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)

(Stock Code: 747)

Clarification Announcement

Reference is made to the Profit Warning Announcement of the Company dated 6 August 2004. Subsequent to the issue of the Profit Warning Announcement, the Company noted an article appearing on the press of 10 August 2004 commenting on the reasons stated in the Profit Warning Announcement attributable to the expected loss of the Company for the six months ended 30 June 2004. The Company would like to make clarification in relation to the said article.

Reference is made to the profit warning announcement ("Profit Warning Announcement") of Shenyang Public Utility Holdings Company Limited (the "Company" and together with its subsidiaries, the "Group") dated 6 August 2004. Subsequent to the issue of the Profit Warning Announcement, the Company noted an article appearing on the press of 10 August 2004 (the "Article") commenting on the reasons (the "Reasons") stated in the Profit Warning Announcement attributable to the expected loss of the Company for the six months ended 30 June 2004.

The board of directors (the "Board") of the Company would like to clarify in response to the comments made in the Article. In the Article, it stated that according to the statistics posted on the official website of property market information, 中國房地產信息網 (the PRC's property development information web), the property market in Shenyang, the People's Public of China (the "PRC"), for the first half of 2004 has been well-performing which contradicts with the Reasons that the recent measures implemented by the PRC government to cool down the PRC economy has slowed down the PRC property market and therefore adversely affected the sales of property of the Company. The Board would like to clarify that though the property market in Shenyang may have been in a state of booming in the first half of 2004, such statistics only indicated the general status of Shenyang property market that did not necessarily reflect the sales performance of the Company's property projects, in particular which include project located in Beijing known as 酈景灣 ("Scenic Bay"). The property projects launched to the market by the Group in the first half of 2004 were mainly new pre-sale properties which were still under development and no revenue from pre-sale should be recognized at this stage. Therefore, the turnover of the Company contributed by property development was not significant in the first half of 2004. In addition, in the Profit Warning Announcement, the Board referred to the cooling down effect to the general impact on the property sector as a result of the measures adopted by the central government to curb lending to several key sectors including property, steel, and aluminium, etc., and did not intend to pinpoint the specific performance of Shenyang's property market.

Also in the Article, it stated that based on the information shown in the Company's website, the Company has properties for sale citing in particular the property project, 金茂國際公寓 ("Cosmo International Mansion"), was well-received by the market. It contradicts with the Reasons that property projects currently developed by the Group are new projects which are yet to contribute to the turnover of the Group. The Board would like to clarify that the new projects referred to by the Company, including Cosmo International Mansion and 水榭花都 ("Water Flowers City"), etc were still under development in the first half of 2004 and were yet to contribute to the Group's turnover given that such projects were put in the market as pre-sale properties and no pre-sale revenue should be recognized at this stage.

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

Shenyang, the PRC, 13 August 2004

The Members of the Board and Supervisory Committee of the Company are as follows:—

Executive Directors	Mr. Xu Er Hui (Chairman), Mr. Zhang Jian Bo (President), Mr. Zhang Ying Jian (Vice-president), Mr. Wang Se (Company Secretary), Mr. Geng Jian Wei (Chief Financial Officer), Mr. Chen Shu Xin and Mr. Chan Kam Ling.
Non-executive Directors	Mr. Lin Wen Bin, Dr. Michel P. Detay, Mr. Zhang Wan Zhong, Mr. Cheng Wei*, Mr. Choy Shu Kwan, Wilson* (*Independent Non-executive Directors)
Supervisors	Mr. Wang Hong Yu, Ms. Li Shu Lian, Mr. Zhao Xue Zhi, Mr. Lin Dong Hui, Ms. Gao Jing Juan and Mr, Yang Zhi An.

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