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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)
(Stock code: 747)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE 2009**

FINANCIAL HIGHLIGHTS

- The Company's shares were listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 1999.
- During the Period, the Group recorded a turnover of approximately RMB2,167,000, representing a decrease of 94.3% compared to Corresponding Period.
- Loss after tax and minority interests attributable to shareholders of the Company amounted to approximately RMB1,725,000.
- The Board resolved that no dividend would be declared for the interim period ended 30th June 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2009

		Six months ended	
		30th June	
		2009	2008
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Turnover	3	2,167	38,117
Cost of properties sold		(793)	(38,866)
Taxes on sales of properties		(83)	(83)
Gross Profit		1,291	(832)
Other operating expenses		(2,492)	(7,376)
Finance costs		(524)	(13,739)
Profit/loss before taxation		(1,725)	(19,837)
Taxation	4	–	–
Profit/loss after taxation		<u>(1,725)</u>	<u>(19,837)</u>
Gain on disposal of subsidiaries		<u>–</u>	<u>157,909</u>
Total profit		<u>(1,725)</u>	<u>138,072</u>
Of which:			
Profit/loss attributable to			
shareholders of the Company		(1,788)	138,094
Profit/loss attributable to minority interests		63	(22)
		<u>(1,725)</u>	<u>138,072</u>
Earnings per share – basic	6	<u>(RMB0.002)</u>	<u>RMB0.135</u>

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Six months ended	
	30th June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the Period	(1,725)	138,072
Other consolidated income	–	–
Total comprehensive income for the Period	(1,725)	138,072
Of which:		
Profit/loss attributable to shareholders of the Company	(1,788)	138,094
Profit/loss attributable to minority interests	<u>63</u>	<u>(22)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2009

		As at 30th June 2009 (Unaudited) RMB'000	As at 31st December 2008 (Audited) RMB'000
	Note		
Non-current assets			
Plant and equipment		17,769	19,200
Investment properties		248,342	248,342
Prepaid lease payments on land use rights		–	–
Available-for-sale financial assets		20,000	20,000
Other non-current assets		44,244	32,745
		330,355	320,287
Current assets			
Properties held for sale		193,941	205,735
Inventories		–	–
Accounts receivable	7	759	–
Amount due from the holding company		–	–
Prepaid lease payments on land use rights		–	–
Prepayments		2,095	1,572
Other receivables	8	60,574	80,692
Bank balances and cash		7,149	6,803
		264,518	294,802
Current liabilities			
Accounts payable	9	5,956	5,875
Receipts in advance		14,359	12,759
Other payables and accrued charges		31,831	33,333
Income tax payable		–	–
Bank loans – due within one year	10	14,000	14,000
Expected liabilities		1,041	1,041
		67,187	67,008
Net current assets		197,331	227,794
Total assets less current liabilities		527,686	548,081

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

As at 30th June 2009

		As at 30th June 2009 (Unaudited) RMB'000	As at 31st December 2008 (Audited) RMB'000
	Note		
Equity			
Share capital		1,020,400	1,020,400
Reserves		(607,762)	(605,974)
Shareholders' equity		412,638	414,426
Minority interests		28,778	28,715
Total equity		441,416	443,141
Non-current liabilities			
Deferred taxation	11	21,942	21,942
Long-term liabilities		64,328	82,998
		527,686	548,081

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2009

	Equity attributable to shareholders of the Company						
	Share capital	Share premium	Statutory surplus reserve	Statutory public welfare reserve	Accumulated profits	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January 2008	1,020,400	323,258	103,582	–	(977,824)	34,357	503,773
Loss for the Period	–	–	–	–	138,072	(22)	138,050
At 30th June 2008	<u>1,020,400</u>	<u>323,258</u>	<u>103,582</u>	<u>–</u>	<u>(839,752)</u>	<u>34,335</u>	<u>641,823</u>
At 1st January 2009	1,020,400	323,258	103,231	–	(1,032,463)	28,715	443,141
Profit for the Period	–	–	–	–	(1,788)	63	(1,725)
At 30th June 2009	<u>1,020,400</u>	<u>323,258</u>	<u>103,231</u>	<u>–</u>	<u>(1,034,251)</u>	<u>28,778</u>	<u>441,416</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2009

	30th June 2009 (Unaudited) RMB'000	30th June 2008 (Unaudited) RMB'000
Net cash generated from (used in) operating activities	(1,213)	702
Net cash generated from (used in) investing activities	2,000	108,980
Net cash (used in) generated from financing activities	(441)	(110,987)
Increase (decrease) in cash and cash equivalents	(346)	(1,305)
Cash and cash equivalents at the beginning of the Period	6,803	1,685
Cash and cash equivalents at the end of the Period	<u>7,149</u>	<u>380</u>
Analysis of cash and cash equivalents at the end of the Period as follow:		
Bank balances and cash	<u>7,149</u>	<u>380</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June 2009

1. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The standards are effective for accounting periods beginning on or after 1st January 2005. The accounts have been prepared under historical cost convention, except for certain financial instruments which are measured at their fair values.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed financial statements include provision for bad or doubtful debts, provision for taxation, provision for asset impairment and fair values of financial assets at fair value through profit or loss.

2. Adoption of Going Concern Basis

The Group recorded a net profit for the year of RMB(1,725,000) for the half year ended 30th June 2009. The management of the Company has taken the following measures:

- (i) Carry out debt restructuring with its creditors. Up to the date of approval of these consolidated financial statements, the Group has reached agreements with its creditors in respect of debt restructuring and the court litigations have been discharged. Therefore, these consolidated financial statements have been prepared on the assumption that the Group will continue to operate as a going concern;
- (ii) The management of the Company is considering to strengthen the capital base of the Company and provide immediate cash flow through various financing activities and capital restructuring, including, but not limited to, private placement of the Company's shares;
- (iii) The management of the Company continues to take action to strengthen cost control in respect of various administrative and other operating expenses, and is actively seeking new investment and business opportunities to pursue profitable businesses that would bring positive cash flow.

The management of the Company believes that, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. The management of the Company is of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

3. Turnover and Segment Information

For management purposes, the Group is currently organised into two major operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development – development, sale, rental and management of properties.

Education projects – leasing of campus and equipment.

There was no significant sales or other transactions between the segments for both periods.

For the six months ended 30th June 2009 (Unaudited)

	Property development RMB'000	Education projects RMB'000	Cemetery development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>667</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>2,167</u>
Segment results	<u>(313)</u>	<u>209</u>	<u>-</u>	<u>-</u>	<u>(104)</u>
Unallocated corporate expenses					<u>(1,097)</u>
Profit/loss from operations					(1,201)
Finance costs					(524)
Gain on disposal of a subsidiary					<u>-</u>
Profit before taxation					(1,725)
Taxation					<u>-</u>
Profit after taxation					<u>(1,725)</u>

For the six months ended 30th June 2008 (Unaudited)

	Property development RMB'000	Education projects RMB'000	Cemetery development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>36,617</u>	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>38,117</u>
Segment results	<u>(843)</u>	<u>(2,367)</u>	<u>–</u>	<u>–</u>	<u>(3,210)</u>
Unallocated corporate expenses					<u>(3,248)</u>
Operating loss					(6,458)
Finance costs					(13,379)
Gain on disposal of a subsidiary					157,909
Loss before taxation					138,072
Taxation					<u>–</u>
Loss after taxation					<u>138,072</u>

4. TAXATION

Six months ended 30th June

	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Taxation comprises		
The Company and its subsidiaries		
– PRC enterprise income tax	–	–
– Deferred taxation	–	–
	<u>–</u>	<u>–</u>

* “PRC” represents the People’s Republic of China.

No provision for Hong Kong Profits Tax had been made as the Group’s income neither arose in nor was derived from Hong Kong.

5. DIVIDENDS

The Board resolved not to declare any dividend for the current interim period.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company for the Period of RMB(1,788,000) (profit for the six months ended 30th June 2008: RMB138,072,000) and 1,020,400,000 shares in issue during the Period.

No diluted earnings/loss per share are presented as the Company has no dilutive potential shares outstanding for both periods.

7. ACCOUNTS RECEIVABLE

As at the balance sheet date, the Group's accounts receivables mainly represent the rental receivable for leasing of campus and equipment. The Group normally allows a credit period of 30 days (2008: 30 days) for leasing of campus and equipment.

An aged analysis of accounts receivables of the Group at the balance sheet date is set out as follows:

	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
0-30 days	–	–
31-60 days	–	–
61-365 days	759	–
1-2 years	–	–
Over 2 years	–	–
Provision for bad debts	–	–
Net amount of accounts receivables	759	–

The management considered the carrying amount of accounts receivables approximate their fair value.

8. OTHER RECEIVABLES

Other receivables are unsecured, interest free and have no fixed repayment terms.

The management considered the carrying amount of other receivables approximates their fair value.

9. ACCOUNTS PAYABLE

An aged analysis of trade payables of the Group at the balance sheet date is set out as follows:

	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
0-90 days	–	–
91-180 days	–	–
180-365 days	–	–
1-2 years	–	–
Over 2 years	5,956	5,875
	<u>5,956</u>	<u>5,875</u>
	<u>5,956</u>	<u>5,875</u>

The management considered the carrying amount of accounts payables approximates their fair value.

10. BANK LOANS

During the period, the Group has no new bank loans. The remaining amount was loan provided to Zhuhai Education amounting to RMB14,000,000.

11. DEFERRED TAXATION

	Fair value adjustment on business combination RMB'000
At 1st January 2008	22,555
Credited to income statement for the Period	–
	<u>22,555</u>
At 30th June 2008	22,555
Credited to income statement for the Period	(613)
	<u>21,942</u>
At 1st January 2009	21,942
Credited to income statement	–
	<u>21,942</u>
At 30th June 2009	<u>21,942</u>

12. SHARE CAPITAL

	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
Registered, issued and fully paid:		
600,000,000 state-owned shares of RMB1.00 each	600,000	600,000
420,400,000 H shares of RMB1.00 each	420,400	420,400
	<u>1,020,400</u>	<u>1,020,400</u>

There were no movements in the share capital of the Company in both the current period and corresponding period last year.

13. CONNECTED TRANSACTIONS

Connected parties include the Group's subsidiaries, holding companies and its subsidiaries, other state-owned enterprises and its subsidiaries that directly or indirectly controlled by the PRC government, other companies that our company may control or impose substantial influence on its financial and operational decisions, and entities and companies that are controlled and affected by the key management of our company, our Group or its holding companies and their respective family members.

The principal identified connected parties of the Group or identified connected parties that have entered into transaction with the Group during the Period are as follows:

Name of company	Relationships with the Company
Beijing Mingde Guangye Investment Consultant Company Limited ("Beijing Mingde Guangye"),	The holding company of the Company
Beijing Mingyude Business and Trade Company Limited ("Mingyude")	A shareholder of Beijing Mingde Guangye
Shenyang Public Utility Group Company Limited ("SPU")	The former holding company of the Company
Beijing Beida Hi-Tech Industry Investment Company Limited ("Beida Hi-Tech")	A shareholder of SPU
Beida Jade Bird Company Limited ("Beida Jade Bird")	An indirect shareholder of Beida Hi-Tech
Beijing Beida Education Investment Company Limited ("Beida Education Investment")	A shareholder of Zhuhai School
Zhuhai Beida Subsidiary Experiment School ("Zhuhai School")	A branch of Beida Education Investment
Beijing Teli Investment Management Company Limited (「Beijing Teli」)	A subsidiary of Beida Jade Bird

Apart from the connected parties disclosed in the unaudited condensed combined financial statements, the significant connected transactions between the Group and the connected parties and the balance arising therefrom are summarised as follows:

- (a) During the Period, the Group received rental income of RMB1,500,000 (2008: RMB3,000,000) from Zhuhai School for leasing of campus and equipments. The rental was received for leasing of campus and equipments to Zhuhai School pursuant to the non-cancellable leasing agreement for a term of 20 years.
- (b) As at balance sheet date, the balances of connected parties are as follows:

Name of connected party	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
Trade receivables		
Zhuhai School	<u>759</u>	<u>–</u>
Other payables and accrual expenses		
Beida Jade Bird	–	82,998
SPU	<u>64,328</u>	<u>–</u>

(c) **Compensation for the key management**

	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
Short term benefits	<u>0</u>	<u>0</u>
Post employment benefits	<u>0</u>	<u>0</u>

Remuneration of directors and the key management is determined by the Administrative Resources and the Remuneration Committee based on personal performance and market trend.

14. CONTINGENT LIABILITIES

During the period under review, there was no new contingent liability.

15. ASSETS SECURED/PLEDGED

During the period under review, there was no new asset secured/ pledged.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the turnover of the Group amounted to approximately RMB2,167,000, representing an decrease of approximately 94.3% as compared with that of the corresponding period ("the Corresponding Period") for the six months ended 30th June 2008 ("the 2008 Period"); loss after taxation and minority interests amounted to approximately RMB1,725,000 and loss per share was approximately RMB0.002.

Review of the Group's Major Business

The Group is a real estate developer and an investor in education business. It is principally engaged in the development and sale of real estate and investment in and management of education. The Company's subsidiaries, Shenyang Development Real Estate Company Limited ("Shenyang Real Estate") and Beijing Diye Real Estate Development Company Limited ("Beijing Diye"), are real estate developers in Shenyang and Beijing respectively. The Company's subsidiaries, Zhuhai Beida Education Science Park Company Limited ("Zhuhai Education") and Shanghai Beida Jade Bird Education Investment Company Limited ("Shanghai Education"), are investors in education business in Zhuhai and Shanghai respectively.

Analysis of Real Estate Development Business

As the Group faced operations and funding difficulties during the prior period, the Group has downsized its real estate development business. Save for the remaining projects from the prior period, there are no new real estate development businesses so far.

During the Period, the formalities of utilizing the underground air defense project (地下人防工程) of Shenyang Real Estate "Water-Flowers City" have completed, and the Company now duly owns the right to use and generate income from the underground air defense project.

The "Scenic Bay" project in Beijing covers an area of 129,000 square meters and the planned gross floor area is 195,000 square meters. Due to the macro-economic control policies implemented in 2004, and the cancellation of the assignment of land agreement by the Beijing Municipal Government, the approval for the grant of land of the project was not obtained as scheduled. After obtaining the approval for land resumption and land approval certificate (土地批准證書), we did not make any progress in obtaining the land title certificate and so, such certificate is not yet obtained. According to the proposal for resumption of trading submitted by the Company to the Stock Exchange of Hong Kong Limited in May 2009, the Company will dispose of the Beijing Diye Project and the related preparatory works are now underway (For details, please refer to the announcement issued by the Company on 10th August 2009).

Analysis of Education Investment Business

During the Period, Zhuhai Beida Subsidiary Experiment School ("Zhuhai School") has paid Zhuhai Education a rental fee amounting to RMB1,500,000. During the spring semester 2009, Zhuhai School has 980 students, about 360 of which were students transferred from government subsidized high schools (公辦中學) with Zhuhai resident account at the request of the Zhuhai Municipal Education Bureau (珠海市教育局).

MAJOR FINANCIAL REVIEW OF THE GROUP

Operating income of the Group

During the Period, the Group recorded a turnover of approximately RMB2,167,000, representing a decrease of 94.3% compared to Corresponding Period. The Group's loss after tax and minority interests was approximately RMB1,725,000.

During the Period, property business recorded a turnover of RMB667,000, mainly due to the recognition of sales proceeds from those properties that occupation arrangement had been made and real estate title certificate was obtained.

Income of education project mainly comprises the rental income of Zhuhai Education Park of RMB1,500,000.

Profit and loss of the Group

During the Period, the Group recorded a loss after tax and minority interests of approximately RMB1,725,000, loss per share was approximately RMB0.002.

Borrowing Level and Analysis at the Balance Sheet Date

As at 30th June 2009, the Group's bank borrowings totalled RMB14,000,000 (as at 31st December 2008: RMB14,000,000). Abovementioned borrowings are not secured and bear interest at 6.9% per annum.

	As at 30th June 2009 (RMB'000)	As at 31st December 2008 (RMB'000)
Bank borrowings repayable as follows:		
Within one year	<u>14,000</u>	<u>14,000</u>
	<u>14,000</u>	<u>14,000</u>

During the Period, there is no default of principle and interests payment of bank borrowings by the Group.

Bills payable

During the Period, the Company has no bills payable.

Number of Employees, Emoluments, Training Schemes and Share Option Schemes

As at 30th June 2009, the Group employed a total of 22 employees (excluding the directors of the Company) and emoluments for the Period amounted to approximately RMB1,053,000 (2008 Period: RMB3,006,000) in total. The Group has entered into employment contract with all employees, and offered them with different emoluments according to their positions. The Group also made contributions to endowment insurance, basic medical insurance and housing reserves for all the employees in accordance with the relevant laws of the PRC. To date, the Group has not adopted any share option scheme for any of its senior management or employees.

Details of the Group's Assets Secured/Pledged

During the Period, there was no secured or pledged asset of the Group.

Taxation

During the Period, no provision for Hong Kong Profits Tax had been made as the Group's income neither arose in nor was derived from Hong Kong. During the Period, the Group was subject to income tax at the prevailing tax rate of 15%–25% in the PRC.

Prospects of the Second Half of 2009

As the Hong Kong Stock Exchange had approved the resumption proposal of the Company in June 2009, the Company will focus on implementing the reorganization stated in the resumption proposal, resumption of trading of the Company's H shares, so as to create favorable conditions for the sustainable and healthy development of the Company.

Dividend

During the Period, no dividend was paid. The Board of the Company resolved not to declare any interim dividend in 2009.

Purchase, Sale or Redemption of Shares

During the Period, the Group has not purchased, sold or redeemed any of the Company's shares.

Share Options

During the Period, the Company did not issue or grant any convertible securities, options, warrants or other similar rights.

Compliance With The Code On Corporate Governance Practices

Since the Company applied for resumption of trading, the Company has been committed to high level of corporate governance, so as to ensure the Group to have higher transparency and to protect the interests of all shareholders.

The Company has been committed to comply with the Code on Corporate Governance Practices (“the Code”) set out in Appendix 14 to the Listing Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited. The Board believes that, all important decisions of the Company had been consulted the Board and (if applicable) were made by the Board starting from 22nd February, 2009. The Board has three independent non-executive directors with adequate independence, as such, the Board believes that the Company has enough balance of power to ensure making appropriate decisions.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Company (the “Code”) in Appendix 10 to the Listing Rules to regulate the dealings of the Company’s securities by the directors and supervisors of the Company. Each of the director or supervisor has replied to the Company in writing confirming that he/she has fully observed the Code and no violation of the Code has occurred.

Audit Committee

At the annual general meeting held on 12th February 2009, Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Lam Tsan Wing Alexander were elected as the independent non-executive directors of the Company and form the third session of Audit Committee, with Mr. Wong Kai Tat being elected as the chairman of the Audit Committee. Mr. Lam Tsan Wing Alexander subsequently resigned as independent non-executive director and member of audit committee on 19th May, 2009 (For details please refer to the Company’s announcement dated 20th May, 2009).

By order of the board of
Shenyang Public Utility Holdings Company Limited
An Mu Zong
Chairman

28th August, 2009, Shenyang, the PRC

As at the date of this announcement, the directors of the Company are as follows:

Executive directors: Mr. An Mu Zong, Mr. Wang Zai Xing, Mr. Chow Ka Wo Alex and Mr. Wang Hui

Non-executive directors: Mr. Deng Yan Bin and Mr. Lin Dong Hui

Independent non-executive directors: Mr. Cai Lian Jun, Mr. Wong Kai Tat and Mr. Chan Ming Sun Jonathan