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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



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

**COMPLIANCE WITH ALL CONDITIONS FOR RESUMPTION OF TRADING
AS SET OUT IN THE DECISION LETTER
AND
RESUMPTION OF TRADING IN THE H-SHARES**

The directors of the Company are pleased to announce that as at 31 March 2010, all the conditions set out in the Decision Letter have been complied with.

Trading in the H-Shares of the Company on the Stock Exchange was suspended on 15 December 2004 at the request of the Company. The H-Shares of the Company are expected to be resumed for trading on the Stock Exchange on 1 April 2010.

Reference is made to the announcements of Shenyang Public Utility Holdings Company Limited (the “**Company**”) dated 26 June 2009 and 1 March 2010 (the “**Announcements**”) in relation to, amongst other things, the decisions from the Listing Appeals Committee regarding all conditions for the resumption of trading in the H-Shares of the Company (the “**H-Shares**”). Capitalized terms used herein shall have the same meanings as ascribed to them in the Announcements unless the context requires otherwise.

INTRODUCTION

Trading in the H-Shares of the Company on the Stock Exchange was suspended at the request of the Company since 15 December 2004. The Company was notified by the Stock Exchange on 16 July 2008 that pursuant to the decision of the Listing Committee on 15 July 2008

for rejecting the Company's application for an extension of time for filing the resumption proposal by the Company, the Stock Exchange would cancel the listing of the Company's shares on 30 July 2008 in accordance with Practice Note 17 of the Listing Rules. Thereafter, the Company had submitted an application together with a resumption proposal to the Listing (Review) Committee to review the said decision of the Listing Committee. On 5 November 2008, the Listing (Review) Committee informed the Company that the second application for review of the said decision of Listing Committee was unsuccessful. Subsequently, the Company submitted an application together with a revised resumption proposal (the "**Resumption Proposal**") to the Listing Appeals Committee for appeal against the said decision of the Listing (Review) Committee. On 18 June 2009, the Listing Appeals Committee held a meeting to hear and consider the application from the Company for appeal of the decision of the Listing (Review) Committee.

After considering the Resumption Proposal, the Listing Appeals Committee of the Stock Exchange issued the Decision Letter on 22 June 2009. The Decision Letter sets out the conditions upon which the Listing Appeals Committee of the Stock Exchange has decided to allow the Company to proceed with the Resumption Proposal, which shall have been complied with to the satisfaction of the Listing Division before 28 February 2010.

Due to the extra long Chinese New Year Holiday and the extraordinary general meeting held on 12 February 2010 for the approval of conditions 1 to 4 as set out in the Decision Letter, an application had been made to the Stock Exchange for an extension of time for compliance with the relevant resumption conditions. The Stock Exchange has approved the said application and agreed to extend the time for satisfaction of resumption conditions to 31 March 2010.

COMPLIANCE WITH THE CONDITIONS SET OUT IN THE DECISION LETTER

The directors of the Company (the "**Directors**") are pleased to announce that as at 31 March 2010, all the conditions set out in the Decision Letter have been complied with. Details of the compliance with all the conditions set out in the Decision Letter are as follows:–

Condition (1):

Shareholders' approval obtained by the Company as required by the Listing Rules for the transactions in conditions 2, 3 and 4 below.

At the extraordinary general meeting of the Company dated 12 February 2010, the relevant resolutions in relation to the Disposal, JBMOE Acquisition and CY Acquisition were duly passed by the shareholders of the Company.

Condition (2):

Completion of the sale of the Company's entire interest in Beijing Diye for RMB200 million and evidence of receipt of the proceeds.

As at the date of this announcement, all conditions precedent to the Disposal have been fulfilled and it has been confirmed by the auditor of the Company, Lo & Kwong C.P.A. Co. Ltd (the "**Auditor**") that the proceeds of RMB200 million from Zhong Yi has been received by the Company.

Condition (3):

Completion of the purchase of the property of 1st and 2nd Floors, Huipu Building, No. 112 Jianguo Road Chaoyang District, Beijing (the “CY Property”) for RMB93 million with evidence of payment of the consideration and transfer of title.

As at the date of this announcement, all conditions precedent to the abovementioned acquisitions have been fulfilled and it has been confirmed by the Auditor that the proceeds of RMB93 million to Zhong Yi has been paid by the Company. On 10 March 2010, the Company has obtained the relevant legal document including the building ownership certificate and land use right certificate from Zhong Yi.

Condition (4):

Completion of the purchase of JBMOE for RMB80 million with evidence of payment of the consideration and transfer of title.

As at the date of this announcement, all conditions precedent to the CY Acquisition have been fulfilled and it has been confirmed by the Auditor that the proceeds of RMB80 million to Zhong Yi has been paid by the Company. On 22 February 2010, the Company has obtained the business registration license by the Administration for Industry and Commerce Authority showing that JBMOE is wholly owned by the Company.

Condition (5):

Evidence that JBMOE has unencumbered ownership of the property located at Keyuan Road East, Jingsi Road West, South Avenue of High-tech Industrial Park, Nanshan District, Shenzhen occupying a GFA of 12,508 sq.m.

According to a legal opinion issued by the legal adviser of the Company in the PRC, it has been confirmed that JBMOE has unencumbered ownership of the property located at Keyuan Road East, Jingsi Road West, South Avenue of High-tech Industrial Park, Nanshan District, Shenzhen occupying a GFA of 12,508 sq.m..

Condition (6):

Evidence that rental revenues of at least RMB1.745 million per month have been paid by the tenants of the CY Property, the SZ Property and Zhuhai Education Park for at least three months, albeit to the previous owners of the properties

It has been confirmed by the Auditor that the tenants of the CY Property, the SZ Property and Zhuhai Education Park have made a total payment of approximately RMB5.465 million during the 3-month period from November 2009 to January 2010. Set out below is the breakdown of the rental incomes.

Name of property	November 2009 RMB	December 2009 RMB	January 2010 RMB
CY Property	810,876.40	810,876.40	810,876.40
SZ Property	782,504.98	772,622.78	887,462.91
Zhuhai Education Park	<u>200,000.00</u>	<u>240,000.00</u>	<u>150,000.00</u>
Total	<u>1,793,381.38</u>	<u>1,823,499.18</u>	<u>1,848,339.31</u>

Condition (7):

Evidence that Shanghai Hanhua Property Management Company Limited is fully up to date with the following payments:

- a. *RMB5 million in October 2008;*
- b. *RMB5 million in December 2008;*
- c. *RMB20 million in March 2009;*
- d. *RMB20 million in June 2009;*
- e. *RMB20 million in September 2009; and*
- f. *RMB20 million in December 2009.*

It has been confirmed by the Auditor that the payments made by Shanghai Hanhua Property Management Company Limited to the Group were within schedule and have been fully paid.

Condition (8):

The buyers of the units in the “Water Flowers City” have been issued with Real Estate Title Certificates and RMB12.759 million has been recognized as income

As at the date of this announcement, the Company has received all proceeds from the sale of units in “Water Flower City” and has obtained all regulatory approvals for transfer of property titles to purchasers of units in “Water Flower City”. RMB 12.759 million would be recognized according to its nature. Further information and updates on this condition has been set out under the section headed “Clarification for Compliance with Condition 8” in this announcement.

Condition (9):

The Company will not issue new shares or options before resumption of trading

The board of Directors of the Company has undertaken not to issue any new shares or options before resumption of trading in the H-Shares.

Condition (10):

The Company to appoint a new qualified compliance adviser as defined in Rule 3A.01 of the Listing Rules.

Partners Capital International Limited (“**Partner Capital**”) has been appointed as the compliance adviser of the Company. Partner Capital is a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has the capacity to act as the Company’s compliance adviser pursuant to Rule 3A.01 of the Listing Rules.

Condition (11):

the above evidence to be certified in a report by a corporation licensed by the SFC to adviser on corporate finance

A license corporation to carry out (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) has been appointed as the financial adviser of the Company to issue a report for the confirmation of fulfillment of conditions 1 to 10 by the Company. The report has been submitted to the Stock Exchange on 18 March 2010 stating that having considered the information contained in all relevant documents, Directors’ representations and statements, on balance and in general terms, the financial adviser is of the opinion that in such circumstances of the Company and at this stage, it may be fair and reasonable to infer that the Resumption Conditions 1 to 10 have been satisfied by the Company.

Condition (12):

Full payment of all and any outstanding listing fees by the Company.

On 8 July 2009, outstanding listing fees for years 2007, 2008 and 2009 had been paid by the Company to the Stock Exchange. On 9 March 2010, the listing fees for year 2010 had also been paid.

Condition (13):

the Company to comply with the relevant general offer obligations under the Takeovers Code.

In the announcement jointly published by Amazing Wealth Development Limited (the “**Offeror**”) and the Company dated 8 September 2009, Kingston Securities Limited would make a general offer (the “**Offer**”) on behalf of the Offeror for all the H-Shares. On 9 November 2009, the Offeror had announced close of the Offer.

In light of the above, the Directors are of the view that all conditions set out in the Decision Letter have been fully complied with and satisfied by the Company.

CLARIFICATION FOR COMPLIANCE WITH CONDITION 8

(i) Disclosure in the annual report of the Company for the financial year ended 31 December 2008 (the “2008 Annual Report”)

In the balance sheet of 2008 Annual Report, the Company recorded properties held for sale amounted to approximately RMB205,735,000, out of which, approximately RMB11,794,000 was recorded as completed properties. The paragraph below is an extract of note 23(d) to the 2008 Annual Report:

“Included in the completed properties was a project of “Water-Flowers City” located in Shenyang, the PRC with the book value of approximately RMB11,794,000 (2007: RMB54,582,000). The properties have been started to pre-sales in 2003. Up to 31 December 2005, all the units were subscribed. Due to the delay in the construction, the properties were unable to hand-over to the customers on schedule. Consequently, some of the customers demanded for refund of deposits paid. During the year, some customers have occupied the units they purchased. But since the Group has not completed the procedures of obtaining Real Estates Title certificate for purchasers as of the balance date of the financial statements, the sales amount of approximately RMB12,759,000 (2007: approximately RMB29,622,000) received was not recognized as income but stated as receipts in advance under current liabilities. As at 18 September 2008, the Group has obtained confirmation letter from Shenyang Building Ownership Certificate Registration Office, which allowed the buyers of the project housing “Water-Flowers City” to have ownership registered. The receipts in advance of “Water-Flowers City” is estimated to be transferred sale of housing in the coming future.”

(ii) Reclassification of the RMB12,759,000 sales in advance

During the process of gathering the relevant information for fulfilling the conditions of the Decision Letter, the Company realized that there was an improper explanation of the status of “Water Flower City” despite it was correct at the material time when it was stated in the 2008 Annual Report. Therefore, the accounting treatment of the RMB12.759 million of sales in advance and the corresponding costs have been reclassified.

Out of the RMB12,759,000 recorded as receipt in advance in 2008 Annual Report, RMB11,987,000 was related to the car parks. According to the regulations of the PRC, the car parks originally come from civil air defense works instructed by the government of the PRC (the “**Government**”), therefore ownership of the construction belongs to the Government. The Company, acting as the investor, is entitled to the economic benefits from the construction. As a result, those car parks are non-transferable and so no Real Estate Title Certificates should be issued. As the Company had signed agreements with those tenants for using of car parks, for accounting treatment, the amount RMB11,987,000 should be classified as “receipt in advance for rental income” instead of “sales in advance”. Starting from January 2009, the RMB11,987,000 rental income of car parks would transfer to the income statements according to lease terms and the corresponding cost of approximately RMB11,794,000 recorded as property, plant and equipment would be amortized in each year.

Other than the RMB11,987,000 amount of sales relating to the car parks, the remaining balance of the RMB12,759,000 sales in advance constituted of approximately RMB372,000 from selling an apartment which was not recognized as revenue in 2008 Annual Report and approximately RMB400,000 as consideration for the disposal of the shareholding in Shenyang Development Property Management Company Limited (“SDPM”). In the financial statement of the Company in 2009, the RMB 372,000 sales has been transferred from the balance sheet to the income statement as revenue, whereas the RMB400,000 has been booked as other revenues. For the sale of the apartment and the disposal, no additional cost was incurred by the Company as all costs relating to “Water Flower City” had been recognized in 2008, whereas SDPM had negative net asset value at the time of disposal.

The Auditor has confirmed and agreed to the said accounting treatment.

(iii) Clarification of Condition 8 of the Decision Letter

Condition 8 of the Decision Letter, being “The buyers of the units in the “Water Flowers City” have been issued with Real Estate Title Certificates and RMB12.759 million has been recognized as income” was made in accordance to the disclosure regarding “Water Flower City” in 2008 Annual Report. Due to the abovementioned reclassification, the condition is unable to reflect the real situation of the property. Instead of issuing the Real Estate Title Certificates of the car parks, RMB11.987 million will be recognized as rental income in advance; the Real Estate Title Certificate for the subject property of the sales amount of approximately RMB372,000 has been obtained by the property owner; and the consideration of RMB400,000 relating to the said disposal has been received by the Company. As such, the RMB372,000 and RMB400,000 have been recognized in the income statement of the Company for the financial year ended 31 December 2009, therefore, the Company is of the view that Condition 8 has been resolved.

The Auditor has confirmed and agreed to the said accounting treatment.

(iv) Status of “Water Flower City”

The Company has clarified that “Water Flower City” is the Company’s main properties project in Shenyang. Total revenue from disposal of properties was approximately RMB272,835,000. According to the progress of construction, income had been credited to income statements as follows: Year 2003 recorded approximately RMB156,739,000; Year 2004 recorded approximately RMB13,967,000; Year 2005 recorded approximately RMB66,122,000 and Year 2008 recorded approximately RMB36,007,000. Up to October 2008, all construction works of properties had been completed and had been passed safeguard checking from PRC Housing Authorities.

After receiving the necessary approvals from PRC Housing Authorities, the properties were free to transfer. It was then the purchasers own obligations to transfer the properties titles as they wished. All income from sales of properties had been transferred to income statement on or before 2008.

The Auditor has confirmed and agreed to the said accounting treatment.

RESUMPTION OF TRADING IN THE SHARES OF THE COMPANY

Trading in the H-Shares of the Company on the Stock Exchange was suspended on 15 December 2004 at the request of the Company. The H-Shares of the Company are expected to be resumed for trading on the Stock Exchange on 1 April 2010.

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

Shenyang, 31 March 2010

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 and Mr. Lin Dong Hui*

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