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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 with limited liability)

**INCREASE IN TRADING VOLUME IN THE H SHARES OF THE COMPANY,
PROPOSED CHANGE OF AUDITORS,
PROPOSED REDUCTION IN STATE SHARES IN RELATION TO THE PROPOSED
ISSUE OF NEW H SHARES
AND
NOTICES OF EXTRAORDINARY GENERAL MEETING AND TWO SEPARATE CLASS
MEETINGS**

(1) Increase in trading volume

The Company has noted the recent increase in the trading volume of the H Shares listed on the Stock Exchange on 8 March 2004 and wishes to state that the Company is not aware of any reasons for such increase save as disclosed in this announcement.

(2) Proposed Change of Auditors

On 23 December 2003 and 10 February 2004, the Company received a letter of resignation from each of Deloitte Touche Tohmatsu and Deloitte Hua Yung tendering their respective resignation as international auditors and domestic auditors of the Company respectively with effect from the respective dates of the letters. The resignation of Deloitte Touche Tohmatsu is attributable to difference in opinion regarding the accounting treatment of the matters referred below in the accounts of the Company for the 6 months ended 30 June 2003. The resignation of Deloitte Hua Yung was due to the resignation of Deloitte Touche Tohmatsu.

Pursuant to paragraph 14(4) of the Listing Agreement, the Company is required to immediately inform the Stock Exchange of a change in the auditors. **The Directors acknowledge that the failure of the Company to inform the Stock Exchange of the resignation of Deloitte Touche Tohmatsu and Deloitte Hua Yung on a timely basis constitutes a breach of the Listing Agreement. The Stock Exchange reserves the right to take appropriate action against the Company and/or the Directors.**

A meeting of the Board was convened on 5 March 2004 where the Proposed Change of Auditors was approved and in accordance with the Articles of Association, the matter is now referred to the Shareholders at the Extraordinary General Meeting for approval.

The Company is still assessing the impact of the Proposed Change of Auditors on the timely publication of the annual results of the Company for the financial period ended 31 December 2003 in accordance with the obligations of the Company pursuant to the Listing Agreement. Further announcement(s) will be made by the Company to inform the Shareholders as and when necessary.

(3) Proposed Reduction in State Shares and proposed amendments to the Articles of Association

On 14 November, 2003, the Board passed a resolution approving the Company to arrange for the issue of up to an additional 84,080,000 new H Shares to be issued from the general mandate granted to the Directors by the Shareholders at the annual general meeting on 16 June 2003.

Pursuant to the regulations and laws of PRC referred below, holders of State Shares shall offer for sale such number of its State Shares equivalent to 10% of the funds to be raised under the issue of additional new H Shares by the joint stock limited company, and the net proceeds raised therefrom shall be remitted to the NSSF. Accordingly, based on the Proposed Issue of H Shares, an aggregate of up to 8,408,000 H Shares will be converted from up to 8,408,000 state shares of the Company currently held by SPU. The Proposed Issue of H Shares is subject to the approval of the CSRC and the Proposed Reduction in State Shares is subject to the approval of the SASAC.

On 11 December 2003, SASAC approved the Proposed Reduction in State Shares.

On or about January 2004, the CSRC has informed the Company that the resolution of the different classes of holders of equity interests in the Company in class meetings and resolution of all the Shareholders in the Extraordinary General Meeting to approve the Proposed Reduction in State Shares is required before the CSRC would grant its approval for the Proposed Issue of H Shares. Pursuant to the Articles of Association, the Proposed Reduction in State Shares would also result in amendments to the Articles of Association, which requires the approval of the Shareholders by special resolution.

Accordingly, the Board shall as soon as practicable convene the Extraordinary General Meeting to approve the special resolution of the Proposed Reduction in State Shares and the amendments of certain provisions in the Articles of Association to cater for the Proposed Reduction in State Shares and the State Shares Class Meeting and the H Shares Class Meeting respectively to approve the Proposed Reduction in State Shares.

Whilst no definitive plan has been agreed on the Proposed Issue of H Shares at present, the Company proposes to obtain the relevant regulatory approvals at an early stage before coming to agreement on the terms of the Proposed Issue of H Shares and proceeding therewith. **At present, the Company has no specific plans or purpose for the Proposed Issue of H Shares or the proceeds raised therefrom and has no intention to place the new H Shares immediately after approval has been obtained from the CSRC in relation to the Proposed Issue of H Shares and from the different classes of holders of equity interests in the Company on the Proposed Issue of H Shares and Proposed Reduction in State Shares but the Company will take into account the prescribed time limit under the Mandate given by the Shareholders to the Board in the annual general meeting of the Company on 16 June 2003, that is within 12 months therefrom, when proceeding with the Proposed Issue of H Shares and the Proposed Reduction in State Shares and it is possible that the Company will consider proceeding with and completing the Proposed Issue of H Shares and the Proposed Reduction in State Shares within the aforesaid time limit. If approval in relation to the Proposed Issue of H Shares from the CSRC has been obtained and the Company intends to proceed with the same, the Company shall carry out the same in accordance with the specific requirements set out in the approval.**

A circular containing information and details of the Proposed Change of Auditors, Proposed issue of H Shares, Proposed Reduction in States Shares and amendments of the Articles of Association together with notice of the Extraordinary General Meeting, notice of meeting of holders of State Shares and notice of meeting of holders of H Shares to approve the aforesaid will be dispatched to the Shareholders as soon as practicable.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on Tuesday, 9 March 2004 pending publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30a.m. on Thursday, 11 March 2004.

INCREASE IN TRADING VOLUME IN THE H SHARES OF THE COMPANY

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Shenyang Public Utility Holdings Company Limited (the “Company”) has noted the recent increase in the trading volume of the H shares of the Company (“H Shares”) listed on the Stock Exchange on 8 March 2004 and wishes to state that the Company is not aware of any reasons for such increase save as disclosed in this announcement.

The Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement (as defined in the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”)), neither is the board of directors of the Company (the “Board”) aware of any matter discloseable under the general obligations imposed by paragraph 2 of the Listing Agreement, which is or may be of a price sensitive nature save the matters disclosed in this announcement.

PROPOSED CHANGE OF AUDITORS

Resignation of the auditors

On 23 December 2003 and 10 February 2004, the Company received a letter of resignation from each of Deloitte Touche Tohmatsu, Certified Public Accountants (“Deloitte Touche Tohmatsu”) and Deloitte Touche Tohmatsu Certified Public Accountants Ltd.(德勤華永會計師事務所有限公司) (“Deloitte Hua Yung”) tendering their resignation as international auditors and domestic auditors of the Company respectively with effect from the respective dates of the letters. The resignation of Deloitte Touche Tohmatsu was attributable to differences in opinion regarding the accounting treatment of the following matters in the accounts of the Company for the 6 months ended 30 June 2003, namely (1) certain monies held by Shenyang Public Utility Group Company Limited (“SPU”), the controlling shareholder of the Company holding 58.8% interest in the Company and three related companies, the connected persons of the Company, on behalf of the Company totalling around RMB750 million, constituting approximately 40.6% of the net tangible assets of the Company and its subsidiaries of RMB1,847,928,000 as at 31 December 2002 and (2) the use of equity accounting for the results of an associate of the Company, Shenyang Shenhai Hot Electricity Company Limited (瀋陽瀋海熱電有限公司) (“Shenhai Hot Electricity”). These differences in opinion were first communicated to the Company in August 2003. The resignation of Deloitte Hua Yung was due to the resignation of Deloitte Touche Tohmatsu.

Differences between the opinions of the Company and the resigned auditors

Regarding item (1), Deloitte Touche Tohmatsu is of the view that these monies held on behalf of the Company should be treated as loans to related parties in the Company’s accounts and constitute connected transaction (as defined in the Listing Rules) and subject to disclosure requirements thereunder. Deloitte Touche Tohmatsu also queries the recoverability of these monies. Regarding item (2), Deloitte Touche Tohmatsu is of the view that given the Company has already entered into agreement for disposal of its equity interests in Shenhai Hot Electricity prior to 30 June 2003, the Company should not have applied equity accounting and consolidated the results of Shenhai Hot Electricity in the accounts of the Company for the six months ended 30 June 2003.

On the other hand, the Company's view regarding item (1) is that these monies have been paid into the bank account of SPU and another related entity, a connected person of the Company, in escrow, such monies to be applied by SPU or the related entity at the Company's instructions for specific projects and investments made in the name of the Company or its subsidiaries. Title to such monies still remain with the Company and the operation of such bank accounts remain within the control of the Company. The Company therefore considers that no loan or financial assistance (as defined in the Listing Rules) has been given to SPU or the related entity since title and control of such monies remain with Company and hence there is no connected transaction. As regards recoverability of such monies, RMB340 million has already been applied by SPU at the direction of the Company for one of the Company's projects, namely acquisition of 95% equity interest in Shenzhen Jingmei Industrial Development Company Limited as disclosed in the announcement dated 7 January 2004 issued by the Company. A further RMB50 million has been returned to the Company from the related entity in December 2003 as the Company has decided not to proceed with the relevant project during 2003. The remaining RMB360 million has also been returned to the Company from SPU and the related entity, a connected person of the Company, in December 2003 as the preliminary work on the relevant projects has been completed and the Company has not yet decided whether to proceed with the said projects.

Regarding item (2), the Company is of the view that since all relevant approval has not been obtained from the regulatory authorities for the transfer of its equity interests in Shenhai Hot Electricity as at 30 June 2003 and the Company is yet to receive full consideration from the purchaser for the transaction, the transfer of equity interests in Shenhai Hot Electricity has not become effective and the equity interests remain with the Company. The Company has also obtained written confirmation from the purchaser that the Company is entitled to the equity interests in Shenhai Hot Electricity in question and rights to dividend arising therefrom for the period in question, that is for the six months ended 30 June 2003, and until such time as the transfer of equity interests in Shenhai Hot Electricity is approved by the relevant regulatory authorities and completed. Hence the Company applied equity accounting in the case of its equity interests in Shenhai Hot Electricity for the six months ended 30 June 2003. As the relevant regulatory approval has not been obtained for the aforesaid transfer up to the date of this announcement and the transfer is yet to be completed, the Company would continue to apply equity accounting for its equity interests in Shenhai Hot Electricity for its annual results ended 31 December 2003 unless prior to the issue of such annual results, the transfer is completed, in which case the accounts of the Company will include a special note to address this event.

As a result of the difference in opinion regarding items (1) and (2), the accounts of the Company will be affected in the following way: as regards item (1), the said transaction would have been disclosed as connected transaction in the accounts of the Company. There shall be no effect on the total assets, net assets and net profit of the Company in the accounts for the twelve months ended 31 December 2003; and as regards item (2), in the income statement, the gain of disposal of the said associate would have been increased by RMB14.5 million and the share of result of the associate would have been decreased by the same amount. There shall be no effect on the total assets, net assets and net profit of the Company in the accounts for the twelve months ended 31 December 2003.

The Stock Exchange is looking into the above differences between the views of the Company and Deloitte Touche Tohmatsu. Further announcement will be made by the Company to keep shareholders of the Company (the “Shareholders”) informed of the development in relation to the above.

The Company considered not to release the announcement on the resignation of the resigning auditors at the time of receipt of their resignation letters, as the Company was in discussion with the resigning auditors relating to those matters referred in the resignation letter of Deloitte Touche Tohmatsu with a view of obtaining clearance of the resigning auditors on those matters. The Company was confident that it has the relevant supporting documents to substantiate its view and also considered inviting the resigning auditors to reconsider their resignation, as the Company believes that those matters arose only out of miscommunication with the resigning auditors. At the same time, the Company was also searching for new auditors to fill in the vacancy left by the resigning auditors and the proposed appointment was only approved on 5 March 2004. As a result, the Company chose not to release the announcement on the resignation of the resigning auditors at the time of receipt of their resignation letter.

Other than the above matters, Deloitte Touche Tohmatsu confirmed that there were no circumstances connected with its resignation that it considered to be necessary to bring to the attention of the shareholders or creditors of the Company. The Company is closely following up the matter with Deloitte Touche Tohmatsu, which the Company believes is due to miscommunication with Deloitte Touche Tohmatsu. Further announcement(s) will be made by the Company to keep the Shareholders and potential investors of the Company informed of the progress of the above matter. Other than the above, the Board was not aware of any matter that should be brought to the attention of the Shareholders or creditors of the Company. Pursuant to paragraph 14(4) of the Listing Agreement, the Company is required to immediately inform the Stock Exchange of a change in the auditors. **The Directors acknowledge that the failure of the Company to inform the Stock Exchange of the resignation of Deloitte Touche Tohmatsu and Deloitte Hua Yung on a timely basis constitutes a breach of the Listing Agreement. The Stock Exchange reserves the right to take appropriate action against the Company and/or the Directors.**

A meeting of the Board was convened in accordance with the articles of association of the Company (“Articles of Association”) on 5 March 2004 to consider the resignation of Deloitte Touche Tohmatsu and Deloitte Hua Yung and the appointment of new international auditors and domestic auditors of the Company (the “Proposed Change of Auditors”). It was resolved in the meeting that Ho and Ho & Company, Certified Public Accountants (何錫麟會計師行) (“Ho and Ho”) and Liaoning Pan-China Certified Public Accountants Co., Ltd. (遼寧天健會計師事務所有限公司) (“Liaoning Pan-China”) be appointed as international auditors and domestic auditors of the Company respectively to fill the vacancy left by the resignation of Deloitte Touche Tohmatsu and Deloitte Hua Yung respectively and that the matter be referred to the shareholders of the Company for approval in accordance with the Articles of Association.

In accordance with the Articles of Association, the Board shall as soon as practicable convene an extraordinary general meeting (the “Extraordinary General Meeting”) to approve the ordinary resolution for the Proposed Change of Auditors as set out in the Notice of Extraordinary General Meeting below.

The Company is still assessing the impact of the Proposed Change of Auditors on the timely publication of the annual results of the Company for the financial period ended 31 December 2003 in accordance with the obligations of the Company pursuant to the Listing Agreement. The new auditors of the Company have also looked into the matters and are aware of the different views held by the resigning auditors and the Company. Further announcement(s) will be made by the Company to inform the Shareholders as and when necessary. Prior to the resignation of Deloitte Touche Tohmatsu and Deloitte Hua Yung, the resigning auditors have not commenced the annual audit in respect of the results of the Company for the financial year 31 December 2003.

PROPOSED REDUCTION IN STATE SHARES IN RELATION TO THE PROPOSED ISSUE OF NEW H SHARES

The Company has recently considered and discussed the feasibility of a proposed issue of new H shares of the Company. On 14 November 2003, the Board passed a resolution approving the Company, to arrange for the issue of up to an additional 84,080,000 new H Shares, such new H Shares, if issued, will be issued pursuant to the general mandate (the “Mandate”) granted to the directors of the Company (the “Directors”) by the Shareholders at the annual general meeting on 16 June 2003 (“Proposed Issue of H Shares”) which is to expire on 16 June 2004.

The Company considered that since there were no definitive plans on the Proposed Issue of H Shares at the time of the passing of the resolution of the Board and up to the date of this announcement and the Company is yet in the process of obtaining the regulatory approval and Shareholders’ approval before proceeding with any issue of H Shares or the placing of H Shares from the Proposed Issue of H Shares and Proposed Reduction in State Shares, there was no assurance that the Company will effect and/or complete, if at all, the Proposed Issue of H Shares and the Proposed Reduction in State Shares and as such, the Company did not make any announcement in relation to the same at the material time. If the Proposed Issue of H Shares is not effected within the prescribed time limit under the Mandate given by the Shareholders to the Board in the annual general meeting of the Company on 16 June 2003, that is, within 12 months therefrom the Company would be required to obtain the approval of the Shareholders before being authorised to proceed with the Proposed Issue of H Shares.

Pursuant to the Provisional Measures on Reducing State Shares to Raise Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council of the People’s Republic of China (the “PRC”) (中華人民共和國國務院), holders of State-owned shares of a joint stock limited company in the PRC shall offer for sale such number of its State-owned shares equivalent to 10% of the funds to be raised under the issue of additional new overseas listed foreign shares by the joint stock limited company, and the net proceeds raised therefrom shall be remitted to the National Social Security Fund of the PRC (“NSSF”) (中華人民共和國全國社會保障基金). Accordingly, based on the Proposed Issue of H Shares, an aggregate of up to 8,408,000 H Shares (being 10% of up to 84,080,000 new H Shares) will be converted from up to 8,408,000 state shares of the Company (“State Shares”) currently held by SPU, a State-owned company and the controlling shareholder of the Company with 58.8% equity interest in the Company (the “Proposed Reduction in State Shares”). The Proposed Issue of H Shares is subject to the approval of the China Securities Regulatory Commission (中國證券監督管理委員會) (the “CSRC”) and the Proposed Reduction in State Shares is subject to the approval of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (“SASAC”).

On 11 December 2003, SASAC approved the Proposed Reduction in State Shares.

On or about January 2004, the CSRC has informed the Company that the resolution of the different classes of holders of equity interests in the Company in class meetings and resolution of all the Shareholders in the Extraordinary General Meeting to approve the Proposed Reduction in State Shares is required before the CSRC would grant its approval for the Proposed Issue of H Shares. Pursuant to the Articles of Association, the Proposed Reduction in State Shares would also result in amendments to the Articles of Association, which requires the approval of the Shareholders by way of a special resolution (as defined in the Articles of Association) at the Extraordinary General Meeting.

Accordingly, the Board shall as soon as practicable convene the Extraordinary General Meeting to approve the special resolution of the Proposed Reduction in State Shares and the amendments of certain provisions in the Articles of Association to cater for the Proposed Reduction in State Shares and a meeting of the holders of State Shares (the “State Shares Class Meeting”) and a meeting of the holders of H Shares (the “H Shares Class Meeting”) respectively to approve the Proposed Reduction in State Shares.

In the event that the Company proceeds with the Proposed Issue of H Shares, the maximum of 8,408,000 newly converted H Shares will be placed together with the maximum of 84,080,000 new H Shares to be issued under the Proposed Issue of H Shares. The net proceeds raised from the proposed issue of the maximum of 8,408,000 newly converted H Shares will be remitted to NSSF.

Whilst no definitive plan has been agreed on the Proposed Issue of H Shares at present, the Company proposes to obtain the relevant regulatory approvals at an early stage before coming to agreement on the terms of the Proposed Issue of H Shares and proceeding therewith. **At present, the Company has no specific plans or purpose for the Proposed Issue of H Shares or the proceeds raised therefrom and has no intention to place the new H Shares immediately after approval has been obtained from the CSRC in relation to the Proposed Issue of H Shares and from the different classes of holders of equity interests in the Company on the Proposed Issue of H Shares and Proposed Reduction in State Shares but the Company will take into account the possible time limit under the Mandate as mentioned hereinabove when proceeding with the Proposed Issue of H Shares and the Proposed Reduction in State Shares and it is possible that the Company will consider proceeding with and completing the Proposed Issue of H Shares and the Proposed Reduction in State Shares within the aforesaid time limit. If approval in relation to the Proposed Issue of H Shares from the CSRC has been obtained and the Company intends to proceed with the same, the Company shall carry out the same in accordance with the specific requirements set out in the approval.**

Further announcement will be made if the Company shall obtain the approval from the CSRC in relation to the Proposed Issue of H Shares.

A circular containing information and details of the Proposed Change of Auditors, Proposed Issue of H Shares, Proposed Reduction in State Shares and amendments to the Articles of Association together with notice of the Extraordinary General Meeting, notice of meeting of holders of State Shares and notice of meeting of holders of H Shares to approve the aforesaid will be dispatched to the Shareholders as soon as practicable.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:30 a.m. on Tuesday, 9 March 2004 pending publication of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30a.m. on Thursday, 11 March 2004.

EXTRAORDINARY GENERAL MEETING

Set out below is the notice convening the Extraordinary General Meeting to be held at the Conference Room of the Company, No. 14 Shisiwei Road, Heping District, Shenyang, Liaoning Province, the PRC at 9:00 a.m. on Monday, 26 April 2004 at which (i) an ordinary resolution will be proposed to consider, if thought fit, to approve the Proposed Change of Auditors; and (ii) a special resolution will be proposed to approve the Proposed Reduction in State Shares, and to authorize a sub-committee of the Board, consisting of three directors of the Company, which is set up and delegated with the power and authority of the Board through a resolution passed by the Board on 14 November 2003 (the “Committee”) to make the relevant amendments to the Articles of Association in the manner set out in that notice.

STATE SHARES CLASS MEETING

Set out below is the notice convening a State Shares Class Meeting to be held at the Conference Room of the Company, No. 14 Shisiwei Road, Heping District, Shenyang, Liaoning Province, the PRC at 9:30 a.m. on Monday, 26 April 2004. At the State Shares Class Meeting, a resolution will be proposed for the holders of State Shares to approve the Proposed Reduction in State Shares, and to authorize the Committee to make the relevant amendments to the Articles of Association in the manner set out in that notice.

H SHARES CLASS MEETING

Set out below is the notice convening a H Shares Class Meeting to be held at the Conference Room of the Company, No. 14 Shisiwei Road, Heping District, Shenyang, Liaoning Province, the PRC at 9:30 a.m. on Monday, 26 April 2004. At the H Shares Class Meeting, a resolution will be proposed for the holders of existing H Shares to approve the Proposed Reduction in State Shares, and to authorize the Committee to make the relevant amendments to the Articles of Association in the manner set out in that notice.

This announcement is made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Extraordinary General Meeting”) of Shenyang Public Utility Holdings Company Limited (the “Company”) will be held at 9:00 a.m. on Monday, 26 April 2004 at the Conference Room of the Company, No.14 Shisiwei Road, Heping District, Shenyang, Liaoning Province, the PRC for the purpose of considering and, if thought fit, passing resolution numbered 1 as ordinary resolution of the Company and resolution numbered 2 as special resolution of the Company:

By way of Ordinary Resolution of the Company

1. “**THAT** Ho and Ho & Company, Certified Public Accountants (何錫麟會計師行) and Liaoning Pan-China Certified Public Accountants Co., Ltd. (遼寧天健會計師事務所有限公司) be appointed as international auditors and domestic auditors of the Company respectively to fill the vacancy left by the resignation of Deloitte Touche Tohmatsu, Certified Public Accountants and Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (德勤華永會計師事務所有限公司), each to hold office until the conclusion of the forthcoming annual general meeting at a fee to be determined by the directors of the Company.”

By way of Special Resolution of the Company

2. “**THAT:**
 - (a) pursuant to the Provisional Measures on Reducing State Shares to Raise Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council of the People’s Republic of China (the “PRC”) (中華人民共和國國務院) and other applicable laws of the PRC (the “Relevant Laws”) and in association with and subject to the proposed issue of up to 84,080,000 new H shares of the Company (“H Shares”) under the general mandate to issue H Shares granted to the directors of the Company being effected, an aggregate of up to 8,408,000 H Shares (being 10% of up to 84,080,000 new H Shares) be and is hereby converted from up to 8,408,000 State shares of the Company currently held by Shenyang Public Utility Group Company Limited (the “Proposed Reduction in State Shares”);
 - (b) pursuant to the Relevant Laws and subject to the Proposed Reduction in State Shares becoming effective, the net proceeds to be raised from the Proposed Reduction in State Shares be remitted to the National Social Security Fund of the PRC (中華人民共和國全國社會保障基金); and
 - (c) a sub-committee of the board of directors of the Company (the “Board”) of which is set up and delegated with the power and authority of the Board pursuant to a resolution passed by the Board on 14 November 2003 (the “Committee”) be and is hereby authorized to make such relevant amendments to the Articles of Association of the Company in order to reflect the Proposed Reduction in State Shares as the Committee may in its sole and absolute discretion think fit.”

NOTICE OF MEETING OF HOLDERS OF STATE SHARES

NOTICE IS HEREBY GIVEN that a state shares class meeting (the “State Shares Class Meeting”) of Shenyang Public Utility Holdings Company Limited (“the Company”) will be held at 9:30 a.m. on Monday, 26 April 2004 at the Conference Room of the Company, No.14 Shisiwei Road, Heping District, Shenyang, Liaoning Province, the PRC for the purpose of considering and, if thought fit, passing the resolution set out below:

Resolution

“THAT :

- (a) pursuant to the Provisional Measures on Reducing State Shares to Raise Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council of the People’s Republic of China (the “PRC”) (中華人民共和國國務院) and other applicable laws of the PRC (the “Relevant Laws”) and in association with and subject to the proposed issue of up to 84,080,000 new H shares of the Company (“H Shares”) under the general mandate to issue H Shares granted to the directors of the Company being effected, an aggregate of up to 8,408,000 H Shares (being 10% of up to 84,080,000 new H Shares) be and is hereby converted from up to 8,408,000 State shares of the Company currently held by Shenyang Public Utility Group Company Limited (the “Proposed Reduction in State Shares”);
- (b) pursuant to the Relevant Laws and subject to the Proposed Reduction in State Shares becoming effective, the net proceeds to be raised from Proposed Reduction in State Shares shall be remitted to the National Social Security Fund of the PRC (中華人民共和國全國社會保障基金); and
- (c) a sub-committee of the board of directors of the Company (the “Board”) of which is set up and delegated with the power and authority of the Board through a resolution passed by the Board on 14 November 2003 (the “Committee”) be and is hereby authorized to make such relevant amendments to the Articles of Association of the Company in order to reflect the Proposed Reduction in State Shares as the Committee may in its sole and absolute discretion think fit.”

NOTICE OF MEETING OF HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that a H shares class meeting (the “H Shares Class Meeting”) of Shenyang Public Utility Holdings Company Limited (“the Company”) will be held at 9:30 a.m. on Monday, 26 April 2004 at the Conference Room of the Company, No.14 Shisiwei Road, heping District Shenyang, Liaoning Province, the PRC for the purpose of considering and, if thought fit, passing the resolution set out below:

Resolution

“THAT:

- (a) pursuant to the Provisional Measures on Reducing State Shares to Raise Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council of the People’s Republic of China (the “PRC”) (中華人民共和國國務院) and other applicable laws of the PRC (the “Relevant Laws”) and in association with and subject to the proposed issue of up to 84,080,000 new H shares of the Company (“H Shares”) under the general mandate to issue H Shares granted to the directors of the Company being effected, an aggregate of up to 8,408,000 H Shares (being 10% of up to 84,080,000 new H Shares) be and is hereby converted from up to 8,408,000 State shares of the Company currently held by Shenyang Public Utility Group Company Limited (the “Proposed Reduction in State Shares”);
- (b) pursuant to the Relevant Laws and subject to the Proposed Reduction in State Shares becoming effective, the net proceeds to be raised from Proposed Reduction in State Shares shall be remitted to the National Social Security Fund of the PRC (中華人民共和國全國社會保障基金); and
- (c) a sub-committee of the board of directors of the Company (the “Board”) of which is set up and delegated with the power and authority of the Board pursuant to a resolution passed by the Board on 14 November 2003 (the “Committee”) be and is hereby authorized to make such relevant amendments to the Articles of Association of the Company in order to reflect the Proposed Reduction in State Shares as the Committee may in its sole and absolute discretion think fit.”

By Order of the Board of
Shenyang Public Utility Holdings Company Limited
Xu Er Hui
Chairman

Shenyang, the PRC, 10 March 2004

Notes:

1. The register of holders of H Shares will be closed from 27 March 2004 to 25 April 2004 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of State Shares or H Shares whose names appear in the register of members of the Company as at 4:00 p.m on 26 March 2004 shall be entitled to attend and to vote at the Extraordinary General Meeting (and any adjournment thereof). Holders of State Shares and H Shares whose names appear in the register of members of the Company as at 4:00 p.m on 26 March 2004 shall be entitled to attend and to vote at the State Shares Class Meeting and Class Meeting of H Shares respectively (and any adjournment thereof).
2. Any holder of State Shares or H Shares entitled to attend and vote at the Extraordinary General Meeting (and any adjournment thereof) convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of the State Shares or H Shares.
3. Any holder of State shares entitled to attend and vote at the State Shares Class Meeting (and any adjournment thereof) convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of the State Shares.
4. Any holder of H Shares entitled to attend and vote at the H Shares Class Meeting (and any adjournment thereof) convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of H Shares.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority shall be deposited at the Company's business address at No. 14, Shisiwei Road, Heping District, Shenyang, the PRC or at the Company's H Shares registrar in Hong Kong, Hong Kong Registrars Limited, at Room 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time appointed for holding the Extraordinary General Meeting, State Shares Class Meeting and H Shares Class Meeting respectively (and any adjournment thereof). A form of proxy will be enclosed in the circular to Shareholders to be dispatched by the Company to the Shareholders as soon as practicable.
6. Holders of State Shares or H Shares who intend to attend the Extraordinary General Meeting, State Shares Class Meeting and/or H Shares Class Meeting should complete the "Reply Slip for Extraordinary General Meeting", "Reply Slip for Meeting of Holders of State Shares" and/or "Reply Slip for Meeting of Holders of H Shares" enclosed in the circular to Shareholders to be dispatched by the Company to the Shareholders as soon as practicable. The reply slip(s) should be returned to the Company's business address at No. 14, Shisiwei Road, Heping District, Shenyang, the PRC or to the Company's H Shares registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 6 April 2004. The reply slips may be delivered by hand, by post or by fax to the number (8624) 2325 7181 or (852) 2865 0990 / 2529 6087.

Please also refer to the published version of this announcement in *The Standard / Hong Kong Economic Times*.