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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 2010

The board of directors (the "Board") of Shenyang Public Utility Holdings Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th June 2010 (the "Period").

FINANCIAL HIGHLIGHTS

- For the six months ended 30th June 2010, the Group recorded a turnover of approximately RMB7,897,000, representing an increase of 264.42% compared to corresponding period in 2009.
- Profit after tax and minority interests attributable to shareholders of the Company amounted to approximately RMB38,896,000 for the six months ended 30th June 2010.
- The Board resolved that no dividend would be declared for the interim period ended 30th June 2010.
- Earnings per share of the Group were approximately RMB0.038 for the six months ended 30th June 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30th June 2010 (Unaudited) RMB'000	2009 (Unaudited) RMB'000
Turnover	3	**7,897**	2,167
Cost of properties sold		**(1,277)**	(793)
Taxes on sales of properties		**(379)**	(83)
Gross profit		**6,241**	1,291
Other operating expenses		**(2,459)**	(2,492)
Finance costs		**(192)**	(524)
Profit/(loss) before taxation		**3,590**	(1,725)
Taxation	4	**(389)**	–
Profit/(loss) after taxation		**3,201**	(1,725)
Gain on disposal of subsidiaries		**1,468**	–
Purchase of subsidiaries		**37,391**	–
Expenditure on donation		**(3,000)**	–
Total profit/(loss)		**39,060**	(1,725)
Of which:			
Profit/(loss) attributable to shareholders of the Company		**38,896**	(1,788)
Profit/(loss) attributable to minority interests		**164**	63
Profit/(loss) per share – basic (fen)	6	**3.83**	(0.2)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Notes	Six months ended 30th June **2010** **(Unaudited)** **RMB'000**	2009 (Unaudited) RMB'000
Profit/(loss)	3	**39,060**	(1,725)
Other consolidated income		**–**	–
Exchange differences arising on translation		**–**	–
Total comprehensive income		**39,060**	(1,725)
Of which:			
Profit/(loss) attributable to shareholders of the Company		**38,896**	(1,788)
Profit/(loss) attributable to minority interests		**164**	63

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	As at 30th June 2010 (Unaudited) RMB'000	As at 31st December 2009 (Audited) RMB'000
Non-current assets			
Plant and equipment		**4,057**	5,674
Investment properties		**515,583**	307,520
Prepaid lease payments on land use rights		**–**	–
Available-for-sale financial assets		**17,000**	17,000
Other non-current assets		**–**	–
		536,640	330,194
Current assets			
Properties held for sale		**–**	193,941
Inventories		**333**	–
Accounts receivable	7	**214**	–
Amount due from the holding company		**–**	–
Prepaid lease payments on land use rights		**–**	–
Prepayments		**–**	2,000
Other receivables	8	**35,838**	36,731
Bank balances and cash		**15,791**	23,536
		52,176	256,208
Current liabilities			
Accounts payable	9	**5,906**	5,735
Receipts in advance		**11,828**	13,708
Other payables and accrued charges		**34,912**	69,849
Income tax payable		**–**	–
Bank loans – due within one year	10	**9,000**	9,000
Expected liabilities		**1,041**	1,041
		62,687	99,333
Net current assets/(liabilities)		**(10,511)**	156,875
Total assets less current liabilities		**526,129**	487,069

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	Notes	**As at 30th June 2010 (Unaudited) RMB'000**	As at 31st December 2009 (Audited) RMB'000
Equity			
Share capital		**1,020,400**	1,020,400
Reserves		**(551,401)**	(590,297)
Shareholders' equity		**468,999**	430,103
Minority interests		**39,738**	39,574
Total equity		**508,737**	469,677
Non-current liabilities			
Bank loans – due after one year		**–**	–
Deferred taxation	11	**17,392**	17,392
		526,129	487,069

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2010

	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 2009	1,020,400	323,258	103,231	–	(1,001,812)	40,028	485,105
Profit/(loss) for the Period	–	–	–	–	(1,788)	63	(1,725)
At 30th June 2009	1,020,400	323,258	103,231	–	(1,003,600)	40,091	483,380
At 1st January 2010	1,020,400	323,258	103,231	–	(1,016,786)	39,574	469,677
Profit/(loss) for the Period	–	–	–	–	38,896	164	39,060
At 30th June 2010	**1,020,400**	**323,258**	**103,231**	**–**	**(977,890)**	**39,738**	**508,737**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	30th June 2010 (Unaudited) RMB'000	30th June 2009 (Unaudited) RMB'000
Net cash generated from (used in) operating activities	**4,775**	(1,213)
Net cash generated from (used in) investing activities	**(12,328)**	2,000
Net cash generated from (used in) financing activities	**(192)**	(441)
Increase/(decrease) in cash and cash equivalents	**(7,745)**	346
Cash and cash equivalents at the beginning of the Period	**23,536**	6,803
Cash and cash equivalents at the end of the Period	**15,791**	7,149
Analysis of cash and cash equivalents at the end of the Period as follow:		
Bank balances and cash	**15,791**	7,149

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June 2010

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 of RMB39,060,000 for the half year ended 30th June 2010. 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; and

(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

Lease and management businesses: lease of campus and equipment; lease of office building and lease of parking space.

For the six months ended 30th June 2010 (Unaudited)

	Lease of property RMB'000	Others projects RMB'000	Consolidated RMB'000
Turnover	**7,897**	**–**	**7,897**
Segment results	**3,782**	**–**	**3,782**
Unallocated corporate expenses			**–**
Profit/(loss) from operations			**3,782**
Finance costs			**(192)**
Gain on disposal of a subsidiary			**1,468**
Gain on acquisition of a subsidiary			**37,391**
Expenditure on donation			**(3,000)**
Profit/(loss) before taxation			**39,449**
Taxation			**(389)**
Profit/(loss) after taxation			**39,060**

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	667	1,500	–	–	2,167
Segment results	(313)	209	–	–	(104)
Unallocated corporate expenses					(1,097)
Operating profit/(loss)					(1,021)
Finance costs					(524)
Gain on disposal of a subsidiary					–
Profit/(loss) before taxation					(1,725)
Taxation					–
Profit/(loss) after taxation					(1,725)

4. TAXATION

	Six months ended 30th June **2010 (Unaudited) RMB'000**	2009 (Unaudited) RMB'000
Taxation of the Company and its subsidiaries comprises		
– PRC enterprise income tax	**389**	–
– Deferred taxation	**–**	–
	389	–

* "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 RMB38,896,000 and 1,020,400,000 shares in issue during the Period.

No diluted earning/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 receivable mainly represent the rental receivable for leasing of properties. The Group normally allows a credit period of 30 days during the Period (2009: 30 days) for leasing of properties.

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

	At 30th June 2010 RMB'000	At 31st December 2009 RMB'000
0-30 days	**–**	–
31–60 days	**–**	–
61–365 days	**414**	200
1–2 years	**–**	–
Over 2 years	**–**	–
Provision for bad debts	**(200)**	(200)
Net amount of accounts receivable	**214**	–

The management considered the carrying amount of accounts receivable 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 accounts payable of the Group at the balance sheet date is set out as follows:

	At 30th June 2010 RMB'000	At 31st December 2009 RMB'000
0–30 days	–	–
31–60 days	–	–
61–365 days	–	–
1–2 years	–	–
Over 2 years	**5,906**	5,735
	5,906	5735

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

10. BANK LOANS

During the Period, the Group has no new bank loans. The outstanding amount was a loan provided by Bank of Communications to Zhuhai Education amounting to RMB9,000,000.

11. DEFERRED TAXATION

	Fair value adjustment on business combination RMB'000
At 1st January 2009	17,692
Credited to income statement for the Period	–
At 30th June 2009	17,692
Credited to income statement for the Period	(300)
At 1st January 2010	17,392
Credited to income statement	–
At 30th June 2010	**17,392**

12. SHARE CAPITAL

	At 30th June 2010 RMB'000	At 31st December 2009 RMB'000
Registered, issued and fully paid:		
600,000,000 domestic shares of RMB1.00 each	**600,000**	600,000
420,400,000 H-shares of RMB1.00 each	**420,400**	420,400
	1,020,400	1,020,400

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

13. SIGNIFICANT CONNECTED TRANSACTIONS

Connected parties include the Group's subsidiaries, holding companies and its subsidiaries, other state-owned enterprises and its subsidiaries that are 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 connected parties that have entered into transactions with the Group are as follows:

Name of company	Relationships with the Company
Shenyang Public Utility Group Company Limited ("SPU")	The former holding company of the Company
Beijing Beida Jade Bird Company Limited ("Beida Jade Bird")	The controlling shareholders of Beijing Beida Hi-Tech Industry Investment Company Limited ("Beida Hi-Tech"), which is the shareholder of SPU
Zhuhai Beida Subsidiary Experiment School ("Zhuhai School")	A branch of Bejing Beida Education Investment Company Limited ("Beida Education Investment"), which is a connected company of Beida Jade Bird

Apart from the connected parties disclosed in the unaudited condensed consolidated 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 (corresponding period in 2009: RMB1,500,000) from Zhuhai School for leasing of campus and equipment. Lease period is from January 2003 to December 2013 and rental fee was negotiated in December each year.

(b) As at balance sheet date, the balances of connected parties are as follows:

Breakdown	**At 30th June 2010 RMB'000**	At 31st December 2009 RMB'000
Trade receivables		
Zhuhai School	**–**	1,337
Other payables and accrual expenses		
Beida Jade Bird	**–**	3,968
SPU	**–**	29,328

(c) Since March 2009, Beida Jade Bird is no longer an indirect shareholder of the Company. Thus, Beida Jade Bird and Zhuhai School are no longer connected parties of the Company as of 30th June 2010.

14. CONTINGENT LIABILITIES

During the Period, there was no new contingent liability.

15. ASSETS SECURED/PLEDGED

During the Period, there was no new asset secured/pledged.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the Group's Financial Performance

For the six months ended 30th June 2010, the turnover of the Group amounted to approximately RMB7,897,000, representing an increase of approximately 264.42% as compared with that of the six months ended 30th June 2009 (the "2009 Period"); profit after taxation and minority interests amounted to approximately RMB38,896,000.

During the Period, the turnover from property leasing business amounted to approximately RMB7,897,000, attributable to the rental income of the two newly acquired properties during the period and rental income from Zhuhai Education.

During the Period, gross profit of the Group was RMB6,241,000, representing an increase of RMB4,950,000 as compared to 2009 Period, mainly attributable to the increase in rental income from the two newly acquired properties during the period.

During the Period, the operating expense of the Group amounted to RMB2,459,000, representing a decrease of 1.32% as compared to the corresponding period in 2009, mainly attributable to the decrease in fees payable to the professional institutions.

During the Period, the Group had cash outflow of RMB7,745,000, mainly from the repayment of amounts due to the substantial shareholders.

As at 30th June 2010, cash and cash equivalents held by the Group amounted to RMB15,791,000, up by RMB8,642,000 as compared to the same period in 2009.

The Group's earnings/loss

During the Period, the profit after taxation and minority interests amounted to approximately RMB38,896,000, earnings per share was approximately RMB0.038.

Borrowings and Analysis as at the Balance Sheet Date

As at 30th June 2010, the Group's bank borrowings totaled RMB9,000,000 (as at 31st December 2009: RMB9,000,000). Such borrowings are not secured and bear an interest rate of 6.9% per annum.

	As at 30th June 2010 (RMB'000)	As at 31st December 2009 (RMB'000)
Bank borrowings repayable as follow:		
Within one year	**9,000**	9,000
	9,000	9,000

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.

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, leasing and management of property. The Company's subsidiaries, Shenyang Development Real Estate Company Limited ("Shenfa Real Estate") is a real estate developer in Shenyang. Beijing Shenfa Property Management Company Limited ("Beijing Shenfa") and Shenzhen Jade Bird Optoelectronic Company Ltd ("Shenzhen Optoelectronic") are service providers of property lease and property management in Beijing and Shenzhen 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

On 31st December 2008, the Company entered into a share transfer agreement with Beijing Zhong Yi Chong Yi Technology Development Company ("Zhong Yi"), with a view to rationalizing the Group's business structure and procuring the resumption of trading in the H-shares of the Company. Pursuant to the agreement, the Company has agreed to sell 80% equity interests in Beijing Diye Real Estate Development Company Limited ("Beijing Diye") to Zhong Yi (details of this share transfer were provided in the announcement of the Company dated 10th August 2009). The transaction could improve the Company's cash flow and support the reorganization of the Company and the resumption of trading in the Company's share. Given that Beijing Diye has not acquired a proper title of the land, the disposal of Beijing Diye will contribute to a clearer delineation of the assets under the

Group. Detail information has been set out in the Company's circular dated 28th December 2009, and the resolution as set out in the circular ("circular") were duly passed on 12th February 2010.

During the Period, the disposal of Beijing Diye has been completed with all conditions as stated in the announcement dated 31st March 2010 fulfilled.

Property Leasing and Management Business

On 5th January 2009, the Company entered into a share transfer agreement with Beijing Beida Jade Bird Company Limited ("Beida Jade Bird"), Shenzhen Beida Jade Bird Sci-tech Company Limited ("Shenzhen Jade Bird") and Beijing Tianqiao Beida Jade Bird Sci-tech Company Limited ("Beijing Tianqiao"), with an aim to rationalize the Group's business structure, procure the resumption of trading in the Company's shares, and to increase income and cash flow to the Company. Pursuant to the agreement, the Company agreed to purchase the Beida Jade Bird Building located at Keyuan Road in Shenzhen by way of acquisition of Shenzhen Jade Bird Optoelectronic Company Ltd. ("Shenzhen Optoelectronic") (details of which were contained in the Company's announcement dated 16th September 2009). The property is located at Shenzhen Hi-tech Development Zone. It is expected that the property will generate stable cash and rental income for the Company. Detail information has been set out in the Company's circular ("circular") dated 28th December 2009, and the resolution as set out in the circular were duly passed on 12th February 2010. During the Period, the acquisition of property has been completed with all conditions as stated in the announcement dated 31st March 2010 fulfilled. During the Period, the Company has received rental income of RMB4,956,000.

On 5th January 2009, the Company entered into a purchase agreement with Zhong Yi, with an aim to rationalize the Group's business structure, procure the resumption of trading in the Company's shares, and increase income and cash flow of the Company. Pursuant to the agreement, it is agreed that the Company shall acquire the property located at 1st floor and 2nd floor, No.112, Jianguo Road, Chaoyang District, Beijing, the PRC from Zhong Yi (details of which were contained in the Company's announcement dated 9th November 2009). As the property is located at the prime area in Beijing, and the existing tenants are banking and telecom enterprises with strong financial background and stable income, it is expected that the acquisition of the property will bring stable cash flow and rental income for the Company. Detail information has been set out in the Company's circular ("circular") dated 28th December 2009, and the resolution as set out in the circular were duly passed on 12th February 2010. During the Period, the acquisition of the property has been completed with all conditions as stated in the announcement dated 31st March 2010 fulfilled. During the Period, the Company has received rental income of RMB1,302,000.

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 2010, Zhuhai School has 1,270 students. At present, Zhuhai Education covers a gross floor area of 71,000 square meters.

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

As at 30th June 2010, the Group employed a total of 11 employees (including the directors of the Company) and emoluments during the Period amounted to approximately RMB487,000 (2009 Period: RMB1,053,000) in total. The Group has entered into employment contracts 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 People's Republic of China ("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, no additional asset of the Group was secured or pledged.

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% to 25% in the PRC.

Prospects of the Second Half of 2010

During the Period, trading in the H-shares of the Company resumed. The focus of the Company in the second half of 2010 is to improve its standard of management, as well as the operation efficiency of the enterprise; to perfect the corporate governance structure and to ensure a stable and compliant operation; and to identify new investment opportunities and profit drivers at an appropriate time, and make efforts to raise the value of the shareholders.

Dividend

During the Period, no dividend was paid. The Board of the Company resolved not to declare any interim dividend in 2010.

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.

Corporate Governance Report

During the Period, the Company has committed to comply with the PRC Company Law, the relevant provisions of the "Code on Corporate Governance Practice" ("Code") as set out in Appendix 14 to the Rules Governing the Listing of the securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and other relevant laws and regulations and has endeavored to achieve a higher standard of corporate governance.

Board

The Board shall be responsible for leading the Company and provide effective control over the Company to safeguard the interests of its shareholders. The Board will formulate policy and strategies for every business segment of the Group while implementing internal control and monitoring the effectiveness. The execution of the Board's policy and strategies and the day-to-day management are delegated to the executive directors and the management.

On 30th June 2010, the Board comprised nine directors, of which four were executive directors, two were non-executive directors and three were independent non-executive directors. The Company disclosed the composition of the Board in all the communications according to the category of directors (including the chairman, executive director, non-executive director and independent non-executive director).

During the Period, Mr. Deng Yan Bin resigned as the non-executive director on 10th May 2010. Mr. Bao Yi Qiang was appointed as a non-executive director on 25th June 2010 and was elected as the vice chairman of the Company.

All the directors (including non-executive directors and independent non-executive directors) have devoted reasonable time and effort in dealing with the affairs of the Company. Every non-executive director and independent non-executive director has appropriate academic and professional qualification and relevant management experience and will provide recommendation to the Board. The Board considers that the non-executive directors and independent non-executive directors are capable of providing valuable and independent opinions on the aspects of the Company's strategy, performance, conflict of interests and management procedures, and hence the interests of shareholders are fully considered and safeguarded.

Pursuant to the requirements of Rule 13.3 of the Listing Rules, the Company has appointed three independent non-executive directors and two of whom have appropriate qualification on accounting. All independent non-executive directors have confirmed their independence to the Company and the Company considers that each independent non-executive director is independent.

During the Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), laid out in Appendix 10 to the Listing Rules, to regulate transactions such as our directors' and supervisors' dealings in the Company's securities. The Company has also issued enquiry to each director and supervisor as to whether each of them has fully complied with or violated the Code. Each of the director and supervisor has confirmed that they have fully observed the Code as at 30th June 2010.

Supervisory Committee

The supervisory committee now consists of two members, namely Mr. Wang Xing Ye and Mr. Lu Ming. Each supervisor effectively performs their supervisory duties relating to the Company's operations.

Audit Committee and Its Accountability

The audit committee is made up of three independent non-executive directors, namely Mr. Wong Kai Tat, Mr. Chan Ming Sun and Mr. Cai Lian Jun.

The chairman of the committee is Mr. Wong Kai Tat, who has professional accounting qualifications and expertise in financial management. The duties of the audit committee include reviewing the accounting policies and practices adopted by the Group, reviewing internal control and financial reporting matters, making recommendations to the Board on appointing or change of external auditors, and considering their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the interim results for the half-year ended 30th June 2010 and discussed with the management and the Company's auditors the accounting policies and practices adopted and financial reporting matters of the Period.

Internal Control

The Board is responsible for maintaining a system of effective internal control to protect the Group's assets and its shareholders' interests. The Board closely monitors the implementation of the Company's internal control, assessing its effectiveness based on discussions between the management of the Company and its auditors and audit committee.

The Board believes the existing internal control system has been substantially established and effective during its implementation.

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

Shenyang, the PRC, 19th August 2010

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. Bao Yi Qiang and Mr. Lin Dong Hui

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