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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)
(the "Company")

AMENDMENT TO ARTICLES OF ASSOCIATION

The directors of the Company (the "Directors") propose to make certain amendment (the "Proposed Amendment") to the Articles of Association of the Company (the "Articles") in respect of the scope of business of the Company.

EXPANSION OF BUSINESS SCOPE OF THE COMPANY

Since the listing of the H shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 1999, the Company is operated as an investment holding company holding various projects through operating companies which were subsidiaries of the Company. The Company itself does not conduct any separate businesses.

Major reorganization of the assets and businesses of the Company and its subsidiaries have taken place in 2002, including the disposal of Shenyang Water Company Limited as described in the circular of the Company dated 5th July 2002 and the Company's investment in education related companies (the "Investment in Education Related Companies"), being the acquisition of 100% equity interest in Shanghai Beida Jade Bird Education Investment Company Limited and 70% equity interest in Zhuhai Beida Education Science Park Company Limited as described in the circular of the Company dated 23rd December 2002.

As the Company has undergone reorganization of its assets, being the disposal of equity interest in Shenyang Water Company Limited and the Company's Investment in Education Related Companies, the expansion of the business scope of the Company would better reflect and describe the current business carried on by the Company and its subsidiaries more accurately. The various stages of the reorganization of the assets and businesses of the Company and its subsidiaries have been described in some detail in the announcement dated 13th June, 2002 and circular to shareholders dated 5th July, 2002 relating to the disposal of Shenyang Water Company Limited and later on in the announcement dated 28th November, 2002 and circular to shareholders dated 23rd December, 2002 relating to the Company's Investment in Education Related Companies. At present, the Company's main businesses are real estate development and education related investments now comprising mainly the Company's Investment in Education Related Companies. The Annual Reports of the Company for 2001 and 2002 and the Interim Report of the Company for 2003 have also described such expansion in the main businesses of the Company and its subsidiaries at some length. The Proposed Amendment to the Articles relating to the Company's business scope only follows the expansion in the businesses of the Company arising from the reorganization and to give the Company flexibility in making investments in other permitted industries which have good outlook and return. The expansion of the Company's business scope will allow the Company more flexibility in future to look for and identify different

investment opportunities that are beneficial to the Shareholders as a whole and possibly generate better return for the Company's funds and the investments of the Shareholders as a whole. Whilst the expansion of the business scope of the Company would allow the Company to make investments outside its current major businesses of real estate development and education related investments and there may be additional business risks involved, for example, the Company may not be very familiar initially with such new businesses, the Company will use all reasonable efforts and resources and in a diligent manner carry out feasibility studies, market trend analyses, due diligence review and other forms of information gathering to help assess the feasibility and risks involved before the Company proceeds to make such new investments. The Directors will also, with assistance of professional advisers, carefully monitor such new investment's compliance with relevant laws of the People's Republic of China (the "PRC") and project risk management, balancing risks with return, with the aim of obtaining reasonable returns to investments of the Company and the Shareholders as a whole. Once the Company makes such new investments, it will also closely monitor the new investments and their operations, all with the aim of trying to minimize the aforesaid risks with new investments. At present, the Company has not targeted any particular project for investment.

The Company's direction of business and development will still be real estate development and education related investments, but not ruling out development of other businesses which are beneficial to the Shareholders as a whole. However, for the purpose of the Proposed Amendment, the Company is only trying to have more flexibility in its development to the extent permissible under the laws of the PRC. It should not be taken as a message that the Company has concrete plans for, or expand into, and/or carry on businesses in, those industries now or in future or at all.

The legal adviser of the Company as to the laws of the PRC (the "PRC Legal Adviser") has opined that the sale of Shenyang Water Company Limited is a business activity relating to its owned assets covered by the existing provisions of the Articles, the Company's investments in other companies (including the business of real estate development established around 2000 when the Company made capital contributions to set up its subsidiary, Shenyang Development Real Estate Company Limited, and investment in education related companies) also complies with Article Number 10 of the Articles.

In summary, Article Number 10 of the Articles states that "the Company may invest in other companies with limited liability and other joint stock companies with limited liability, and the Company shall be liable up to the extent of its capital contribution to the investee company. After obtaining approval from the department in charge of companies as authorised by the State Council, the Company may in accordance with its business management needs, operate as a holding company in accordance with the Company's Law (公司法) of the PRC.

Therefore, the PRC Legal Adviser is of the view that the aforesaid change to the scope of business of the Company and the present business activities of the Company both are not in breach of the provisions of the present Articles. Further, in summary, the PRC Legal Adviser is of the view that the change of the Company's business scope through the Proposed Amendment of the Articles complies with the laws of the relevant laws of the PRC and does not contravene the other provisions of the present Articles.

The provisions relating to the business scope of the Company is found in the second paragraph of Article Number 13 of the Articles, which states that, "the scope of the major businesses of the Company include: investment in, and operation of, metropolitan public utility infrastructure and facilities and self-management of freehold assets."

To better reflect and describe the current businesses carried on by the Company and its subsidiaries more accurately since the major asset reorganizations of the Company which took place since 2002, the Directors believe that it will be desirable for the second paragraph of Article Number 13 to be amended.

The Directors propose to amend the second paragraph of Article Number 13 in the following manner:

- (1) deleting the existing second paragraph of Article Number 13 of the Articles; and
- (2) inserting in its place in the Articles a new second paragraph of Article Number 13 in the form finally verified by, and thereafter registered with, the original approving authorities and other relevant regulatory authorities of the PRC, including but not limited to the Shenyang Administration Bureau of Industry and Commerce (瀋陽市工商行政管理局), substantially in the following form:

“The scope of the major businesses of the Company include: investment related to metropolitan public utility infrastructure and facilities, investment related to real estate industry, investment related to education, investment related to technology, investment related to travel and cultural industries, investment related to new businesses and assets, investment related to manufacturing and other investments permitted under the laws of the People’s Republic of China and approved by the regulatory authorities of the People’s Republic of China.”

CIRCULAR

A circular containing, amongst other things, details of the Proposed Amendment together with a notice to convene an extraordinary general meeting of the shareholders of the Company (the “Shareholders”) proposed to be held at Huaqiao City Seaview Hotel, No. 3-5 Guangqiao Street, Huaqiao City, Shenzhen, Guangdong Province, the PRC on Tuesday, 30th December, 2003, at 10:00a.m. (the “EGM”) to consider and, if thought fit, to approve the Proposed Amendment will be despatched to the Shareholders as soon as practicable pursuant to the Rules Governing the Listing of Securities on the Stock Exchange.

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the holders of State shares and H shares of 瀋陽公用發展股份有限公司 (Shenyang Public Utility Holdings Company Limited) (the “**Company**”) will be held at Huaqiao City Seaview Hotel, No. 3-5 Guangqiao Street, Huaqiao City, Shenzhen, Guangdong Province, the People’s Republic of China on Tuesday, 30th December, 2003, at 10:00a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

“**THAT** the existing Articles of Association of the Company be and are hereby amended in the following manner, to be effected immediately after the original approving authorities and other relevant regulatory authorities of the People’s Republic of China (the “**Relevant Regulatory Authorities**”), including but not limited to the Shenyang Administration Bureau of Industry and Commerce (瀋陽市工商行政管理局) having verified the amendment to the existing Articles of Association of the Company and the same being registered with the Relevant Regulatory Authorities:

by deleting the second paragraph of the existing Article Number 13 of the Articles of Association of the Company and inserting in its place in the Articles of Association of the Company a new second paragraph of Article Number 13 in the form finally verified by, and thereafter registered with, the Relevant regulatory Authorities, substantially in the following form:

“The scope of the major businesses of the Company include: investment related to metropolitan public utility infrastructure and facilities, investment related to real estate industry, investment related to education, investment related to technology, investment related to travel and cultural industries, investment related to new businesses and assets, investment related to manufacturing and other investments permitted under the laws of the People’s Republic of China and approved by the regulatory authorities of the People’s Republic of China.”

and that any director of the Company be and is hereby authorised to take such further action, make such applications, sign and execute such documents and make such filings as he/she may, in his/her sole and absolute discretion thinks fit for and on behalf of the Company to implement the aforesaid amendment to the Articles of Association of the Company.”

By order of the board of directors of
Shenyang Public Utility Holdings Company Limited
Xu Er Hui
Chairman

Shenyang, the People's Republic of China,
dated 14th November, 2003

Notes:

1. The register of holders of H shares of the Company will be closed from 30th November, 2003 to 29th December, 2003 (both dates inclusive), during which period no transfer of H shares will be registered. Holders of State shares or H shares of the Company whose names appear in the register of members of the Company as at 4:00 p.m. on 28th November, 2003 shall be entitled to attend and to vote at the meeting.
2. Any holder of the State shares or H shares of the Company entitled to attend and vote at the meeting 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 of the Company.
3. 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 H share registrars in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time appointed for holding the meeting or adjourned meeting.
4. Holders of State shares or H shares of the Company who intend to attend the Extraordinary General Meeting should complete the enclosed "REPLY SLIP FOR EXTRAORDINARY GENERAL MEETING" and return it to the Company's H share register in Hong Kong, Hong Kong Registrars Limited, at Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 10th December, 2003. This reply slip may be delivered by hand, by post or by fax to the number: (852) 2865 0990 / 2529 6087.

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