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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 FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**FINANCIAL HIGHLIGHTS**

- Turnover for the year ended 31 December 2010 was approximately RMB20,682,000, representing an increase of 466.5% as compared with last year. The increase was attributable to the revenue generated from newly acquired investment properties during the Year.
- For the year ended 31 December 2010, the Company recorded profit of approximately RMB25,833,000, representing earnings per share of RMB2.53 cents.
- The Board resolved that no dividend would be declared for the year ended 31 December 2010.

The board of directors (the “Board”) of Shenyang Public Utility Holdings Company Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2010 (the “Year”), which have been reviewed by the audit committee (“Audit Committee”) of the Company.

# **CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2010*

|                                                                        | <i>Notes</i> | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|------------------------------------------------------------------------|--------------|-------------------------------|------------------------|
| Turnover                                                               | 3            | <b>20,682</b>                 | 3,651                  |
| Sales taxes on turnover                                                |              | <b>(1,037)</b>                | (198)                  |
| Cost of sales                                                          |              | <b>(1,775)</b>                | (149)                  |
| Other income                                                           | 5            | <b>199</b>                    | 805                    |
| Gain on disposal of a subsidiary                                       |              | <b>1,510</b>                  | –                      |
| Gain on disposal of an associate                                       |              | –                             | 400                    |
| Gain on disposal of property, plant and equipment                      |              | –                             | 195                    |
| Depreciation                                                           |              | <b>(1,334)</b>                | (1,716)                |
| Staff costs                                                            |              | <b>(1,875)</b>                | (2,429)                |
| Impairment loss recognised in respect of available-for-sale investment |              | <b>(3,200)</b>                | (3,000)                |
| Net change in fair value of investment properties                      |              | <b>34,406</b>                 | (2,000)                |
| Impairment loss recognised in respect of other receivables             |              | –                             | (561)                  |
| Other operating expenses                                               |              | <b>(12,191)</b>               | (9,928)                |
| Finance costs                                                          | 6            | <b>(429)</b>                  | (798)                  |
| Profit (loss) before taxation                                          | 7            | <b>34,956</b>                 | (15,728)               |
| Income tax (expense) credit                                            | 8            | <b>(8,279)</b>                | 300                    |
| Profit (loss) for the year                                             |              | <b><u>26,677</u></b>          | <b><u>(15,428)</u></b> |
| Profit (loss) for the year attributable to:                            |              |                               |                        |
| Owners of the Company                                                  |              | <b>25,833</b>                 | (14,974)               |
| Non-controlling interests                                              |              | <b>844</b>                    | (454)                  |
|                                                                        |              | <b><u>26,677</u></b>          | <b><u>(15,428)</u></b> |
| Earnings (loss) per share                                              | 9            |                               |                        |
| – Basic (cents)                                                        |              | <b>2.53</b>                   | (1.47)                 |
| – Diluted (cents)                                                      |              | <b>N/A</b>                    | N/A                    |
| Dividend                                                               | 10           | –                             | –                      |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2010*

|                                                              | <b>2010</b><br><b>RMB'000</b> | <b>2009</b><br><b>RMB'000</b> |
|--------------------------------------------------------------|-------------------------------|-------------------------------|
| <b>Profit (loss) for the year</b>                            | <b>26,677</b>                 | <b>(15,428)</b>               |
| <b>Other comprehensive income (expense)</b>                  |                               |                               |
| Exchange differences arising on translation                  | <u>—</u>                      | <u>—</u>                      |
| Total comprehensive income (expense) for the year            | <u><b>26,677</b></u>          | <u><b>(15,428)</b></u>        |
| <b>Total comprehensive income (expense) attributable to:</b> |                               |                               |
| Owners of the Company                                        | <b>25,833</b>                 | <b>(14,974)</b>               |
| Non-controlling interests                                    | <u><b>844</b></u>             | <u><b>(454)</b></u>           |
|                                                              | <u><b>26,677</b></u>          | <u><b>(15,428)</b></u>        |

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2010*

|                                              |              | <b>At 31 December</b> |                |
|----------------------------------------------|--------------|-----------------------|----------------|
|                                              |              | <b>2010</b>           | <b>2009</b>    |
|                                              | <i>Notes</i> | <b>RMB'000</b>        | <b>RMB'000</b> |
| <b>NON-CURRENT ASSETS</b>                    |              |                       |                |
| Goodwill                                     |              | –                     | –              |
| Property, plant and equipment                |              | <b>5,528</b>          | 5,674          |
| Investment properties                        |              | <b>516,346</b>        | 307,520        |
| Available-for-sale investment                |              | <b>13,800</b>         | 17,000         |
| Investment in an associate                   |              | –                     | –              |
|                                              |              | <b>535,674</b>        | 330,194        |
| <b>CURRENT ASSETS</b>                        |              |                       |                |
| Properties held for sale                     |              | –                     | 193,941        |
| Trade receivables                            | 11           | <b>287</b>            | –              |
| Amount due from a former customer            |              | –                     | –              |
| Other receivables                            |              | <b>39,754</b>         | 36,731         |
| Prepayments                                  |              | –                     | 2,000          |
| Bank balances and cash                       |              | <b>19,312</b>         | 23,536         |
|                                              |              | <b>59,353</b>         | 256,208        |
| <b>CURRENT LIABILITIES</b>                   |              |                       |                |
| Trade payables                               | 12           | <b>5,742</b>          | 5,735          |
| Other payables and accruals                  |              | <b>40,097</b>         | 40,521         |
| Receipts in advance                          |              | <b>10,715</b>         | 13,708         |
| Provision                                    |              | <b>1,041</b>          | 1,041          |
| Bank borrowings                              |              | –                     | 9,000          |
| Amount due to a former shareholder           |              | –                     | 29,328         |
| Tax payables                                 |              | <b>1,036</b>          | –              |
|                                              |              | <b>58,631</b>         | 99,333         |
| <b>NET CURRENT ASSETS</b>                    |              | <b>722</b>            | 156,875        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <b>536,396</b>        | 487,069        |

|                                              | <b>At 31 December</b> |                       |
|----------------------------------------------|-----------------------|-----------------------|
|                                              | <b>2010</b>           | <b>2009</b>           |
| <i>Notes</i>                                 | <b><i>RMB'000</i></b> | <b><i>RMB'000</i></b> |
| <b>CAPITAL AND RESERVES</b>                  |                       |                       |
| Share capital                                | <b>1,020,400</b>      | 1,020,400             |
| Reserves                                     | <b>(560,769)</b>      | (590,297)             |
| Equity attributable to owners of the Company | <b>459,631</b>        | 430,103               |
| Non-controlling interests                    | <b>40,429</b>         | 39,574                |
| <b>TOTAL EQUITY</b>                          | <b>500,060</b>        | 469,677               |
| <b>NON-CURRENT LIABILITIES</b>               |                       |                       |
| Deferred taxation                            | <b>33,105</b>         | 17,392                |
| Other non-current liabilities                | <b>3,231</b>          | –                     |
|                                              | <b>36,336</b>         | 17,392                |
|                                              | <b>536,396</b>        | 487,069               |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

|                                                                 | Equity attributable to owners of the Company |                     |                           |                    | Total          | Non-controlling interests | Total equity   |
|-----------------------------------------------------------------|----------------------------------------------|---------------------|---------------------------|--------------------|----------------|---------------------------|----------------|
|                                                                 | Share capital                                | Share premium       | Statutory surplus reserve | Accumulated losses |                |                           |                |
|                                                                 | RMB'000                                      | RMB'000<br>(Note a) | RMB'000<br>(Note b)       | RMB'000            | RMB'000        | RMB'000                   | RMB'000        |
| At 1 January 2009                                               | 1,020,400                                    | 323,258             | 103,231                   | (1,001,812)        | 445,077        | 40,028                    | 485,105        |
| Loss for the year and total comprehensive expense for the year  | —                                            | —                   | —                         | (14,974)           | (14,974)       | (454)                     | (15,428)       |
| At 31 December 2009 and 1 January 2010                          | 1,020,400                                    | 323,258             | 103,231                   | (1,016,786)        | 430,103        | 39,574                    | 469,677        |
| Profit for the year and total comprehensive income for the year | —                                            | —                   | —                         | 25,833             | 25,833         | 844                       | 26,677         |
| Transfer                                                        | —                                            | —                   | 250                       | (250)              | —              | —                         | —              |
| Acquisition of a subsidiary                                     | —                                            | —                   | —                         | 3,695              | 3,695          | —                         | 3,695          |
| Disposal of a subsidiary                                        | —                                            | —                   | —                         | —                  | —              | 11                        | 11             |
| At 31 December 2010                                             | <u>1,020,400</u>                             | <u>323,258</u>      | <u>103,481</u>            | <u>(987,508)</u>   | <u>459,631</u> | <u>40,429</u>             | <u>500,060</u> |

Notes:

## (a) Share Premium

Share premium comprises surplus between the value of net assets acquired and the nominal value of state shares issued as a result of the incorporation of the Company as a joint stock limited company and the share premium from the issuance of H-shares.

## (b) Statutory Surplus Reserve

The Group is required to set aside 10% of its profit after taxation prepared in accordance with the PRC accounting regulations to the statutory surplus reserve until the balance reaches 50% of their respective paid up capital or registered capital, where further appropriation will be at the directors' recommendation. Such reserve can be used to reduce any losses incurred or to increase the capital.

## (c) Distributable Reserve

Pursuant to the relevant PRC regulations, distributable reserve shall be the lower of the accumulated distributable profits determined in accordance with PRC accounting standards and regulations as stated in the PRC statutory audited financial statements and the accumulated distributable profits determined in accordance with accounting principles generally accepted in Hong Kong. The Group did not have reserve available for distribution as at 31 December 2009 and 31 December 2010.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2010*

## 1. GENERAL INFORMATION

Shenyang Public Utility Holdings Company Limited (the “Company”) is a joint stock limited company incorporated in the People’s Republic of China (the “PRC”). The address of the principal place of business of the Company is 14/F, Jinmao International Apartment, Da Dong District, Shenyang, the PRC. The address of the registered office of the Company is No. 1 – 4, 20A, Central Street, Shenyang Economic and Technological Development Zone, the PRC.

The consolidated financial statements are presented in Renminbi (“RMB”) which is the same as functional currency of the Company and its subsidiaries (collectively known as the “Group”).

The Company is an investment holding company and the principal activities of its subsidiaries are leasing, develop, sale and management of properties and education projects. There were no significant changes for the Group’s principal activities during the year.

The Company’s H-shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 December 1999. As requested by the Company, trading in H shares of the Company on the Stock Exchange was suspended on 15 December 2004. Trading in H-shares of the Company has been resumed on 1 April 2010.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

|                                                                |                                                                                                                                 |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| HKFRSs (Amendments)                                            | Improvements to HKFRSs issued in 2009                                                                                           |
| HKFRSs (Amendments)                                            | Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008                                                           |
| HKFRS 1 (Revised)                                              | First-time Adoption of Hong Kong Financial Reporting Standards                                                                  |
| HKFRS 1 (Amendments)                                           | Additional Exemptions from First-time Adopters                                                                                  |
| HKFRS 2 (Amendments)                                           | Group Cash-settled Share-based Payment Transactions                                                                             |
| HKFRS 3 (as revised in 2008)                                   | Business Combinations                                                                                                           |
| Hong Kong Accounting Standard (“HKAS”) 27 (as revised in 2008) | Consolidated and Separate Financial Statements                                                                                  |
| HKAS 39 (Amendments)                                           | Eligible Hedged Items                                                                                                           |
| HK-Interpretation (“Int”) 5                                    | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

### **HKFRS 3 (as revised in 2008) Business Combinations**

The Group applies HKFRS 3 (as revised in 2008) Business Combinations in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The impact of the application of HKFRS3 (as revised in 2008) is as follows:

- a) HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.
- b) HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.
- c) HKFRS 3(as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.
- d) HKFRS 3(as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

**Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause**

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (“HK Int 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (“repayment on demand clause”) should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

The application of other new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.



## New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

|                                 |                                                                                                                           |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| HKFRSs (Amendments)             | Improvements to HKFRSs 2010 except for the amendments to HKFRS3 (Revised in 2008), HKFRS7, HKAS1 and HKAS 28 <sup>1</sup> |
| HKFRS 1 (Amendments)            | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>                               |
| HKFRS 1 (Amendments)            | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>5</sup>                                     |
| HKFRS 7 (Amendments)            | Disclosures-Transfers of Financial Assets <sup>5</sup>                                                                    |
| HKFRS 9                         | Financial Instruments <sup>7</sup>                                                                                        |
| HKAS 12 (Amendments)            | Deferred Tax: Recovery of Underlying Assets <sup>6</sup>                                                                  |
| HKAS 24 (Revised)               | Related Party Disclosures <sup>4</sup>                                                                                    |
| HKAS 32 (Amendments)            | Classification of Rights Issues <sup>2</sup>                                                                              |
| HK(IFRIC) – Int 14 (Amendments) | Prepayments of a Minimum Funding Requirement <sup>4</sup>                                                                 |
| HK(IFRIC) – Int 19              | Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>                                                  |

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2012.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company anticipate that the application of the amendments to HKAS 12 will not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. TURNOVER

Turnover represents the amounts received and receivable for (i) development, sale, rental and management of properties less sale returns, discounts and sales related taxes, and (ii) revenue from education projects. The Group's turnover for the year is as follows:

|                                                        | 2010<br><i>RMB'000</i> | 2009<br><i>RMB'000</i> |
|--------------------------------------------------------|------------------------|------------------------|
| Development, sale, rental and management of properties | 17,682                 | 651                    |
| Education projects (rental income)                     | <u>3,000</u>           | <u>3,000</u>           |
|                                                        | <u><b>20,682</b></u>   | <u><b>3,651</b></u>    |

### 4. SEGMENT INFORMATION

The Group's operation segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

Specially, the Group's reportable segments under HKFRS 8 are as follows:

- a) Property development – development, sale, rental and management of properties
- b) Education projects – leasing of campus and equipment, investment and management of education projects

The following is an analysis of the Group's revenue and results by reportable segment:

|                                                                        | <b>Property development</b> |         | <b>Education projects</b> |         | <b>Consolidated</b> |          |
|------------------------------------------------------------------------|-----------------------------|---------|---------------------------|---------|---------------------|----------|
|                                                                        | <b>2010</b>                 | 2009    | <b>2010</b>               | 2009    | <b>2010</b>         | 2009     |
|                                                                        | <b>RMB'000</b>              | RMB'000 | <b>RMB'000</b>            | RMB'000 | <b>RMB'000</b>      | RMB'000  |
| <b>Turnover</b>                                                        | <b>17,682</b>               | 651     | <b>3,000</b>              | 3,000   | <b>20,682</b>       | 3,651    |
| Segment results                                                        | <b>3,713</b>                | (921)   | <b>1,573</b>              | 968     | <b>5,286</b>        | 47       |
| Gain on disposal of subsidiaries                                       |                             |         |                           |         | <b>1,510</b>        | –        |
| Gain on disposal of an associate                                       |                             |         |                           |         | –                   | 400      |
| Impairment loss recognised in respect of available-for-sale investment |                             |         |                           |         | <b>(3,200)</b>      | (3,000)  |
| Net change in fair value of investment properties                      |                             |         |                           |         | <b>34,406</b>       | (2,000)  |
| Finance costs                                                          |                             |         |                           |         | <b>(429)</b>        | (798)    |
| Interest income                                                        |                             |         |                           |         | <b>153</b>          | 27       |
| Unallocated corporate income and expenses                              |                             |         |                           |         | <b>(2,770)</b>      | (10,404) |
| Profit (loss) before taxation                                          |                             |         |                           |         | <b>34,956</b>       | (15,728) |
| Income tax (expense) credit                                            |                             |         |                           |         | <b>(8,279)</b>      | 300      |
| <b>Profit (loss) for the year</b>                                      |                             |         |                           |         | <b>26,677</b>       | (15,428) |
| Segment assets                                                         | <b>245,780</b>              | 229,768 | <b>303,604</b>            | 302,758 | <b>549,384</b>      | 532,526  |
| Unallocated corporate assets                                           |                             |         |                           |         | <b>45,643</b>       | 53,876   |
| <b>Total assets</b>                                                    |                             |         |                           |         | <b>595,027</b>      | 586,402  |
| Segment liabilities                                                    | <b>22,301</b>               | 21,476  | <b>25,233</b>             | 27,233  | <b>47,534</b>       | 48,709   |
| Unallocated corporate liabilities                                      |                             |         |                           |         | <b>47,433</b>       | 68,016   |
| <b>Total liabilities</b>                                               |                             |         |                           |         | <b>94,967</b>       | 116,725  |
| <b>Other information</b>                                               |                             |         |                           |         |                     |          |
| Additions to non-current assets                                        | <b>175,812</b>              | –       | <b>112</b>                | 50      | <b>175,924</b>      | 50       |
| Depreciation                                                           | <b>470</b>                  | 376     | <b>841</b>                | 1,294   | <b>1,311</b>        | 1,670    |
| Unallocated depreciation                                               |                             |         |                           |         | <b>23</b>           | 46       |
| Total depreciation                                                     |                             |         |                           |         | <b>1,334</b>        | 1,716    |

|                                                                        | <b>Property development</b> |                | <b>Education projects</b> |                | <b>Consolidated</b> |                |
|------------------------------------------------------------------------|-----------------------------|----------------|---------------------------|----------------|---------------------|----------------|
|                                                                        | <b>2010</b>                 | <b>2009</b>    | <b>2010</b>               | <b>2009</b>    | <b>2010</b>         | <b>2009</b>    |
|                                                                        | <b>RMB'000</b>              | <b>RMB'000</b> | <b>RMB'000</b>            | <b>RMB'000</b> | <b>RMB'000</b>      | <b>RMB'000</b> |
| Loss on disposal of property, plant and equipment                      | <u>-</u>                    | <u>-</u>       | <u>-</u>                  | <u>3</u>       | -                   | 3              |
| Unallocated gain on disposal of property, plant and equipment          |                             |                |                           |                | <u>-</u>            | <u>(198)</u>   |
| Total gain on disposal of property, plant and equipment                |                             |                |                           |                | <u>-</u>            | <u>(195)</u>   |
| Impairment loss recognised in respect of other receivables             | <u>-</u>                    | <u>270</u>     | <u>-</u>                  | <u>1</u>       | -                   | 271            |
| Unallocated impairment loss recognised in respect of other receivables |                             |                |                           |                | <u>-</u>            | <u>290</u>     |
| Total impairment loss recognised in respect of other receivables       |                             |                |                           |                | <u>-</u>            | <u>561</u>     |

### Geographical information

Since the Group's businesses were mainly taken place in the PRC, no geographical information is used by chief operating decision maker for further evaluated.

### Information about major customers

Turnover from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

|                         | <b>2010</b>    | <b>2009</b>    |
|-------------------------|----------------|----------------|
|                         | <b>RMB'000</b> | <b>RMB'000</b> |
| Customer A <sup>1</sup> | <b>4,124</b>   | -              |
| Customer B <sup>1</sup> | <b>3,768</b>   | -              |
| Customer C <sup>2</sup> | <b>3,000</b>   | 3,000          |
| Customer D <sup>1</sup> | <b>2,796</b>   | -              |

<sup>1</sup> Turnover from development, sale, rental and management of properties.

<sup>2</sup> Turnover from education projects.

## 5. OTHER INCOME

|                                                              | <b>2010</b>       | <b>2009</b>    |
|--------------------------------------------------------------|-------------------|----------------|
|                                                              | <b>RMB'000</b>    | <b>RMB'000</b> |
| Interest income on financial assets stated at amortised cost | <b>153</b>        | 27             |
| Sundry income                                                | <u><b>46</b></u>  | <u>778</u>     |
|                                                              | <u><b>199</b></u> | <u>805</u>     |

## 6. FINANCE COSTS

|                                                                       | 2010<br><i>RMB'000</i> | 2009<br><i>RMB'000</i> |
|-----------------------------------------------------------------------|------------------------|------------------------|
| Interest expenses on bank borrowings wholly repayable within one year | <u>429</u>             | <u>798</u>             |

## 7. PROFIT (LOSS) BEFORE TAXATION

|                                                                                                          | 2010<br><i>RMB'000</i> | 2009<br><i>RMB'000</i> |
|----------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Profit (loss) before taxation is arrived at after charging (crediting):                                  |                        |                        |
| Directors' and supervisors' emoluments                                                                   | 584                    | 679                    |
| Staff salaries, allowances and bonuses                                                                   | 788                    | 1,319                  |
| Contributions to retirement and other benefits schemes                                                   | <u>503</u>             | <u>431</u>             |
|                                                                                                          | <u>1,875</u>           | <u>2,429</u>           |
| Auditor's remuneration                                                                                   | 600                    | 500                    |
| Depreciation                                                                                             | 1,334                  | 1,716                  |
| Impairment loss recognised in respect of other receivables                                               | –                      | 561                    |
| Impairment loss recognised in respect of available-for-sale investment                                   | 3,200                  | 3,000                  |
| Gain on disposal of property, plant and equipment                                                        | –                      | (195)                  |
| Net change in fair value of investment properties                                                        | (34,406)               | 2,000                  |
| Gain on disposal of an associate                                                                         | –                      | (400)                  |
| Gain on disposal of a subsidiary                                                                         | <u>(1,510)</u>         | <u>–</u>               |
| Gross rental income from investment properties                                                           | 20,682                 | 3,279                  |
| Less: direct operating expenses from investment properties that generated rental income during the year  | –                      | –                      |
| direct operating expenses from investment properties that did not generate rental income during the year | <u>–</u>               | <u>–</u>               |
|                                                                                                          | <u>20,682</u>          | <u>3,279</u>           |

## 8. INCOME TAX (EXPENSE) CREDIT

|                           | 2010<br><i>RMB'000</i> | 2009<br><i>RMB'000</i> |
|---------------------------|------------------------|------------------------|
| PRC enterprise income tax | 700                    | –                      |
| Deferred taxation         | <u>7,579</u>           | <u>300</u>             |
|                           | <u>8,279</u>           | <u>300</u>             |

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax (expense) credit for the year can be reconciled to the profit (loss) before taxation per the consolidated income statement as follows:

|                                                               | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|---------------------------------------------------------------|-------------------------------|------------------------|
| <b>Profit (loss) before taxation</b>                          | <b>34,956</b>                 | (15,728)               |
| Income tax at applicable tax rates                            | <b>8,830</b>                  | (3,752)                |
| Tax effect of expenses not deductible for tax purpose         | <b>29</b>                     | 1,525                  |
| Tax effect of income not taxable for tax purpose              | –                             | (247)                  |
| Tax effect of tax losses not recognised                       | <b>1,072</b>                  | 2,774                  |
| Tax effect of deductible temporary differences not recognised | <b>(1,652)</b>                | –                      |
| <b>Income tax (expense) credit</b>                            | <b>8,279</b>                  | 300                    |

## 9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB25,833,000 (2009: loss of RMB14,974,000) and the weighted average of 1,020,400,000 (2009: 1,020,400,000) ordinary shares of the Company in issue during the year.

No diluted earnings (loss) per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2009 and 2010.

## 10. DIVIDENDS

No dividend was paid or proposed during 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

## 11. TRADE RECEIVABLES

|                        | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|------------------------|-------------------------------|------------------------|
| Trade receivables      | <b>925</b>                    | 200                    |
| Accumulated impairment | <b>(638)</b>                  | (200)                  |
|                        | <b>287</b>                    | –                      |

The Group allows an average credit period of 30 days to its trade customers. The following is an aging analysis of trade receivables, net of impairment losses at the end of the reporting period:

|               | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|---------------|-------------------------------|------------------------|
| 0 – 30 days   | <b>56</b>                     | –                      |
| 31 – 60 days  | <b>97</b>                     | –                      |
| 61 – 90 days  | <b>52</b>                     | –                      |
| 91 – 120 days | <b>37</b>                     | –                      |
| Over 1 year   | <b>45</b>                     | –                      |
|               | <b>287</b>                    | –                      |

Movement in impairment losses of trade receivables is as follows:

|                             | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|-----------------------------|-------------------------------|------------------------|
| At 1 January                | <b>200</b>                    | 200                    |
| Acquisition of a subsidiary | <b>438</b>                    | –                      |
| At 31 December              | <b>638</b>                    | 200                    |

The impairment recognised in respect of trade receivables is individually impaired. Impairment is made for debtors who are either been placed under liquidation or in severe financial difficulties.

As at 31 December 2010, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB231,000 (2009: Nil) which are past due as at the end of the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The ageing analysis of trade receivables which are past due but not impaired is as follows:

|                             | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|-----------------------------|-------------------------------|------------------------|
| 1 – 90 days past due        | <b>186</b>                    | –                      |
| More than 365 days past due | <b>45</b>                     | –                      |
|                             | <b>231</b>                    | –                      |

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience and the financial standings of these customers, directors of the Company believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group's neither past due nor impaired trade receivables mainly represent sales made to creditworthy customers for whom there was no recent history of default. The Group does not hold any collateral over these balances.

## 12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

|              | <b>2010</b><br><b>RMB'000</b> | 2009<br><i>RMB'000</i> |
|--------------|-------------------------------|------------------------|
| Over 2 years | <b>5,742</b>                  | 5,735                  |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Analysis of Property Development Business*

On 31 December 2008, the Company entered into the share transfer agreement with Beijing Zhong Yi Chong Yi Technology Development Company (“Zhong Yi”). Pursuant to the agreement, the Company has agreed to sell entire 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 10 August 2009). The resolution in respect of disposal of Beijing Diye was duly passed at the first extraordinary general meeting of the Company in 2010. The disposal of Beijing Diye has been completed with all conditions completed (please refer to the Company’s announcement dated 12 February 2010 for further details).

On 5 January 2009, the Company entered into the 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”). 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 Co, Ltd (“Shenzhen Optoelectronic”) (details of which were contained in the Company’s announcement dated 16 September 2009). The resolution in respect of the acquisition was duly passed at the first extraordinary general meeting of the Company in 2010. The acquisition of property has been completed with all conditions completed (please refer to the Company’s announcement dated 12 February 2010 for further details). The property is located at Shenzhen Hi-tech Development Zone with a substantial number of potential customers in the zone. Currently, the occupancy rate of the property is 100%. During the Year, the Company had received rental income of approximately RMB9,175,000.

On 5 January 2009, the Company entered into the asset purchase agreement with Zhong Yi. 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 9 November 2009). The resolution in respect of the acquisition was duly passed at the first extraordinary general meeting of the Company in 2010. The acquisition of property has been completed with all conditions completed (please refer to the Company’s announcement dated 12 February 2010 for further details). As the property is located at the prime area in Beijing, the existing tenants are banking and public utilities enterprises with strong financial background and stable income. Currently, the occupancy rate of the property is 100%. During the Year, the Company had received rental income of approximately RMB8,228,000.

The completion of the above three transactions contributed to a clear delineation of the Company’ assets. The acquisition of property assets brought income of approximately RMB17,403,000 to the Company during the Year.



## *Business Prospects*

As the property projects acquired by the Company were commercial real estate projects with stable income and cash flow, the operation of the Company was not affected by the measures imposed by the PRC government to cool down the property market in 2010. Looking ahead, the Company will explore and seek opportunities in other real estate businesses such as industrial real estate, first-class land development and co-ordination, with an aim to creating value for shareholders.

## *Analysis of Education Investment Business*

The existing gross floor area of Zhuhai Beida Education Science Park Company Limited (“Zhuhai Education”) was approximately 71,000 sq meters. Zhuhai Beida Subsidiary Experiment School (“Zhuhai School”) enrolled approximately 500 public school students and private school students for the 2010 autumn school term, while the total number of students in Zhuhai School was approximately 1,450. Zhuhai School has paid Zhuhai Education a rental fee amounting to approximately RMB3,000,000 during the Year.

## **FINANCIAL REVIEW**

### **Operating Revenue of the Group**

Turnover for the Year was approximately RMB20,682,000, representing an increase of 466.5% as compared with last year. The increase is mainly due to the revenue generated from newly acquired investment properties during the Year.

Turnover from property lease business for the Year was approximately RMB20,682,000.

### **Profit of the Group**

Profit attributable to owners of the Company amounted to approximately RMB25,833,000.

### **Total assets of the Group**

As at 31 December 2010, there was an increase in the total assets of the Group when compared with that of the previous year. The total assets of the Group increased to approximately RMB595,027,000 from approximately RMB586,402,000 representing an increase of approximately RMB8,625,000 or 1.5%.

### **Current assets of the Group**

As at 31 December 2010, the current assets of the Group decreased by approximately RMB196,855,000 to approximately RMB59,353,000 as compared with approximately RMB256,208,000 in the previous year, representing a decrease of approximately 76.8%.

### **Bank borrowings of the Group**

As at 31 December 2010, the Group did not hold any bank borrowings (2009: RMB9,000,000).

## **EMPLOYEES AND EMPLOYEES' EDUCATION LEVEL**

As at 31 December 2010, the Group had 26 employees.

During the Year, the aggregate salaries and allowances paid to the employees amounted approximately RMB1,875,000 (2009: RMB2,429,000). The Group has not established any share option scheme for any of its senior management or employees.

## **FINAL DIVIDEND**

The board of directors of the Company resolved that no final dividend would be declared for the year of 2010.

## **Significant Events**

### *(1) Resumption of trading*

On 31 March 2010, the Company issued an announcement on the resumption of trading (details of which were contained in the Company's announcement dated 31 March 2010). On 1 April 2010, trading in the Company's H-shares resumed.

## **ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS**

### *(1) First Extraordinary General Meeting for 2010*

On 12 February 2010, the Company convened the first extraordinary general meeting for 2010, at which the resolution in respect of the disposal of entire 80% equity interests in Beijing Diye and the acquisition of Shenzhen Optoelectronic and the property located at 1st floor and 2nd floor, No.112, Jianguo Road, Chaoyang District, Beijing was being considered and approved (please refer to the Company's announcement dated 12 February 2010 for further details).

### *(2) 2009 Annual General Meeting*

On 25 June 2010, the Company convened the 2009 annual general meeting, at which the Company's 2009 report of the directors, consolidated financial statements, auditor's report, and the resolution in respect of profit allocation, dividend distribution and the appointment of Mr. Bao Yi Qiang as non-executive director were being considered and approved (please refer to the Company's announcement dated 25 June 2010 for further details).

## **MATERIAL LITIGATION**

During the Year, the Group was not involved in any new litigation while the claim by Shenyang Public Utility Group Company Limited (“SPU”) against the Company with respect to outstanding guaranteed amount was finally settled.

As a result of auction of the SPU’s assets to repay the Company’s debts during the previous year, the Company has an outstanding guaranteed amount due to SPU of approximately RMB84,000,000. As of March 2010, the Company has financed such amount from various sources and repaid all outstanding guaranteed amount to SPU.

## **WORK OF THE AUDIT COMMITTEE**

The Audit Committee comprises of three independent non-executive directors, namely Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Cai Lian Jun. Mr. Wong Kai Tat is the chairman of the Audit Committee. Mr. Wong Kai Tat has competent professional accounting qualification and expertise in financial management. The duties of the Audit Committee include the review of the accounting policy and practice adopted by the Company, review the matters on internal control and financial reporting, provide recommendation on the appointment and removal of external auditors and consider their remuneration and terms of appointment.

The Audit Committee held two meetings during the year and has reviewed the annual results of the Group for the year ended 31 December 2010 and discussed accounting policy and practice adopted by the Group and matters on financial reporting with the Group’s auditor.

## **COMPETING BUSINESS AND CONFLICTS OF INTERESTS**

During the Year or as at the end of the Year, none of the Directors and substantial shareholders of the Group had any interests in any business which compete or may compete with the Group or any other conflicts of interest which any such person may have with the Group.

## **DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Group’s business to which the Company, its fellow subsidiaries or its jointly controlled entities was a party and in which a director or supervisor of the Company had a material interest or is substantially interested, whether directly or indirectly, subsisted during the Year or as at the end of the Year.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Year, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the Year, the Company has still committed to comply with the relevant provisions of the “Code on Corporate Governance Practice” (“Code”) as set out in Appendix 14 of the Stock Exchange of Hong Kong Limited and other relevant laws and regulations and endeavor to achieve a higher standard of corporate governance.

The Board shall be responsible for leading the Company and provided effective control over the Company to safeguard the interests of 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 31 December 2010, the Board of the Company 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).

All directors (including non-executive director and independent non-executive director) 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 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.

Being the chairman, Mr. An Mu Zong led and supervised the proceeding of the Board meetings to ensure that all directors are allowed to raise questions in the Board meeting and such questions will be properly addressed and that all directors will be provided with complete, appropriate and reliable information. To ensure the effective operation of the Board, all the significant matters shall be discussed in the Board and this helped develop good corporate governance practice and effective communication with shareholders.

Mr. Wang Hui, the Chief Executive Officer of the Company, is responsible for the execution of the financial policy, strategy, targets and plans adopted by the Board and the Chairman and the Chief Executive Officer shall have different responsibilities.

Pursuant to the requirements of Rule 13.3 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), the Company has appointed three independent non-executive directors and two of whom has 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.

The Board is responsible for maintaining the effectiveness of the internal control system to safeguard the assets of the Group and the interests of shareholders. The Board has also closely monitored the implementation of the internal control mechanism and evaluated its implementation with the discussion with the Company's management, auditor and members of the Audit Committee.

## **SECURITIES TRAFFICS OF DIRECTORS**

During the Year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules to govern the purchase and sales of the Company's securities by the directors and supervisors of the Company. The Company has also issued enquiry in writing to each director and supervisor as to whether each of them has fully complied with or violated the Model Code. Each of the directors and supervisors has replied the Company in writing confirming that each of them has fully observed the Model Code and no violation of the Model Code has occurred.

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

Shenyang, PRC, 22 March 2011

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

|                                             |                                                                            |
|---------------------------------------------|----------------------------------------------------------------------------|
| <i>Executive directors:</i>                 | Mr. An Mu Zong, Mr. Wang Zai Xing,<br>Mr. Chow Ka Wo Alex and Mr. Wang Hui |
| <i>Non-executive directors:</i>             | Mr. Lin Dong Hui and Mr. Bao Yi Qiang                                      |
| <i>Independent non-executive directors:</i> | Mr. Cai Lian Jun, Mr. Wong Kai Tat and<br>Mr. Chan Ming Sun Jonathan       |