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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 ANNUAL RESULTS FOR THE YEAR
ENDED 31 DECEMBER 2011**

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2011 was approximately RMB22,879,000 (2010: RMB17,682,000), an increase of 29.4% over last year. The increase was primarily attributable to increase in rental income generated from our properties during the Year.
- For the year ended 31 December 2011, the Company recorded profit of approximately RMB45,612,000 (2010: RMB25,833,000), representing an earnings per share of RMB4.47 cents (2010: RMB2.53 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: nil).

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 2011 (the “Year”), together with the comparative figures for 2010, which have been reviewed by the audit committee (the “Audit Committee”) of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Turnover	3	22,879	17,682
Sales taxes on turnover		(1,199)	(872)
Cost of sales		(1,901)	(1,626)
Other income	5	178	151
Wavier of other payables		25,065	–
Gain on disposal of subsidiaries		8,225	1,510
Gain on deregistration of a subsidiary		162	–
Loss on disposal of available-for-sale investment		(12,900)	–
Depreciation		(541)	(493)
Staff costs		(1,259)	(1,666)
Impairment loss recognised in respect of available-for-sale investment		–	(3,200)
Net change in fair value of investment properties		38,300	32,406
Impairment loss recognised in respect of trade receivables		(180)	–
Other operating expenses		(12,229)	(12,084)
Profit before taxation		64,600	31,808
Income tax expense	6	(11,950)	(7,979)
Profit for the year from continuing operations		52,650	23,829
Discontinued operation			
(Loss) profit for the year from discontinued operation		(11,740)	2,848
Profit for the year	7	40,910	26,677
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		52,678	23,830
– from discontinued operation		(7,066)	2,003
		45,612	25,833
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		(28)	(1)
– from discontinued operation		(4,674)	845
		(4,702)	844
		40,910	26,677

	<i>Notes</i>	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Earnings per share from continuing and discontinued operations			
– Basic (RMB cents)	8	<u>4.47</u>	<u>2.53</u>
– Diluted (RMB cents)		<u>N/A</u>	<u>N/A</u>
Earnings per share from continuing operations			
– Basic (RMB cents)		<u>5.16</u>	<u>2.34</u>
– Diluted (RMB cents)		<u>N/A</u>	<u>N/A</u>
Dividends		<u>–</u>	<u>–</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
Profit for the year	40,910	26,677
Other comprehensive income		
Exchange differences arising on translation	<u>—</u>	<u>—</u>
Total comprehensive income for the year	<u>40,910</u>	<u>26,677</u>
Total comprehensive income (expenses) attributable to:		
Owners of the Company	45,612	25,833
Non-controlling interests	<u>(4,702)</u>	<u>844</u>
	<u>40,910</u>	<u>26,677</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Notes</i>	2011 RMB'000	2010 <i>RMB'000</i>
NON-CURRENT ASSETS			
Goodwill		–	–
Property, plant and equipment		7	5,528
Investment properties		148,300	516,346
Available-for-sale investment		–	13,800
Deposit paid for acquisition of a subsidiary		74,000	–
		222,307	535,674
CURRENT ASSETS			
Properties held for sale		–	–
Trade receivables	9	225	287
Amount due from a former customer		–	–
Other receivables		233,685	39,754
Held for trading investment		1,848	–
Bank balances and cash		5,187	19,312
		240,945	59,353
Assets classified as held for sale		105,717	–
		346,662	59,353
CURRENT LIABILITIES			
Trade payables	10	–	5,742
Other payables and accruals		1,836	40,097
Receipts in advance		30,067	10,715
Other current liabilities		2,231	–
Provisions		–	1,041
Tax liabilities		2,423	1,036
		36,557	58,631
Liabilities classified as held for sale		13,188	–
		49,745	58,631
NET CURRENT ASSETS		296,917	722
TOTAL ASSETS LESS CURRENT LIABILITIES		519,224	536,396

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	1,020,400	1,020,400
Reserves	(515,157)	(560,769)
Equity attributable to owners of the Company	505,243	459,631
Non-controlling interests	–	40,429
TOTAL EQUITY	505,243	500,060
NON-CURRENT LIABILITIES		
Deferred taxation	13,981	33,105
Other non-current liabilities	–	3,231
	13,981	36,336
	519,224	536,396

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Equity attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note a)	Statutory surplus reserve RMB'000 (Note b)	Accumulated losses RMB'000			
At 1 January 2010	1,020,400	323,258	103,231	(1,016,786)	430,103	39,574	469,677
Profit for the year, representing 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 subsidiaries	-	-	-	-	-	11	11
At 31 December 2010 and 1 January 2011	1,020,400	323,258	103,481	(987,508)	459,631	40,429	500,060
Profit (loss) for the year, representing total comprehensive income (expenses) for the year	-	-	-	45,612	45,612	(4,702)	40,910
Disposal of subsidiaries	-	-	-	-	-	(35,727)	(35,727)
At 31 December 2011	<u>1,020,400</u>	<u>323,258</u>	<u>103,481</u>	<u>(941,896)</u>	<u>505,243</u>	<u>-</u>	<u>505,243</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 2010 and 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

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, No. 1 Xiao Dong Road, 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 and management of property. During the year, the Group has disposed of its education projects operation, which was classified as discontinued operation for the year ended 31 December 2011.

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs Hong Kong Accounting Standard (“HKAS”) 24 (as revised in 2009)	Improvements to HKFRSs issued in 2010 Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. The revised standard has no impact on the consolidated financial statements of the Group.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The revised standard has no financial impact on the Group.

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investment in Associates and Joint Ventures ²
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2015

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 July 2012

⁶ Effective for annual periods beginning on or after 1 January 2014

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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.

The directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that the application of these five standards would not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. TURNOVER

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

	2011 RMB'000	2010 <i>RMB'000</i>
Continuing operations		
Development, sale, rental and management of properties	22,879	17,682
Discontinued operation		
Education projects (rental income)	<u>2,000</u>	<u>3,000</u>
	<u>24,879</u>	<u>20,682</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

For the education projects, this segment was discontinued during the year ended 31 December 2011.

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

	Continuing operations Property development		Discontinued operation Education projects		Total	
	2011	2010	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	22,879	17,682	2,000	3,000	24,879	20,682
Segment results	9,950	3,713	745	1,573	10,695	5,286
Gain on disposal of subsidiaries	8,225	1,510	3,845	–	12,070	1,510
Gain on deregistration of a subsidiary					162	–
Loss on disposal of available-for-sale investment					(12,900)	–
Impairment loss recognised in respect of available-for-sale investment					–	(3,200)
Net change in fair value of investment properties	38,300	32,406	(16,360)	2,000	21,940	34,406
Finance costs	–	–	–	(429)	–	(429)
Interest income	130	151	31	2	161	153
Unallocated corporate income and expenses					20,732	(2,770)
Profit before taxation					52,860	34,956
Income tax expense					(11,950)	(8,279)
Profit for the year					40,910	26,677
Segment assets	266,057	245,780	–	303,604	266,057	549,384
Unallocated corporate assets					302,912	45,643
Total assets					568,969	595,027
Segment liabilities	29,893	22,301	–	25,233	29,893	47,534
Unallocated corporate liabilities					33,833	47,433
Total liabilities					63,726	94,967

	Continuing operations Property development		Discontinued operation Education projects		Total	
	2011	2010	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other information						
Additions to non-current assets	<u>8</u>	<u>175,812</u>	<u>–</u>	<u>112</u>	<u>8</u>	<u>175,924</u>
Depreciation	<u>518</u>	<u>470</u>	<u>873</u>	<u>841</u>	<u>1,391</u>	<u>1,311</u>
Unallocated depreciation					<u>23</u>	<u>23</u>
Total depreciation					<u>1,414</u>	<u>1,334</u>
Loss on disposal of property, plant and equipment	<u>–</u>	<u>–</u>	<u>8</u>	<u>–</u>	<u>8</u>	<u>–</u>
Impairment loss recognised in respect of trade receivables	<u>180</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>180</u>	<u>–</u>
Net change in fair value of investment properties	<u>(38,300)</u>	<u>(32,406)</u>	<u>16,360</u>	<u>(2,000)</u>	<u>(21,940)</u>	<u>(34,406)</u>
Unallocated impairment loss recognised in respect of available-for-sale investment					<u>–</u>	<u>3,200</u>
Unallocated loss on disposal of available-for-sale investment					<u>12,900</u>	<u>–</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:

	2011	2010
	RMB'000	RMB'000
Customer A ¹	5,281	4,124
Customer B ¹	4,747	3,768
Customer C ¹	3,689	2,796
Customer D ²	N/A ³	3,000

¹ Turnover from development, sale, rental and management of properties.

² Turnover from education projects.

³ The corresponding turnover did not contribute over 10% of the total turnover of the Group in the respective year.

5. OTHER INCOME

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Continuing operations		
Interest income on financial assets stated at amortised cost	130	151
Change in fair value of held for trading investment	48	–
	<u>178</u>	<u>151</u>
Discontinued operation		
Interest income on financial assets stated at amortised cost	31	2
Sundry income	38	46
	<u>69</u>	<u>48</u>
	<u>247</u>	<u>199</u>

6. INCOME TAX EXPENSE

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Continuing operations		
PRC enterprise income tax	15,977	700
Deferred taxation	(4,027)	7,279
	<u>11,950</u>	<u>7,979</u>
Discontinued operation		
PRC enterprise income tax	4,090	–
Deferred taxation	(4,090)	300
	<u>–</u>	<u>300</u>
	<u>11,950</u>	<u>8,279</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 Group is 25% from 1 January 2008 onwards.

The income tax expense for the year can be reconciled to the profit (loss) before taxation from continuing and discontinued operations per the consolidated income statement as follows:

	Continuing operations		Discontinued operation		Total	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Profit (loss) before taxation	64,600	31,808	(11,740)	3,148	52,860	34,956
Income tax at applicable tax rates	16,150	8,358	(2,935)	472	13,215	8,830
Tax effect of expenses not deductible for tax purpose	–	4	4,090	25	4,090	29
Tax effect of income not taxable for tax purpose	(9,576)	–	–	–	(9,576)	–
Tax effect of deductible temporary differences not recognised	(4,027)	(1,652)	(4,090)	–	(8,117)	(1,652)
Tax effect of tax losses not recognised	10,172	1,269	2,935	–	13,107	1,269
Utilisation of tax losses previously not recognised	(769)	–	–	(197)	(769)	(197)
Income tax expense	11,950	7,979	–	300	11,950	8,279

7. PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Total	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Profit for the year is arrived at after charging:						
Directors' and supervisors' emoluments	543	584	–	–	543	584
Staff salaries, allowances and bonuses	547	608	120	180	667	788
Contributions to retirement and other benefits schemes	169	474	20	29	189	503
	1,259	1,666	140	209	1,399	1,875
Auditor's remuneration	858	600	3	–	861	600

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB45,612,000 (2010: RMB25,833,000) and the weighted average of 1,020,400,000 (2010: 1,020,400,000) ordinary shares of the Company in issue during the year.

No diluted earnings per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2010 and 2011.

From continuing operations

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of approximately RMB52,678,000 (2010: RMB23,830,000) and the weighted average of 1,020,400,000 (2010: 1,020,400,000) ordinary shares of the Company in issue during the year.

No diluted earnings per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2010 and 2011.

From discontinued operation

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the loss for the year from discontinued operations attributable to owners of the Company of approximately RMB7,066,000 (2010: profit of approximately RMB2,003,000) and the weighted average of 1,020,400,000 (2010: 1,020,400,000) ordinary shares of the Company in issue during the year.

No diluted earnings per share has been presented as there was no dilutive potential ordinary share for the years ended 31 December 2010 and 2011.

9. TRADE RECEIVABLES

	2011 RMB'000	2010 RMB'000
Trade receivables	225	925
Less: Allowance for doubtful debts	—	(638)
	<u>225</u>	<u>287</u>

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2011 RMB'000	2010 RMB'000
0–30 days	225	56
31–60 days	—	97
61–90 days	—	52
> 90 days	—	82
	<u>225</u>	<u>287</u>

Included in the Group's trade receivables balance, none of the trade receivables which are past due as at the end of the reporting period for which the Group has not provided for impairment loss (2010: RMB231,000). 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:

	2011 RMB'000	2010 <i>RMB'000</i>
Overdue by:		
31 to 60 days	–	97
61 to 90 days	–	52
> 90 days	–	82
	<u>–</u>	<u>231</u>

Movement in the allowance for doubtful debts:

	2011 RMB'000	2010 <i>RMB'000</i>
1 January	638	200
Impairment loss recognised during the year	180	–
Acquisition of a subsidiary	–	438
Disposal of subsidiaries	(200)	–
Reclassified as held for sales	(618)	–
	<u>–</u>	<u>638</u>
31 December	<u>–</u>	<u>638</u>

Included in the allowance for doubtful debts of trade receivables are individually impaired trade receivables with an aggregated balances of nil (2010: RMB638,000) which are either in severe financial difficulties or due to long outstanding.

10. TRADE PAYABLES

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

	2011 RMB'000	2010 <i>RMB'000</i>
Over 2 years	<u>–</u>	<u>5,742</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Analysis of Property Development Business

Uncertainties over the real estate industry continue to elevate since 2010 as a result of the austerity policies imposed by the PRC government to cool down the property market. In order to enhance shareholders' returns, the Company has been seeking and identifying potential projects to expand our business.

On 11 May 2011, the Company entered into the share acquisition agreement with Tianjin Zhongfang Yongyang Property Company Limited* (天津中房雍陽置業有限公司) ("Tianjin Yongyang") and Shenzhen Zhongfang Chuangzhan Investment Group Company Limited* (深圳市中房創展投資集團有限公司) ("Shenzhen Chuangzhan"), pursuant to which, the Company agreed to acquire the 100% equity interests in Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司) ("Zhongfang Chaozhou") from Tianjin Yongyang and Shenzhen Chuangzhan (please refer to the Company's announcement dated 11 May 2011 for further details).

Zhongfang Chaozhou, a company incorporated in Chaozhou, Guangdong, the PRC with limited liability on 29 October 2009, is primarily engaged in the business of real estate development and construction. At present, Shenzhen (Chaozhou) Industry Park for Industrial Transfer, Jingnan Branch* (深圳(潮州)產業轉移工業園徑南分園) Project is the principal construction-in-progress project of Zhongfang Chaozhou. The project has been approved by the Guangdong provincial government as a land development project, which the developer will construct an industrial park, spanning a landed area of approximately 4,500 acres, with sophisticated facilities and high management standard. The objective of the project is to attract industrial operators to relocate from the highly overcrowded and much sought-after Pearl Delta region to this industrial park. The acquisition of Zhongfang Chaozhou by the Company is currently in progress and awaiting final completion.

On 23 May 2011, the Company entered into the sale agreement with Beijing Sihai Huao Trading Company Limited* (北京四海華澳貿易有限公司) ("Beijing Sihai"), pursuant to which the Company agreed to sell the 100% equity interests in Shenzhen Jade Bird Shenfa Guangdian Company Limited* (深圳青鳥瀋發光電有限公司) ("Shenzhen Shenfa"), to Beijing Sihai. In view of the fact that the Company has identified an investment opportunity with high potential return as well as promoting the values of the Company and its shareholders, the management decided that the disposal of Shenzhen Shenfa would ameliorate the liquidity position of the Company for the development of the Zhongfang Chaozhou project and future investment opportunities (please refer to the Company's announcement dated 23 May 2011 for further details). The disposal is currently in progress and awaiting final completion.

Analysis of Education Investment Business

On 26 April 2011, the Company entered into the sale agreement with Shanghai Buotou Zongrenzhong Environmental Science and Technology Company Limited* (上海博投眾人眾環保科技有限公司) (“Shanghai Buotou”), pursuant to which, the Company agreed to sell the 70% equity interests in Zhuhai Beida Education Science Park Company Limited (“Zhuhai Education”) to Shanghai Buotou (please refer to the Company’s announcement dated 26 April 2011 for further details).

With an annual rental income of Zhuhai Education of approximately RMB2,000,000 and a fair market value of its property, as stated in the valuation report of an independent valuer, of approximately RMB281,640,000, the yield of Zhuhai Education was lower than the other projects of the Group. Accordingly, the management decided to realise its investment in Zhuhai Education for liquidity so as to identify other investment opportunities with higher returns to enhance the value of the Company and its shareholders.

Business Prospects

Effects of the realignment policies on the property market initiated by the PRC government since 2011 had not only surfaced and developed, but also increases in reserve ratios and interest rates by the central bank ramped up liquidity pressures on the real estate industry. The Company will hasten to complete the acquisition of Zhongfang Chaozhou to give us a linchpin to explore and expand into various business formats of real estate, namely, first class land development and coordination and industrial property, in our strive to create value for shareholders.

FINANCIAL REVIEW

Operating Revenue of the Group

Turnover for the Year was approximately RMB22,879,000 (2010: RMB17,682,000), an increase of 29.4% over last year. The increase is primarily attributable to increase in rental income generated from our properties during the Year.

Turnover from property leasing business for the Year was approximately RMB22,879,000 (2010: RMB17,682,000).

Profit of the Group

Profit attributable to owners of the Company amounted to approximately RMB45,612,000 (2010: RMB25,833,000).

Total assets of the Group

As at 31 December 2011, there was a decrease in the total assets of the Group over the previous year. The total assets of the Group decreased to approximately RMB568,969,000 from approximately RMB595,027,000, a decreased of approximately RMB26,058,000 or 4.4%.

Current assets of the Group

As at 31 December 2011, the current assets of the Group increased by approximately RMB287,309,000 to approximately RMB346,662,000 from approximately RMB59,353,000 in the previous year, an increase of approximately 484.1%.

Bank borrowings of the Group

As at 31 December 2011, the Group did not have any bank borrowings (2010: nil).

EMPLOYEES AND EMPLOYEES' SALARIES AND ALLOWANCE

As at 31 December 2011, the Group had 18 (2010: 26) employees.

During the Year, the aggregate salaries and allowances paid to the employees from continuing operations amounted to approximately RMB1,259,000 (2010: RMB1,666,000). 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 does not recommend the payment of a final dividend for 2011 (2010: nil).

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGLEI (HK) CPA Company Limited on the preliminary announcement.

Significant Events

(1) Disposal of 70% equity interests in Zhuhai Education

On 26 April 2011, the Company entered into the sale agreement with Shanghai Buotou, pursuant to which, the Company agreed to sell the 70% equity interests in Zhuhai Education to Shanghai Buotou (please refer to the Company's announcement dated 26 April 2011 for further details).

(2) *Acquisition of 100% equity interests in Zhongfang Chaozhou*

On 11 May 2011, the Company entered into the share acquisition agreement with Tianjin Yongyang and Shenzhen Chuangzhan, pursuant to which, the Company agreed to acquire the 100% equity interests in Zhongfang Chaozhou from Tianjin Yongyang and Shenzhen Chuangzhan (please refer to the Company's announcement dated 11 May 2011 for further details). The acquisition is currently in progress and awaiting final completion.

(3) *Disposal of 100% equity interests in Shenzhen Shenfa*

On 23 May 2011, the Company entered into the sale agreement with Beijing Sihai, pursuant to which the Company agreed to sell the 100% equity interests in Shenzhen Shenfa to Beijing Sihai (please refer to the Company's announcement dated 23 May 2011 for further details). The disposal is currently in progress and awaiting final completion.

(4) *Disposal of 8% equity interests in Unisplendour Venture Capital, Inc. (紫光創新投資有限公司) and 99.86% equity interests in Shenyang Development Real Estate Company Limited* (瀋陽發展房產開發有限公司)*

In September 2011, the Company disposed of the 8% equity interests in Unisplendour Venture Capital Inc., and the 99.86% equity interests in Shenyang Development Real Estate Company Limited to Beijing Otley Investment Management Company Limited (北京特利投資管理有限公司). These two transactions did not constitute discloseable transactions as their assets and considerations were low. At present, Shenyang Development Real Estate Company Limited is no longer a subsidiary of the Company and the Company does not hold any equity interests in Unisplendour Venture Capital, Inc., anymore.

ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS

(1) *2010 Annual General Meeting*

On 23 June 2011, the 2010 annual general meeting of the Company was held, during which the 2010 report of the directors, consolidated financial statements, auditor's report, and the resolutions in respect of profit allocation and dividend distribution were considered and passed (please refer to the Company's announcement dated 23 June 2011 for further details).

(2) *First Extraordinary General Meeting for 2011*

On 14 July 2011, the first extraordinary general meeting for 2011 of the Company was held, during which the sale agreement in respect of the disposal of the 70% equity interests in Zhuhai Education entered into between the Company (as the vendor) and Shanghai Baotou (as the purchaser) on 26 April 2011, was considered and passed (please refer to the Company's announcement dated 14 July 2011 for further details).

(3) Second Extraordinary General Meeting for 2011

On 12 October 2011, the second extraordinary general meeting for 2011 of the Company was held, during which the purchase agreement in respect of the acquisition of the 100% equity interests in Zhongfang Chaozhou entered into between the Company (as the purchaser) and Tianjin Yongyang and Shenzhen Chuangzhan (as the vendors) on 11 May 2011, and the sale agreement in respect of the disposal of the 100% equity interests in Shenzhen Shenfa entered into between the Company (as the purchaser) and Beijing Sihai (as the vendor) on 23 May 2011, were considered and passed (please refer to the Company's announcement dated 12 October 2011 for further details).

MATERIAL LITIGATION

During the Year, the Group was not involved in any new litigation.

WORK OF THE AUDIT COMMITTEE

The Audit Committee comprised three independent non-executive directors, namely, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Cai Lian Jun, of which Mr. Wong Kai Tat is the chairman. Mr. Wong Kai Tat has competent professional accounting qualifications and expertise in financial management. The duties of the Audit Committee include the review of the accounting policies and practices adopted by the Company, review of internal control and financial reporting matters, provide recommendations to the board on the appointments and removals of external auditors and consider their remunerations and terms of appointment.

During the year, two meetings of the Audit Committee were held. The annual results of the Group for the year ended 31 December 2011 were reviewed, and the accounting policies and practices adopted by the Group and financial reporting matters were discussed 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 competing business or conflicts of interests 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 purchased, sold, or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has committed to comply with the relevant provisions of the “Code on Corporate Governance Practice” (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant laws and regulations and strive 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 policies and strategies for every business segment of the Group while implementing internal control and monitoring their effectiveness. The execution of the Board’s policies and strategies and the day to day management are delegated to the executive directors and the management.

On 31 December 2011, the Board of the Company comprised eight directors, of which four were executive directors, one was 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 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 qualifications and relevant management experience and will provide recommendations 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.

Pursuant to the requirements of Rule 13.3 of the Listing Rules, during the year, the Company has appointed three independent non-executive directors and two of whom has appropriate qualifications 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 in accordance with the discussion with the Company’s management, auditor and members of the Audit Committee.

SECURITIES TRANSACTIONS 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 trading in the Company’s securities by 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, 30 March 2012

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 Ms. Zhang Lei Lei

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

* *For identification purpose only*