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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)

Financial Adviser to the Company



Karl Thomson Financial Advisory Limited

MAJOR DISPOSAL

THE DISPOSAL

The Board is pleased to announce that on 13 June 2012, after the trading hours, the Company entered into the Disposal Agreement with the Purchasers, whereby the Purchasers have conditionally agreed to purchase and the Company has conditionally agreed to sell the entire issued share capital and the Shareholder's Loan of the Disposal Company at the consideration of RMB150 million.

Since certain applicable percentage ratios for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. As no Shareholders have any material interest in the Disposal, it is expected that no Shareholders will be required to abstain from voting at the EGM on the resolution to approve the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further details of the Disposal, the financial information of the Group, other general information of the Company and the notice of the EGM will be dispatched to the Shareholders on or before 5 July 2012.

THE DISPOSAL AGREEMENT

Date

13 June 2012 (after trading hours)

Parties

Vendor: The Company

Purchasers: (1) Xinjiang Dingxin Huayu Equity Investment Company Limited*
(新疆鼎新華域股權投資有限公司); and
(2) Xinjiang Shengshi Xintian Equity Investment Company Limited*
(新疆盛世新天股權投資有限公司)

The Purchasers are the investment holding companies incorporated in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchasers and its ultimate beneficial owner(s) is an Independent Third Party.

Consideration

The Consideration for the Disposal of RMB150 million has been determined after arm's length negotiations among the parties to the Disposal Agreement with reference to (i) the fair market value of the Property held by the Disposal Company as at 31 December 2011; (ii) the audited net asset value of the Disposal Company as at 31 December 2011; and (iii) the Shareholder's Loan due from the Disposal Company to the Company.

The Consideration shall be satisfied in the following manner:—

- (a) a deposit of RMB60 million shall be paid by the Purchasers to the Company in 10 days upon entering into the Disposal Agreement; and
- (b) the remaining balance of RMB90 million shall be paid in cash by the Purchasers to the Company in 180 days upon fulfilling item (3) of the conditions precedent to the Disposal Agreement.

Asset to be disposed of

Pursuant to the Disposal Agreement, the Company has conditionally agreed to sell and the Purchasers have conditionally agreed to acquire the entire issued share capital and the Shareholder's Loan of the Disposal Company. The Disposal Company holds a property in Huipu building, an 18-storey commercial building located at No. 112, Jianguo Road, Chaoyang District, Beijing, the PRC. The property comprises 2 office units on level 1 and the whole of level 2 of the building with a gross floor area of approximately 3,800 square meters. The Property is currently generating monthly rental income to the Company through leases under various tenancies. As at 31 December 2011, the fair market value of the Property was estimated to be RMB148.3 million.

Conditions precedent

Completion of the Disposal Agreement is conditional upon satisfaction of all of the following conditions:

1. the Disposal being approved by the Board;
2. the Disposal being approved by the Shareholders at the EGM;
3. the procedures of changing the registered shareholders being completed by the Disposal Company and the new business registration certificate records the Sale Shares being jointly owned by the Purchasers; and
4. the Consideration being fully paid by the Purchasers.

If any of the above conditions has not been fulfilled within 10 months upon entering into the Disposal Agreement or such later date as the Company and the Purchasers may agree in writing, the obligation of the parties under the Disposal Agreement shall cease and the Disposal Agreement shall be terminated.

Completion

Completion shall take place on the date on which the conditions precedent to the Disposal Agreement had been completely fulfilled or such other date as the Company and Purchasers may agree in writing.

INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a limited company incorporated in the PRC and is principally engaged in property leasing and management.

Set out below summarises the audited financial information of the Disposal Company for the two financial years ended 31 December 2010 and 2011:

	For the year ended	
	31 December	
	2011	2010
	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB</i>	<i>RMB</i>
Revenue	10,834,861	8,227,715
Profit before taxation and extraordinary items	35,800,232	32,422,236
Profit after taxation and extraordinary items	26,863,148	24,316,677

As of 31 December 2011, the net asset value of the Disposal Company is RMB51,679,825.

GAIN ON THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, the Group is expected to record an unaudited gain of approximately RMB13,654,329, which is calculated on the basis of the Consideration of the Disposal of RMB150 million less the audited net asset value amounted to RMB51,679,825 and the Shareholder's Loan amounted to RMB84,665,846 of the Disposal Company as at 31 December 2011.

Part of the sale proceeds from the Disposal will be utilized for the settlement of consideration for the Guangzhou Zhongzhan Acquisition and the remaining balance will be used as additional working capital for the Group. Upon completion of the Disposal, the Disposal Company will cease to be a subsidiary of the Company and its assets and liabilities, and profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Group is principally engaged in development, sale and leasing of real estate in the PRC. The Directors believe that the Disposal represents a good opportunity for the Group to realize the value of the Property with positive return. Moreover, the proceeds from the Disposal could enhance the Group's financial position by providing additional capital resources for the Group to capture other investment opportunities in the real estate market, which would help maximise the Shareholders' value.

The Directors also consider that the terms and conditions of the Disposal are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION OF THE DISPOSAL

Since certain applicable percentage ratios for the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. As no Shareholders have any material interest in the Disposal, it is expected that no Shareholders will be required to abstain from voting at the EGM on the resolution to approve the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further details of the Disposal, the financial information of the Group, and other general information of the Company and the notice of the EGM will be dispatched to the Shareholders on or before 5 July 2012.

DEFINITIONS

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

“Board	the board of Directors
“Company”	Shenyang Public Utility Holdings Company Limited
“Completion”	the completion of the Disposal
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	consideration of the Disposal amounted to RMB150 million
“Director(s)”	means the directors of the Company
“Disposal”	the disposal of the Disposal Company by the Company to the Purchasers pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 13 June 2012 entered into between the Company and the Purchasers in relation to the Disposal
“Disposal Company”	Beijing ShenFa Property Management Company Limited* (北京藩發物業管理有限公司), a wholly owned subsidiary of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Disposal, the Disposal Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guangzhou Zhongzhan Acquisition”	the acquisition of Guangzhou Zhongzhan Investment Holdings Company Limited by the Company as disclosed in the announcement of the Company dated 17 May 2012
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“H-Share(s)”	ordinary share(s) of RMB1 each in the share capital of the Company
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	property held by the Disposal Company comprising 2 office units on Level 1 and the whole of Level 2 of an 18-storey commercial building known as Huipu Building located at No.112, Jianguo Road, Chaoyang District, Beijing, the PRC
“Purchasers”	Xinjiang Dingxin Huayu Equity Investment Company Limited*(新疆鼎新華域股權投資有限公司) and Xinjiang Shengshi Xintian Equity Investment Company Limited*(新疆盛世新天股權投資有限公司), being the purchasers of the Disposal Agreement
“Sale Shares”	the shares of the Disposal Company pursuant to the Disposal Agreement, being the entire issued share capital of the Disposal Company
“Shareholder(s)”	holder(s) of the H-Shares
“Shareholder’s Loan”	Approximately RMB84.7 million being the aggregate amount due from the Target Company to the Company as at 31 December 2011
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* For identification purpose only

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

Shenyang, PRC, 13 June 2012

As at the date of this announcement, the executive directors of the Company 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; the independent non-executive directors are Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Wei Jie Sheng.