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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 AND CONNECTED TRANSACTION –
Proposed Acquisition of 100% Equity Interest in JBMOE**

Financial adviser to the Company



WALLBANCK BROTHERS
Securities (Hong Kong) Limited

THE JBMOE ACQUISITION

Pursuant to the resumption proposal for application of resumption of trading of H shares of the Company, on 5 January 2009, the Company and Beijing Tianqiao entered into the JBMOE Acquisition Agreement with Beijing Jade Bird and Shenzhen Jade Bird (collectively, the “**JBMOE Vendors**”), pursuant to which the Company agreed to purchase and the JBMOE Vendors agreed to sell their entire equity interests in JBMOE, which owns a property located in Nanshan District of Shenzhen (the “**SZ Property**”) at a consideration of RMB80,000,000. The JBMOE Acquisition Agreement stipulates that a guarantee shall be provided by the JBMOE Vendors that the annual rental income to be generated by JBMOE within two years following the JBMOE Acquisition shall be no less than RMB3,500,000.

The SZ Property comprises a 7-storey building completed in year 2006 which has a gross floor area of approximately 12,508.18 square metres, and subject to multiple tenancies for technological research and commercial purposes.

IMPLICATIONS OF THE LISTING RULES

The JBMOE Acquisition constitutes a major and connected transaction on the part of the Company under the Listing Rules and is subject to the Independent Shareholders’

approval requirement under the Listing Rules. The Independent Board Committee comprising Messrs. Cai Lian Jun, Wong Kai Tat and Chan Ming Sun Jonathan, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders regarding the JBMOE Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on whether the JBMOE Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the shareholders of the Company has a material interest in the JBMOE Acquisition and none of them shall abstain from voting at the EGM. The Controlling Shareholder, which holds 58.8% of issued share capital of the Company as at the date of this announcement, undertakes to vote in favour of the resolution concerning the JBMOE Acquisition.

GENERAL

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

THE JBMOE ACQUISITION AGREEMENT

Date 5 January 2009

Parties

Transferor: Beijing Tianqiao

Vendors: (i) Beijing Jade Bird; and
(ii) Shenzhen Jade Bird

Purchaser: The Company

Assets to be acquired

The entire equity interest in JBMOE, which owns the SZ Property.

Consideration

The consideration for the JBMOE Acquisition was RMB80,000,000 payable in cash after arm's length negotiation between the Company, Beijing Tianqiao and the JBMOE Vendors. According to the valuation report issued by Malcolm & Associates Appraisal

Limited, an independent and professional valuer, the market value of the SZ Property was RMB90,000,000 as at 30 November 2008. Since the book value of the total assets other than the SZ Property was approximately the same as the book value of the total liabilities of JBMOE as at 31 December 2008, the market value of JBMOE was approximately the same as the market value of the SZ Property. The consideration for the JBMOE Acquisition of RMB80,000,000 is at a discount of approximately 11.11% to the said market value provided in the valuation report.

The funding of RMB80,000,000 for the JBMOE 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 JBMOE Acquisition shall be payable by the Company at approximately RMB75,840,000 and RMB4,160,000 to Beijing Jade Bird and Shenzhen Jade Bird respectively in the following manner:

- (i) as to RMB1,000,000 in cash as deposit to Beijing Jade Bird within 10 days upon signing of the JBMOE Acquisition Agreement. As at the date of this announcement, the said cash deposit has already been paid by the Company;
- (ii) as to 50% of the consideration in cash to each of the JBMOE Vendors on the date on which the Stock Exchange having granted the approval for resumption of trading of H shares of the Company; and
- (iii) the remaining balance shall be fully paid to each of the JBMOE Vendors on the completion date of the change of industry and commerce registration in the PRC in respect of the share transfer of JBMOE to the Company.

Conditions precedent

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

- (i) the JBMOE Acquisition Agreement is duly signed by the parties or their respective authorized representatives;
- (ii) the Shareholders having in the EGM approved the JBMOE Acquisition Agreement and all the transactions contemplated thereunder in accordance with the requirements of memorandum and articles of association of the Company and the Listing Rules;
- (iii) the Stock Exchange having granted or agreeing to grant the approval for resumption of trading of H shares of the Company;

- (iv) the completion of disposal in 80% equity interest of Beijing Diye by the Company; and
- (v) the issue of business registration licence by the Administration for Industry and Commerce authority showing the Company's ownership of the entire equity interest in JBMOE.

In the event that any one of the conditions mentioned above has not been satisfied, the Company shall have the right to terminate the JBMOE Acquisition Agreement. In this case, the JBMOE Vendors shall return to the Company the deposit paid. In the event that all the conditions precedent have been satisfied, the Company shall have no right to cancel the JBMOE Acquisition and the JBMOE Vendors may refuse to refund the deposit paid by the Company. There is no long stop date for completion of the JBMOE Acquisition.

The profit guarantee

Pursuant to the JBMOE Acquisition Agreement, the JBMOE Vendors have jointly undertaken and guaranteed that the annual rental income to be generated by JBMOE shall be no less than RMB3,500,000 within two years following the JBMOE Acquisition. Assuming the JBMOE Acquisition was completed in 2009, the JBMOE Vendors shall undertake the said guarantee for the two years ended 31 December 2010.

In the event that the annual rental income generated by JBMOE is less than RMB3,500,000, the JBMOE Vendors shall make up for the shortfall within 30 days from the issue of written notice by the Company. In the event that JBMOE suffers losses, the JBMOE Vendors shall make up for the part of losses within 30 days from the issue of written notice by the Company and pay RMB3,500,000 to the Company as compensation.

The Directors and the JBMOE Vendors also confirmed that pursuant to the JBMOE Acquisition Agreement, the JBMOE Vendors and the Company also agreed that the profits generated by JBMOE since 1 January 2009 will be treated as retained earnings and no dividend will be distributed to the JBMOE Vendors before the completion of JBMOE Acquisition. After the share transfer of JBMOE becoming effective, the Company will be entitled to the relevant interest in JBMOE.

REASONS FOR ENTERING INTO THE JBMOE ACQUISITION AGREEMENT

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

In light of the above, the Directors consider that the terms of the JBMOE 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 BEIJING TIANQIAO

Beijing Tianqiao is a limited liability company listed on the Shanghai Stock Exchange and incorporated in Beijing, the PRC in July 1984. It is principally engaged in development, operation, investment and management of property with a registered capital of RMB497,034,936. On 14 July 2008, Beijing Tianqiao announced its asset restructuring, inter alia, (i) the transfer of 44,883,200 shares of Weifang Beida Jade Bird Huaguang Technology Company Limited and approximately RMB72 million debts to a Beijing-based technology development company; (ii) the transfer of approximately RMB519 million assets (including the transfer of 94.84% equity interest in JBMOE at approximately RMB74,668,000) and RMB341 million debts to Beijing Jade Bird; and (iii) the private placement of 1,050,287,232 Beijing Tianqiao's shares to five investors at a price of RMB6 per share for acquisition of the equity interests in a group of companies. Further details of the abovementioned can be found at <http://www.sse.com.cn>.

INFORMATION ON BEIJING JADE BIRD

Beijing Jade Bird is a limited liability company incorporated in Beijing, the PRC in November 1994. It is principally engaged in technological development, provision of technology services and sale of computer products and electronic appliances with a registered capital of RMB140 million.

The Directors represent that Beijing Jade Bird, the indirect substantial shareholder before the change of controlling shareholder of the Company, was also the controlling shareholder of Beijing Tianqiao before February 2007.

As at the date of the JBMOE Acquisition Agreement, Beijing Jade Bird ceased to be the controlling shareholder of Beijing Tianqiao as a result of transfer of shares of Beijing Tianqiao held by Beijing Jade Bird to a Beijing-based company by an auction held by Higher People's Court of Liaoning Province on 20 December 2006 and the said transfer was completed in February 2007.

The Directors represent that, as at the date of the JBMOE Acquisition Agreement, one of the directors of Beijing Jade Bird was also the director of Beijing Tianqiao.

INFORMATION ON SHENZHEN JADE BIRD

Shenzhen Jade Bird is a limited liability company incorporated in Shenzhen, the PRC in February 1999. It is principally engaged in technological development of computer products and electronic appliances, and trading of consumer products in the PRC with a

registered capital of RMB50 million. As at the date of the JBMOE Acquisition Agreement, Shenzhen Jade Bird was owned as to 90% by Beijing Jade Bird.

INFORMATION ON JBMOE

Overview

JBMOE is a limited liability company incorporated in Shenzhen, the PRC in 1992. It is principally engaged in leasing of real estate, property management, research and development of computer software and hardware with a registered capital of RMB10,650,000. The registered capital of JBMOE was contributed as to RMB10,100,000 by Beijing Tianqiao and RMB550,000 by Shenzhen Jade Bird. Accordingly, JBMOE was owned as to 94.84% by Beijing Tianqiao and as to 5.16% by Shenzhen Jade Bird as at the date of the JBMOE Acquisition Agreement.

As a result of the asset restructuring previously conducted by Beijing Tianqiao, Beijing Tianqiao and Beijing Jade Bird entered into an agreement, pursuant to which the capital contribution of RMB10,100,000 made by Beijing Tianqiao to JBMOE shall be transferred to Beijing Jade Bird. As at the date of this announcement, the Company is given to understand from JBMOE that the industry and commerce registration regarding the 94.84% interest in JBMOE has been changed from Beijing Tianqiao to Beijing Jade Bird.

Financial Information

During the years ended 31 December 2007 and 2008, JBMOE recorded:

- the unaudited net assets value of approximately RMB35,500,000 and RMB35,800,000 as at 31 December 2007 and 2008 respectively;
- the unaudited gain (both before taxation and extraordinary items) of approximately RMB1,900,000 and RMB200,000 for the year ended 31 December 2007 and 2008 respectively; and
- the unaudited gain (both after taxation and extraordinary items) of approximately RMB1,600,000 and RMB300,000 for the year ended 31 December 2007 and 2008 respectively.

During the six months ended 30 June 2009, JBMOE recorded:

- the unaudited net assets value of approximately RMB38,500,000 as at 30 June 2009; and
- the unaudited gain (both before and after taxation and extraordinary items) of approximately RMB2,600,000 for the six months ended 30 June 2009.

INFORMATION ON SZ PROPERTY

The SZ Property (named as *Beida Jade Bird Building*) is located in Keyuan Road East, Jingsi Road West, South Avenue of High-tech Industrial Park, Nanshan District, Shenzhen, the PRC. It comprises a land parcel with a site area of approximately 7,116.94 square metres upon which a 7-storey building completed in about 2006 is erected. The gross floor area of the SZ Property is approximately 12,508.18 square metres, and subject to multiple tenancies for technological research and commercial purposes. Based on the information provided by JBMOE in August 2009, the period of tenancies ranges from 1 to 5 years with the latest one expiring on 19 April 2014 and the gross monthly rental income under the current tenancy agreements in aggregate is approximately RMB780,000.

The land use rights and building ownership rights of the SZ Property for high-tech development use have been granted to JBMOE for a term expiring on 8 January 2051.

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 and Beijing Diye.

IMPLICATIONS OF THE LISTING RULES

As the applicable percentage ratio as defined under the Listing Rules of the JBMOE Acquisition is more than 25% but less than 100%, the JBMOE Acquisition constitutes a major transaction under the Listing Rules.

As Beijing Jade Bird, being one of the JBMOE Vendors, was an indirect substantial shareholder of the Company on the date of signing the JBMOE Acquisition Agreement (prior to the change of controlling shareholder of the Company), the JBMOE Acquisition also constitutes a connected transaction of the Company under the Listing Rules. Details of the change of the controlling shareholder of the Company are stated in the announcements of the Company dated 24 March, 27 April, 1 June, 3 July, 4 August and 8 September 2009 respectively. As at the date of this announcement, Beijing Jade Bird is no longer an indirect shareholder of the Company.

An EGM will be convened and held to seek approval from the Independent Shareholders. Any shareholders of the Company that has a material interest in the JBMOE Acquisition will be required to abstain from voting in respect of the resolutions at the EGM. As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the shareholders of the Company has a material interest in the JBMOE Acquisition and none of them shall abstain from voting at the EGM. The Controlling Shareholder undertakes to vote in favour of the resolution concerning the JBMOE Acquisition.

The Independent Board Committee comprising Messrs. Cai Lian Jun, Wong Kai Tat and Chan Ming Sun Jonathan, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders regarding the JBMOE Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on whether the JBMOE Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

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

DEFINITIONS

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

“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 Jade Bird”		Beijing Beida Jade Bird Company Limited (北京北大青鳥有限責任公司), a company established in the PRC with limited liability, which holds 94.84% equity interest in JBMOE
“Beijing Tianqiao”		Beijing Tianqiao Beida Jade Bird Sci-tech Company Limited (北京天橋北大青鳥科技股份有限公司) (currently named as Cinda Real Estate Co. Ltd.), a company established in the PRC with limited liability and whose shares are listed on the Shanghai Stock

	Exchange
“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
“Controlling Shareholder”	Beijing Mingde Guanye 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, which holds 58.8% of issued share capital of the Company
“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 JBMOE Acquisition
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board constituted to advise the Shareholders on the terms of the JBMOE Acquisition
“Independent Shareholder(s)”	Shareholder(s) except for any person, company and their respective associates that has material interest in the JBMOE Acquisition
“JBMOE”	Shenzhen Jade Bird Optoelectronic Co., Ltd. (深圳青鳥光電有限公司), a company established in the PRC with limited liability
“JBMOE Acquisition”	the proposed acquisition of 100% equity interest in JBMOE by the Company from the JBMOE Vendors subject to the terms and conditions set out in the JBMOE Acquisition Agreement

“JBMOE Acquisition Agreement”		the agreement dated 5 January 2009 entered into between the Company, Beijing Tianqiao and the JBMOE Vendors in relation to the JBMOE Acquisition
“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
“Share(s)”		ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”		Shareholder(s) of the Company
“Shenzhen Jade Bird”		Shenzhen Beida Jade Bird Sci-tech Company Limited (深圳市北大青鳥科技有限公司), a company established in the PRC with limited liability, which holds 5.16% equity interest in JBMOE
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
“RMB”		Renminbi, the lawful currency of the PRC
“%”		per cent.

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

Shenyang, the PRC, 16 September 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 Xing, Mr. Alex Chow Ka Wo and Mr. Wang Hui

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

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