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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)

**ISSUANCE OF NEW DOMESTIC SHARES UNDER
GENERAL MANDATE**

ISSUANCE OF NEW DOMESTIC SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 22 September 2013, the Company entered into the conditional Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue (i) 60,000,000 Subscription Shares to the Subscriber A and (ii) 60,000,000 Subscription Shares to the Subscriber B at a price of RMB1 (equivalent to approximately HK\$1.260^(Note)) per Subscription Share.

An aggregate of 120,000,000 Subscription Shares are to be allotted and issued to the Subscribers, representing (i) approximately 20% and 11.76%, respectively, of the existing issued Domestic Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% and 10.52%, respectively, of the issued Domestic Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no further new Shares will be issued or repurchased before the completion of the Subscription.

The Subscription price of RMB1 (equivalent to approximately HK\$1.260^(Note)) per Subscription Share represents (a) a premium of approximately 100.00% to the closing price of HK\$0.63 per H-Share as quoted on the Stock Exchange on the Last Trading Day; (b) a premium of 97.49% to the average closing price of HK\$0.638 per H-Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement; and (c) a premium of approximately 96.88% to the average closing price of approximately HK\$0.640 per H-Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Subscription Agreement.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Subscribers and their ultimate beneficial owners are Independent Third Parties and are not connected persons of the Company as defined under the Listing Rules.

The Subscription Shares will be allotted and issued under the General Mandate and is conditional and subject to conditions as set out below under the heading "Conditions of the Subscription".

The net proceeds from the Subscription, after deducting relevant expenses, will be approximately RMB119,360,000 (equivalent to approximately HK\$150,365,331^(Note)). The Company intends to use such net proceeds for the land development project of Zhongfang Chaozhou and general working capital of the Group.

Since the completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 22 September 2013, the Company entered into the conditional Subscription Agreement with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue (i) 60,000,000 Subscription Shares to the Subscriber A and (ii) 60,000,000 Subscription Shares to the Subscriber B at a price of RMB1 (equivalent to approximately HK\$1.260^(Note)) per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date

22 September 2013

Parties

- (i) The Company
- (ii) Subscriber A
- (iii) Subscriber B

Subscribers

Subscriber A is a limited liability company incorporated under the laws of the PRC and is principally engaged in retail and wholesale of jewellery, domestic trade and import and export business whereas Subscriber B is a limited liability company incorporated under the laws of the PRC and is principally engaged in domestic trade and investment management business. To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Subscribers and their ultimate beneficial owners are Independent Third Parties and are not connected persons of the Company as defined under the Listing Rules.

Number of Subscription Shares

The Subscription Shares to be allotted and issued comprising an aggregate of 120,000,000 new Domestic Shares, represented (i) approximately 20% and 11.76%, respectively, of the existing issued Domestic Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% and 10.52%, respectively, of the issued Domestic Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no further new Shares will be issued or repurchased before the completion of the Subscription.

The Subscription Shares are to be allotted and issued under the General Mandate and the issue of the Subscription Shares will not be subject to further Shareholders' approval. According to the General Mandate, the Directors are authorised to allot, issue and deal with each of the H-Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H-Shares and Domestic Shares, respectively. As at the date of this announcement, no H-Shares and Domestic Shares have been allotted and issued pursuant to the General Mandate. The aggregate nominal value of the Subscription Shares will be RMB120,000,000 (equivalent to approximately HK\$151,171,580^(Note)). The Subscription Shares to be allotted and issued will fully utilize the General Mandate for Domestic Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Subscription Price

The Subscription price of RMB1 (equivalent to approximately HK\$1.260^(Note)) per Subscription Share was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the par value of the Share and the prevailing market price of the H-Shares and represents:

- (a) a premium of approximately 100.00% to the closing price of HK\$0.63 per H-Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a premium of 97.49% to the average closing price of HK\$0.638 per H-Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement; and
- (c) a premium of approximately 96.88% to the average closing price of approximately HK\$0.640 per H-Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Subscription Agreement.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable based on the current market conditions and that the Subscription is in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Domestic Shares in issue on the date of allotment and issuance of Subscription Shares.

Conditions of the Subscription

The Completion is conditional upon the satisfaction of the following conditions:

- (i) the payment of the Subscription being made by the Subscribers to a bank account of the Company within 15 Business Days upon the Subscription Agreement become effective; and
- (ii) the capital verification procedures being duly completed.

The Subscription Agreement will become effective upon the Company having obtained all the necessary consents and approvals required for the issuance of new Subscription Shares and the performance of Subscription Agreement from the relevant regulatory authorities in the PRC and/or any other relevant jurisdictions, if applicable. If the Subscription Agreement does not come to effective within three months upon entering into the Subscription Agreement, or such later date as the Company and the Subscribers may agree, the Subscription Agreement and the obligations of the Company and the Subscribers thereunder shall cease and terminate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 29 May 2013, the Company and Karl-Thomson Securities Company Limited, being the placing agent entered into the conditional placing agreement pursuant to which the placing agent has conditionally agreed to procure not less than six placees, on a best efforts basis, to subscribe for and purchase of no more than 84,080,000 new H-Shares. At the date of this announcement, the placing has not been completed. Save for the above, the Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

REASONS FOR SUBSCRIPTION

The net proceeds from the Subscription, after deducting relevant expenses, will be approximately RMB119,360,000 (equivalent to approximately HK\$150,365,331^(Note)). The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$1.253 per Subscription Share. The Company intends to use such net proceeds for the land development project of Zhongfang Chaozhou and general working capital of the Group.

As at the date of this announcement, the Group is principally engaged in infrastructure and construction business in the PRC. The Directors are of the opinion that the Subscription represents a good opportunity to raise additional funds to strengthen the Group's financial position as well as broaden its capital base. Accordingly, the Directors consider that the Subscription is in the interests of the Company and its Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Subscription assuming that all of the 120,000,000 new Subscription Shares are subscribed or purchased in full, and no further new Shares will be issued or repurchased before the Subscription:

	As at the date of this announcement		Upon completion of the Subscription	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
<i>Domestic Shares</i>				
Shenzhen Jinma	600,000,000	58.80	600,000,000	52.61
Subscriber A	—	—	60,000,000	5.26
Subscriber B	—	—	60,000,000	5.26
<i>H-Shares</i>				
Public Shareholders	420,400,000	41.20	420,400,000	36.86
Total	<u>1,020,400,000</u>	<u>100.00</u>	<u>1,140,400,000</u>	<u>100.00</u>

Since the completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Note: The figures are for illustration purpose only and were calculated based on the exchange rate of RMB0.7938 to HK\$1 as quoted by The People's Bank of China as at 19 September 2013, being the Last Trading Date.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board	the board of Directors
“Business Day”	any day (other than public holidays) in the PRC
“Company”	Shenyang Public Utility Holdings Company Limited, 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 conditions to Subscription pursuant to the Subscription Agreement
“connected person”	has the meaning defined by the Listing Rules
“Director(s)”	means the director(s) 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
“Domestic Shareholder”	The holders of the Domestic Share(s)
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 June 2013, pursuant to which the Directors are authorised to allot, issue and deal with each of the H-Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H-Shares and Domestic Shares, respectively
“Group”	the Company and its subsidiaries
“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

“H-Shareholders”	the holder of H-Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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)
“Last Trading Date”	19 September 2013, being the last trading day of the H-Shares on the Stock Exchange prior to the date of Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	H-Share(s) and Domestic Share(s)
“Shareholder(s)”	holder(s) of the H-Shares and Domestic Shares
Shenzhen 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 which is owned as to 90% by Mr. Ma Zhong Hong (馬鐘鴻先生), an executive Director and 10% by Mr. Lin Wai Cheng (林偉成先生) respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Shenzhen Bao Zhi Guo Jewellery Company Limited* 深圳市豹之國珠寶有限公司, a company incorporated in the PRC, which is owned as to 70% by Ms. Zhang Ze Shan (張澤珊小姐) and 30% by Ms. Luo Yi Ting (羅怡婷小姐) respectively
“Subscriber B”	Shenzhen Guan Ma Investment Development Company Limited* 深圳市冠馬投資發展有限公司, a company incorporated in the PRC, which is owned as to 90% by Ms. Yao Xue Li (姚雪莉小姐) and 10% by Mr. Chen Jia Lian (陳嘉廉先生) respectively

“Subscription”	the subscription of Subscription Shares by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 22 September 2013 entered into between the Company and the Subscribers in respect of the Subscription
“Subscription Price”	the subscription price of RMB1 per Subscription Share
“Subscription Share(s)”	an aggregate of up to 120,000,000 new Domestic Shares to be allotted and issued pursuant to the Subscription Agreement under the General Mandate
“Zhongfang Chaozhou”	Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司), a company incorporated in the PRC, which is a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, 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
Ma Zhong Hong
Chairman

* For identification purposes only

Shenyang, the PRC, 22 September 2013

As at the date of this announcement, the executive directors of the Company are Mr. Ma Zhong Hong, Mr. Deng Xiao Gang and Mr. Chau Ngai Ming, the non-executive directors are Mr. Huang Zhen Kun and Ms. Zhang Lei Lei and the independent non-executive directors are Mr. Wong Kai Tat, Mr. Wei Jie Sheng and Mr. Yu Guan Jian.