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)

DISCLOSEABLE TRANSACTION

THE SETTLEMENT AGREEMENT

The board of directors (the "**Board**") of Shenyang Public Utility Holdings Company Limited (the "**Company**") announces that on 20 June 2008, the Company entered into an agreement (the "**Settlement Agreement**") with Liaoning Hua Jin Hua Gong Group Company Limited ("**Hua Jin**"), Shenyang Pollon Finance Building Management Company Limited ("**Shenyang Pollon**"), Beijing Beida Jade Bird Company Limited ("**Beida Jade Bird**") and Shenyang Utility Group Company Limited ("**SPU**"), pursuant to which (a) RMB24,300,000 worth of 69 residential units of Cosmo International Mansion owned by Shenyang Pollon were sequestrated to settle Hua Jin's claim; and (b) the assistance provided by Shenyang Pollon will be eliminated as the Company holds 99.99% interest in Shenyang Pollon (the "**Transaction**").

The transfer of ownership of Cosmo International Mansion to Hua Jin is still ongoing.

GENERAL

The Transaction constitutes a discloseable transaction as defined under Listing Rules and is subject to announcement and circular requirements set out in Rule 14.33 and Rule 14.34 of the Listing Rules.

A circular containing, amongst other things, further information in respect of the Transaction will be dispatched to the Shareholders in accordance with the Listing Rules as soon as possible.

NON-COMPLIANCE WITH LISTING RULES

The Company has failed to disclose the Transaction which would have been subject to announcement and circular requirements under the Listing Rules. The non-compliance with the Listing Rules mentioned above was due to insufficient financial information from non-issuance of relevant annual reports. The Company admits its breaches of Rule 14.33 and Rule14.34 of the Listing Rules.

THE SETTLEMENT AGREEMENT

Date: 20 June 2008

Parties: The Company, Hua Jin, Shenyang Pollon, Beida Jade Bird and SPU

Assets disposed:
The assets disposed were Shenyang Pollon's real property, 69 residential units of Cosmo International Mansion with floor height of 3.4 meters, and 26 floors (with 1 basement floor).

Consideration for the Transaction:
The consideration for the Transaction amounted to RMB24,300,000, being part of the amount claimed by Hua Jin against the Company.

Basis of the consideration:
Approximately RMB7,100 per square metre of the residential units. The Directors represented that the market price of the residential units were approximately RMB7,800 to RMB8,000 per square metre. The residential units were disposed at an approximate discount of 10% due to the large quantities of residential units being disposed.

Other terms
Default payment of 20% of consideration would be payable by the Company and Shenyang Pollon to Hua Jin.

All conditions precedent as stated in the Settlement Agreement shall be fulfilled within 21 months upon signing of the same.

The transfer of ownership of Cosmo International Mansion to Hua Jin is still ongoing.

BACKGROUND AND REASONS FOR THE TRANSACTION

Reference is made to the announcement of the Company dated 26 September 2008 (the "**Announcement**") in relation to an update on litigations of the Company.

As disclosed in the Announcement, RMB56,461,629.47 was sequestrated from the account of Hua Jin in partial settlement of the RMB29,000,000 loan and the RMB171,000,000 loan borrowed from Guangdong Development Bank for the Company. In September 2007, Hua Jin commenced legal action against the Company, SPU and Beida Jade Bird to recover the sum of RMB56,461,629.47.

On 17 October 2007, Hua Jin reached a settlement with the Company, SPU, Beida Jade Bird, Beijing Mingyude Business and Trade Company Limited ("**Beijing Mingyude**"), and Shenyang Pollon. The Higher People's Court of Liaoning issued the [Civil Mediation Agreement (2007) Liao Min San Chu Zi No.36] 民事調解書（2007）遼民三初字第36號 relating to this settlement, pursuant to which (a) the Company was liable to pay off Hua Jin's claim of RMB56,460,000; (b) the Company would repay RMB32,160,000 of the claim before 30 November 2007 and in the event that the Company was unable to pay off the said amount, Beijing Mingyude would guarantee the repayment; (c) the Company as liable to repay RMB24,300,000 before 25 December 2007 and Shenyang Pollon would pledge its properties to Hua Jin to guarantee such repayment; (d) Beida Jade Bird and SPU jointly guaranteed the claim of RMB56,460,000, and in the event that the Company was unable to settle all the claim, each of the Company, SPU and Beida Jade Bird would pay one-third of the unpaid balance; and (e) Hua Jin and the Company would equally share the legal fee of RMB162,054.07 and a custody fee of RMB5,000.

In November 2007, Beijing Mingyude repaid RMB32,160,000 to Hua Jin for the Company.

In August 2008, the Company repaid RMB32,160,000 and the interest to Beijing Mingyude.

On 20 June 2008, Shenyang Pollon signed the Settlement Agreement with Hua Jin, the Company, Beida Jade Bird and SPU, pursuant to which (a) RMB24,300,000 worth of 69 residential units of Cosmo International Mansion owned by Shenyang Pollon were sequestrated to settle Hua Jin's claim; and (b) the assistance provided by Shenyang Pollon will be eliminated as the Company holds 99.99% interest in Shenyang Pollon.

As confirmed by the Company and the PRC legal opinion dated 9 October 2008 prepared by Kaiwen, the judgment debt of RMB56,461,629.47 payable to Hua Jin has been fully settled.

INFORMATION ON HUA JIN

Hua Jin is a state-owned enterprise and is principally engaged in manufacturing and processing of petroleum and chemical products. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Hua Jin is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

As stated in the Announcement, Hua Jin was one of the guarantors of the RMB29,000,000 loan and RMB171,000,000 loan borrowed from Guangdong Development Bank.

INFORMATION ON SHENYANG POLLON

It was disclosed in the annual report for the year ended 31 December 2007, Shenyang Pollon was a company in which the Company directly held 92.50% equity interests and Shenyang Development Real Estate Development Company Limited directly held 7.50% equity interests. It is a real estate developer in Shenyang in which the Company holds 99.99% equity interests in total.

INFORMATION ON COSMO INTERNATIONAL MANSION

The assets disposed were Shenyang Pollon's real property, 69 residential units of Cosmo International Mansion with floor height of 3.4 meters, and 26 floors (with 1 basement floor).

The project "Cosmo International Mansion" in Shenyang is the reconstruction of an incomplete project, with gross floor area of approximately 30,000 square metres.

INFORMATION ON THE COMPANY TOGETHER WITH ITS SUBSIDIARIES ("THE GROUP")

Trading in the shares of the Company has been suspended since 23rd December 2004. Prior to the suspension, the Group were principally engaged in property development, educational investment and cemetery development in the PRC. The Group encountered financial distress in the last few years and has been downsizing the scale of operations since its suspension. Most of the Group's assets were being sold through auctions as ordered by the courts in the PRC. As at the date of this announcement, the principal asset remained in the Group are a property in Zhuhai which is currently leased to Zhuhai Subsidiary Experimental School of Beijing University and Beijing Diye Real Estate Development Company Limited .

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By order of the Board of
Shenyang Public Utility Holdings Company Limited
Wang Hui
Director

Shenyang, PRC 24 December 2008

As at the date of this announcement, the directors of the Company are as follows:
Executive directors: Mr. An Mu Zong and Mr. Wang Zai Xing
Non executive directors: Mr. Deng Yan Bin, Mr. Lin Dong Hui and Mr. Wang Hui
Independent non executive director: Mr. Cai Lian Jun