



Report of the Supervisory Committee

To the shareholders,

The members of the Supervisory Committee of Shenyang Public Utility Holdings Company Limited (the "Supervisory Committee") have, acting on the principle of honesty and fidelity, faithfully performed their duties in compliance with the provisions of the "Company Law of the People's Republic of China", the relevant laws and regulations in Hong Kong and the Articles of Association. In order to safeguard the interests of the Company and all shareholders, the Supervisory Committee has taken reasonable care to perform their work diligently and responsibly.

During the Year, members of the Supervisory Committee attended the meetings of the board of directors and expressed their opinions and suggestions on material issues of the Company, including operation management, project development and capital investment. They implemented strict and effective supervision over the guiding principles for decision-making and the major decisions of the Company, and ensured that such decisions were made in compliance with the laws and regulations of the State, rules and regulations governing the listing of securities in Hong Kong and the Articles of Association, and that they are in the interests of the shareholders and employees of the Company.

The Supervisory Committee regularly reviews financial status of the Company, checks the financial statements and the proposals of profit distribution proposed to the shareholders' general meeting by the directors and gives its consent thereto. The Supervisory Committee considers that members of the board of directors, the General Manager and other senior management have strictly abided by rules of honesty and trust, diligently performed their duties, faithfully exercised their powers to the best interest of the shareholders. To date, no directors, General Manager and senior management are found having abused their power and impaired the interests of the Company, its shareholders and employees.

The Supervisory Committee confirms that during the year, the financial accounts, financial management and account auditing of the Company have complied with the "Accounting Law of the People's Republic of China" and the accounting standards issued by the Ministry of Finance of the People's Republic of China and the International Finance Report Statement. The financial statements of the Company truly reflected the financial position and operating results of the Company. The Supervisory Committee expresses that it is basically satisfied with all the work of the Company in 2004, and is full of confidence on the future development and prospects of the Company.

Finally, on behalf of the Supervisory Committee, I would like to express our appreciation to all the shareholders for their support and concern of the work of the Supervisory Committee.

By order of the Supervisory Committee

Yang Zhi An

Acting Chairman of the Supervisory Committee

Shenyang, the PRC, 29th July 2005