted items) and investing in establishing industries.

Jinma is beneficially owned as to 90% by Mr. Ma Zhonghong and 10% by Mr. Lin Weicheng.

Mr. Ma Zhonghong, aged 39, is the legal representative, chairman of the board of directors and a director of Jinma. Mr. Ma is not a director of any company whose shares are listed on the Stock Exchange.

Mr. Lin Weicheng, aged 25, is a director of Jinma. Mr. Lin is not a director of any company whose shares are listed on the Stock Exchange.

Reference is made to the announcements of the Company dated 11 May 2011 and 31 May 2011, the circular of the Company dated 25 September 2011 and the announcement of the Company dated 8 August 2012 in relation to the acquisition of the entire issued share capital of Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司) (“**Zhongfang Chaozhou**”) by the Company from Tianjin Zhongfang Yongyang Property Company Limited* (天津中房雍陽置業有限公司) (“**Tianjin Zhongfang**”) and Shenzhen Zhongfang Chuangzhan Investment Group Company Limited* (深圳市中房創展投資集團有限公司) (“**Shenzhen Zhongfang**”). As at the time of entering into the relevant acquisition agreement (the “**Acquisition Agreement**”) and up to the date of this joint announcement, Shenzhen Zhongfang has been owned as to 60% by Mr. Ma Zhonghong and 40% by Mr. Chen Ruizhan (陳瑞展) and Mr. Ma Zhonghong has been a director of Shenzhen Zhongfang.

Upon completion of the acquisition of the entire issued share capital of Zhongfang Chaozhou on 8 June 2012, Zhongfang Chaozhou has become a wholly-owned subsidiary of the Company. As at the date of this joint announcement, Mr. Ma Zhonghong is the chairman of the board of directors of Zhongfang Chaozhou. For details, please refer to the announcement of the Company dated 8 August 2012.

INTENTION OF THE OFFEROR ON THE GROUP

The Offeror intends that the Company will continue with its existing principal activities and will maintain the listing status of the Company on the Stock Exchange after closing of the Offer. The Offeror has no intention to re-deploy employees or fixed assets of the Group within 6 months from the date of this joint announcement other than in its ordinary course of business. Except for the intention of the Offeror to hold the accepted H Shares, if any, for investment purpose, the Offeror will not take any role in the Company.

INTENTION OF JINMA ON THE GROUP

Jinma intends that the Company will continue with its existing principal activities and will maintain the listing status of the Company on the Stock Exchange after closing of the Offer.

Jinma intends to nominate new Director(s) to the Board with effect from the earliest time permitted for appointment of directors under the Takeovers Code, the Listing Rules and applicable laws. Details of the change of the Board composition and the biographies of the newly appointed Director(s) will be made in compliance with the Takeovers Code and the Listing Rules and announced in due course.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Group. The Offeror intends to maintain the listing of the H Shares on the Stock Exchange. The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued share capital of the Company will be held by the public at all times. The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by the holders of H Shares under the Offer, the aforesaid parties have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted H Shares by the Offeror for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

WARNING

The Offer is a possible mandatory unconditional cash offer and will only be made if Completion takes place, which is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions Precedent” under the section headed “Sale and Purchase Agreement” above. Accordingly, Completion may or may not take place and the Offer may or may not proceed. Shareholders and potential investors in the Company are advised to exercise caution when dealing in the Shares.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the Company and the Offeror hereby remind their respective associates (including persons holding 5% or more of any class of relevant securities) and parties acting in concert with them to disclose their dealings in any securities of the Company. For this purpose, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibility of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

PROPOSED AMENDMENTS TO THE ARTICLES

As mentioned in the above paragraph headed “Conditions precedent” of the Sale and Purchase Agreement, the completion for the transfer of the Sale Shares is conditional upon completion of the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) in connection with the change in the holder of the Domestic Shares. For the purpose of complying with the relevant laws and regulations in the PRC and effecting transfer of the Sale Shares, a special resolution will be proposed at the EGM to be held as soon as practicable to approve the necessary amendments to the Articles.

The Company proposed to amend the Articles as follows:

Article 1 of the Articles

“This company (or “The Company”) is a company limited by shares established according to the Company Law of the People’s Republic of China, Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies and other related laws and administrative laws and regulations.

Following approval of the GuoJingMao QiGai [1999] No.589 Paper of the State Economic and Trade Commission, the Company is incorporated by means of sponsorship and registered in the Shenyang Administration for Industry and Commerce in July 2, 1999. The number of the Company's business license is 210131000009129(1-1).

The sponsor of the Company: Shenyang Public Utility Group Company Limited.

(Article 1 of the Essential Clauses)"

shall be amended as

"This company (or "The Company") is a company limited by shares established according to the Company Law of the People's Republic of China, Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies and other related laws and administrative laws and regulations.

Following approval of the GuoJingMao QiGai [1999] No.589 Paper of the State Economic and Trade Commission, the Company is incorporated by means of sponsorship and registered in the Shenyang Administration for Industry and Commerce in July 2, 1999. The number of the Company's business license is 210131000009129(1-1). The sponsor of the Company: Shenyang Public Utility Group Company Limited.

Currently, the shares of the sponsor of the Company are held by Shenzhen Jinma Asset Management Company Limited.

(Article 1 of the Essential Clauses)"

Article 6 of the Articles

"In accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Special Provisions of the State Council Concerning the Company Limited by Shares Issuing Shares and Seeking a Listing Outside the PRC (hereinafter referred to as the "Special Provisional"), the Essential Clauses for the Articles of Association of Companies Seeking a Listing Outside the PRC (hereinafter referred to as the "Essential Clauses") and other relevant State laws and administrative regulations, a general meeting of shareholders was held on February 12, 2009, to modify the Articles of Association (original Articles of Association) approved by the Company's inaugural meeting on July 1, 1999 and to formulate this Articles of Association."

shall be amended as

"In accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Special Provisions of the State Council Concerning the Company Limited by Shares Issuing Shares and Seeking a Listing Outside the PRC (hereinafter referred to as the "Special Provisional"), the Essential Clauses for the Articles of Association of Companies Seeking a Listing Outside the PRC (hereinafter referred to as the "Essential Clauses") and other relevant State laws and administrative regulations, a general meeting of shareholders was held on November 20, 2012, to modify the Articles of Association (original Articles of Association) which were approved by the Company's inaugural meeting on July 1, 1999 and revised on February 12, 2009, and to formulate these Articles of Association."

Article 21 of the Articles

“The ordinary shares first issued by the Company upon its incorporation are 420,400,000 H shares, accounting 41.2% of the total ordinary shares the Company may issue. The structure of the share capital of the Company after the further issuing is as follows: the total number of ordinary shares in issue is 1,020,400,000 ordinary shares, whereas Shenyang Public Utility Group Company Limited holding 600,000,000 shares and H share holders holding 420,400,000 shares, accounting 58.8% and 41.2% of the total shares respectively.

On February 13, 2009, Beijing Mingde Guangye Investment Consultant Company Limited spent RMB102,520,000 in the auction and got 58.8% shares of Shenyang Public Utility Holding Company Limited held by Shenyang Public Utility Group Company Limited, becoming a new shareholder of the Company.

The new structure of the share capital of the Company is as follows: the total number of ordinary shares in issue is 1,020,400,000 ordinary shares, whereas Beijing Mingde Guangye Investment Consultant Company Limited holding 600,000,000 shares and H share holders holding 420,400,000 shares, accounting 58.8% and 41.2% of the total shares respectively.

(Article 16 of the Essential Clauses)”

shall be amended as

“The ordinary shares first issued by the Company upon its incorporation are 420,400,000 H shares, accounting 41.2% of the total ordinary shares the Company may issue. The structure of the share capital of the Company after the further issuing is as follows: the total number of ordinary shares in issue is 1,020,400,000 ordinary shares, whereas Shenyang Public Utility Group Company Limited holding 600,000,000 shares and H share holders holding 420,400,000 shares, accounting 58.8% and 41.2% of the total shares respectively.

On February 13, 2009, Beijing Mingde Guangye Investment Consultant Company Limited spent RMB102,520,000 in the auction and got 58.8% of the total shares of Shenyang Public Utility Holding Company Limited, becoming a shareholder of the Company. On September 21, 2012, Beijing Mingde Guangye Investment Consultant Company Limited and Shenzhen Jinma Asset Management Company Limited entered into an equity transfer agreement. According to the terms and conditions of the equity transfer agreement, Beijing Mingde Guangye Investment Consultant Company Limited agreed to sell 58.8% of the total shares of Shenyang Public Utility Holdings Company Limited held by it for a consideration of RMB105,000,000 and Shenzhen Jinma Asset Management Company Limited agreed to buy such shares for such consideration, becoming a new shareholder of the Company.

The new structure of the share capital of the Company is as follows: the total number of ordinary shares in issue is 1,020,400,000 ordinary shares, whereas Shenzhen Jinma Asset Management Company Limited holding 600,000,000 shares and H share holders holding 420,400,000 shares, accounting 58.8% and 41.2% of the total shares respectively.

(Article 16 of the Essential Clauses)”

The proposed amendments to the Articles are subject to the passing of the special resolution at the EGM by the Shareholders and completion of the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局). Prior to the proposed amendments to the Articles becoming effective, the existing Articles will continue to be in force.

EGM

An EGM will be convened for the purpose of considering and, if thought fit, approving the resolution in respect of the proposed amendments to the Articles by the Shareholders by way of poll at the EGM. A Circular containing details of the proposed amendments to the Articles and a notice of the EGM will be despatched separately to the Shareholders in due course.

GENERAL

An independent financial adviser will be appointed by the Company to act as the independent financial adviser to the Independent Board Committee, comprising Mr. Bao Yi Qiang and Mrs. Zhang Lei Lei, all being the non-executive Directors, and Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Wei Jie Sheng, all being the independent non-executive Directors, and will advise the Independent Board Committee regarding the terms and as to acceptance of the Offer. Although Mr. Bao Yi Qiang is the deputy general manager of Beijing Mingde, he does not have any personal interest in the equity of Beijing Mingde or the Company. As such, the Board considers that Mr. Bao Yi Qiang is not regarded as having any direct or indirect interest in the Offer that precludes him from being a member of the Independent Board Committee pursuant to Rule 2.8 of the Takeovers Code. An announcement will be made by the Company upon the appointment of an independent financial adviser.

EXTENSION OF TIME TO DESPATCH OF THE COMPOSITE OFFER DOCUMENT

It is the intention of the Offeror and the Company that a Composite Offer Document setting out details of the Offer (and attaching thereto the relevant acceptance and transfer forms) and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser to the Independent Board Committee on the Offer will be jointly despatched by the Offeror and the Company to the Shareholders in respect of the Offer.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Offer Document would normally be posted within 21 days from the date of this joint announcement. As the Offer is a possible mandatory unconditional cash offer, and will only be made if Completion takes place, which is subject to, among other things, approval of the amendments to the Articles and completion of the registration procedures with Shenyang Administration for Industry and Commerce (瀋陽市工商行政管理局) in connection with the change in the Shareholder of the Domestic Shares and having obtained the amended business licence certificate. It is noted that in Note 2 to Rule 8.2 of the Takeovers Code, the Executive’s consent is required if the making of an offer is subject to the prior fulfillment of a pre-condition and the pre-condition cannot be fulfilled within the time periods contemplated by the said Rule 8.2, under such circumstances, the Executive would normally require that the offer document be posted within 7 days of fulfillment of the pre-condition. Hence, an application has been made to the Executive for consent to despatch the Composite Offer Document within 7 days of Completion or by 28 March 2013, whichever is the earlier.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 24 September 2012 (Hong Kong time), pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 October 2012 (Hong Kong time).

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Articles”	the articles of association of the Company
“associates”	has the meaning ascribed thereto in the Listing Rules
“Beijing Mingde”	Beijing Mingde Guangye Investment Consultant Company Limited* (北京明德廣業投資諮詢有限公司), a company established in the PRC with limited liability, the entire issued share capital of which is held as to 90% and 10% by Beijing Mingyude and Mr. Li Peng, respectively
“Beijing Mingyude”	Beijing Mingyude Business and Trade Company Limited* (北京明裕德商貿有限公司), a company established in the PRC with limited liability, which holds 90% equity interest in Beijing Mingde, and the equity interest of which is held as to 60% and 40% by Mr. Li Peng and Mr. Shen Yun Xie, respectively
“Business Day(s)”	a day (excluding Saturday, Sunday or public or statutory holiday) in Hong Kong on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Board”	the board of Directors
“Circular”	A circular of the Company in relation to, among other things, the amendments to the Articles to be despatched to the Shareholders in due course
“Company”	Shenyang Public Utility Holdings Company Limited* (瀋陽公用發展股份有限公司), a joint stock limited company incorporated in the PRC and whose H Shares are listed on the main board of the Stock Exchange

“Completion”	completion of the Sale and Purchase Agreement in accordance with the terms therein
“Composite Offer Document”	the composite offer and response document to be jointly despatched by the Company and the Offeror to the Shareholders in respect of, among other things, the Offer
“Directors”	directors of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities
“EGM”	the third extraordinary general meeting for 2012 of the Company to be held to consider and, if thought fit, approve the resolution in respect of the proposed amendments to the Articles
“Encumbrances”	pledges, claims, charges, judgments and any other third party rights of any nature
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility Agreement”	a short-term loan facility agreement dated 21 September 2012 entered into between the Offeror and Kingston Securities Limited whereby the Offeror obtained a loan facility of HK\$82.8 million from Kingston Securities Limited for a period up to a day which is not later than the seventh Business Day immediately after the final closing of the Offer or 31 January 2013, whichever is earlier (or such other date as agreed between the Offeror and Kingston Securities Limited)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, all of which are listed on the main board of the Stock Exchange, and subscribed for and traded in Hong Kong dollars
“Independent Board Committee”	an independent committee of the Board constituted to advise the Shareholders on the terms of the Offer

“Jinma”	Shenzhen Jinma Asset Management Company Limited* (深圳市金馬資產管理有限公司), a company established in the PRC with limited liability, the registered capital of which is owned as to 90% by Mr. Ma Zhonghong (馬鐘鴻) and 10% by Mr. Lin Weicheng (林偉成)
“Last Trading Day”	21 September 2012, being the last trading day of the H Shares on the Stock Exchange prior to the suspension of trading of the H Shares pending the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer to be made by Kingston Securities Limited on behalf of the Offeror for all the H Shares not already owned or agreed to be acquired by Jinma or parties acting in concert with it in accordance with the Takeovers Code
“Offer Price”	HK\$0.2140 per H Share
“Offeror”	Sky Earth Limited, a company incorporated in the BVI with limited liability, the entire issued share capital of which is held by Mr. Chim Kim Lun Ricky
“Overseas Shareholder(s)”	holder(s) of H Shares whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	the 600,000,000 Domestic Shares to be acquired by Jinma from Beijing Mingde pursuant to the Sale and Purchase Agreement and “Sale Share” means any of them
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 21 September 2012 entered into between Beijing Mingde (as vendor) and Jinma (as purchaser) in relation to the sale and purchase of the Sale Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	Domestic Shares and/or H Shares
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this joint announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB0.81782:HK\$1. Such translation shall not be construed as a representation that amount of RMB was or may have been converted.

By order of the sole director of
Sky Earth Limited
Chim Kim Lun Ricky
Director

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

Hong Kong, 28 September 2012

As at the date of this joint announcement, the sole director of the Offeror is Mr. Chim Kim Lun Ricky.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the executive Directors are Mr. An Mu Zong, Mr. Wang Zai Xing, Mr. Chow Ka Wo Alex and Mr. Wang Hui, the non-executive Directors are Mr. Bao Yi Qiang and Mrs. Zhang Lei Lei, and the independent non-executive Directors are Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Wei Jie Sheng.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, the terms and conditions of the Offer and the Offeror’s intention regarding the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

* *For identification purpose only*