

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



瀋陽公用發展股份有限公司

Shenyang Public Utility Holdings Company Limited

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 747)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

The board of directors (the “Board”) of Shenyang Public Utility Holdings Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2012 (the “Period”).

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2012, the Group realised a turnover of approximately RMB4,802,000, representing a decrease of 62.20% compared with the corresponding period in 2011.
- Profit after taxation and minority interests attributable to shareholders of the Company amounted to approximately RMB4,275,000 for the six months ended 30 June 2012, representing an increase of 217.37% compared with the corresponding period in 2011.
- The Board resolved that no dividend would be declared for the interim period ended 30 June 2012.
- Earnings per share of the Group were approximately RMB0.0042 for the six months ended 30 June 2012, representing an increase of 223.08% compared with the corresponding period in 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Turnover	3	4,802	12,703
Cost of properties sold		–	(2,394)
Taxes on sales of properties		(269)	(896)
Gross profit		4,533	9,413
Other operating income		–	7
Other operating expenses		(2,858)	(7,910)
Finance costs		148	80
Profit before taxation		1,823	1,590
Taxation	4	–	–
Profit after taxation		1,823	1,590
Gain on disposal of subsidiaries		2,452	–
Acquisition of subsidiaries		–	–
Expenditure on donation		–	–
Total profit		4,275	1,590
Of which:			
Profit attributable to shareholders of the Company		4,275	1,347
Profit attributable to minority interests		–	243
Earnings per share – basic (cents)	6	0.42	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Profit for the year	3	4,275	1,590
Other consolidated income			
Exchange differences arising on translation		—	—
Total comprehensive income for the period		4,275	1,590
Of which:			
Profit attributable to shareholders of the Company	6	4,275	1,347
Profit attributable to minority interests		—	243

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2012

		30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
	Notes		
Non-current assets			
Goodwill	7	86,816	–
Plant and equipment		670	7
Investment properties		–	148,300
Prepaid lease payments on land use rights		–	–
Available-for-sale financial assets		–	–
Deposit paid for acquisition of a subsidiary		–	74,000
		87,486	222,307
Current assets			
Available-for-sale properties		–	–
Inventories	8	514,522	–
Trade receivables		–	225
Amount due from the holding company		–	–
Prepaid lease payments on land use rights		–	–
Prepayments for acquisition of equity interests		–	–
Other receivables	10	21,106	233,685
Investment held for trading		–	1,848
Bank balances and cash		15,807	5,187
		551,435	240,945
Assets classified as available-for-sale		159,418	105,717
		710,853	346,662
Current liabilities			
Trade payables	12	87	–
Receipts in advance	11	99,500	30,067
Other payables and accrued charges	13	186,283	1,836
Tax liabilities		–	2,423
Bank borrowings – due within one year	14	–	–
Other current liabilities		–	2,231
		285,870	36,557
Liabilities classified as available-for-sale		2,951	13,188
		288,821	49,745
Net current assets		422,032	296,917
Total assets less current liabilities		509,518	519,224

		30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
	<i>Notes</i>		
Equity			
Share capital	<i>16</i>	1,020,400	1,020,400
Reserves		(510,882)	(515,157)
Equity attributable to shareholders of the Company		509,518	505,243
Minority interests		–	–
Total equity		509,518	505,243
Non-current liabilities			
Deferred taxation	<i>15</i>	–	13,981
Other non-current liabilities		–	–
		509,518	519,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Equity attributable to shareholders of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare reserve RMB'000	Accumulated profits RMB'000	Minority interests RMB'000	
At 1 January 2011	1,020,400	323,258	103,481	–	(987,508)	40,429	500,060
Loss for the Period				–	38,896	164	39,060
At 30 June 2011	1,020,400	323,258	103,481	–	(948,612)	40,593	539,120
At 1 January 2012	1,020,400	323,258	103,481	–	(941,896)	–	505,243
Earnings for the Period				–	4,275	–	4,275
At 30 June 2012	<u>1,020,400</u>	<u>323,258</u>	<u>103,481</u>	<u>–</u>	<u>(937,621)</u>	<u>–</u>	<u>509,518</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	30 June 2012 (Unaudited) RMB'000	30 June 2011 (Unaudited) RMB'000
Net cash from (used in) operating activities	(87,857)	12,906
Net cash from (used in) investing activities	79,930	(14,000)
Net cash (used in) from financing activities	18,547	80
Increase (decrease) in cash and cash equivalents	10,620	(1,014)
Cash and cash equivalents at the beginning of the period	5,187	19,312
Cash and cash equivalents at the end of the period	15,807	18,298
Analysis of cash and cash equivalents at the end of the period as follows:		
Bank balances and cash	15,807	18,298

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL INFORMATION

Shenyang Public Utility Holdings Company Limited 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.

There consolidated financial statements are presented in Renminbi which is the functional currency of the Company and its subsidiaries.

The Company is an investment holding company and the principal activities of its subsidiaries are property development and leasing and management of property. During the year, the Group planned to dispose of its property leasing operation, which was classified as available-for-sale assets for the 6 months ended 30 June 2012.

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 16 December 1999. At the request of 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 was resumed on 1 April 2010.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

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

3. TURNOVER AND SEGMENT INFORMATION

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

Principal activities are as follows:

- 1) Property development: Housing development; and
- 2) Leasing and management business: leasing of offices

The analysis of revenue and results by reportable segment of the Group is as follows:

For the six months ended 30 June 2012 (Unaudited)

	Leasing of property RMB'000	Property development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>4,802</u>	<u>–</u>	<u>–</u>	<u>4,802</u>
Segment results	<u>4,142</u>	<u>(406)</u>	<u>–</u>	<u>3,736</u>
Unallocated corporate expenses				<u>2,061</u>
Profit from operations				<u>1,675</u>
Finance costs				<u>148</u>
Gain on disposal of a subsidiary				<u>2,452</u>
Expenditure on donation				–
Profit before taxation				–
Taxation				<u>–</u>
Profit after taxation				<u>4,275</u>

For the six months ended 30 June 2011 (Unaudited)

	Leasing of property RMB'000	Education projects RMB'000	Property development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>11,203</u>	<u>1,500</u>	<u>–</u>	<u>–</u>	<u>12,703</u>
Segment results	<u>9,300</u>	<u>1,009</u>	<u>–</u>	<u>–</u>	<u>10,309</u>
Unallocated corporate expenses					<u>8,799</u>
Profit from operations					<u>1,510</u>
Finance costs					<u>80</u>
Gain on disposal of a subsidiary					–
Profit before taxation					<u>1,590</u>
Taxation					<u>–</u>
Profit after taxation					<u>1,590</u>

4. TAXATION

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Taxation of		
the Company and its subsidiaries comprises		
– The PRC enterprise income tax	–	–
– Deferred taxation	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

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

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

Under the Law of the People’s Republic of China on Enterprise Income Tax (“EIT Law”) and the Implementation Regulation of the EIT Law, the tax rate of the Group is 25% from 1 January 2008 onwards.

5. DIVIDENDS

The Board resolved not to declare any dividend for the Period.

6. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company for the Period of RMB4,275,000 (profit for the six months ended 30 June 2011: RMB1,347,000) and 1,020,400,000 shares in issue during the Period.

No diluted earnings/loss per share is disclosed as the Company has no dilutive potential shares for both periods.

7. GOODWILL

The details of goodwill of the Group as at the balance sheet date is set out as follows:

	30 June	31 December
	2012	2011
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Goodwill	<u>81,816</u>	<u>–</u>

The goodwill of the Group mainly derived from premium of the equity arose from the acquisition of Zhongfang Chaozhou Investment Development Company Limited (“Zhongfang Chaozhou”) and Guangzhou Zhongzhan Investment Holdings Company Limited (“Guangzhou Zhongzhan”).

8. INVENTORIES

The details of inventories of the Group as at the balance sheet date are set out as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Inventories	514,522	–

The Group principally engages in the property development. The inventories was mainly contributed by land development cost and construction cost of Zhongfang Chaozhou and Guangzhou Zhongzhan as at the balance sheet date.

9. TRADE RECEIVABLES

The Group has no accounts receivables as at the balance sheet date.

10. OTHER RECEIVABLES

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

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
0-30 days	–	–
31-60 days	–	–
61-365 days	21,106	233,685
1-2 years	–	–
Over 2 years	–	–
Provision for bad and doubtful debts	–	–
Net amount of other receivables	21,106	233,685

During the Period, the Group has received 70% of the equity transfer payment on the disposal of Zhuhai Beida Education and Science Park Company Limited. In addition, the amount due from Shanghai Hanhua Property Management Company Limited to the Company was repaid in July 2012.

The other receivables were unsecured, interest free and have no fixed repayment terms.

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

11. RECEIPTS IN ADVANCE

An analysis of receipts in advance of the Group as at the balance sheet date is set out as follows:

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
Receipts in advance	99,500	30,067

Receipts in advance were mainly the land repurchase payment of Zhongfang Chaozhou as at the balance sheet date. According to the agreement entered into on 17 April 2012 between Chaozhou Jinshan Investment and Development Company Limited ("Chaozhou Jinshan") and Zhongfang Chaozhou, Zhongfang Chaozhou transferred the land of 1,000 mu to Chaozhou Jinshan, and Chaozhou Jinshan agreed to prepay part of the amount of RMB140,000,000 which was determined based on 60% of the total land development cost being paid by Zhongfang Chaozhou for the 1,000 mu constructed land. A prepayment of RMB99,500,000 has been received during the Period.

12. TRADE PAYABLES

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

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
0-90 days	—	—
91-180 days	—	—
181-365 days	87	—
1-2 years	—	—
Over 2 years	—	5,435
	87	5,435

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

13. OTHER PAYABLES

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

	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
0-90 days	—	—
91-180 days	—	—
181-365 days	186,283	1,836
1-2 years	—	—
Over 2 years	—	—
	186,283	1,836

During the Period, other payables were mainly the equity transfer payment for the acquisition of Guangzhou Zhongzhan of RMB87,000,000 and the loans for the purpose of commencing the project by Zhongfang Chaozhou of RMB68,000,000.

14. BANK LOANS

The Group did not have any new bank loans during the Period.

15. DEFERRED TAXATION

	Fair value adjustment on business combination RMB'000
At 1 January 2011	33,105
Charged to income statement for the Period	—
At 30 June 2011	33,105
Charged to income statement for the Period	—
At 1 January 2012	13,981
Charged to income statement	—
At 30 June 2012	—

16. SHARE CAPITAL

	30 June 2012 RMB'000	31 December 2011 RMB'000
Registered, issued and fully paid:		
600,000,000 domestic shares of RMB1 each	600,000	600,000
420,400,000 H shares of RMB1 each	420,400	420,400
	1,020,400	1,020,400

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

17. CONTINGENT LIABILITIES

During the Period, there was no new contingent liability.

18. ASSETS SECURED/PLEDGED

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

MANAGEMENT DISCUSSION AND ANALYSIS

Review of the Group's Financial Performance

For the six months ended 30 June 2012, the turnover of the Group amounted to approximately RMB4,802,000, representing a decrease of approximately 62.2% as compared to that of the six months ended 30 June 2011 (the "2011 Corresponding Period"); profit after taxation and minority interests amounted to approximately RMB4,275,000.

During the Period, the turnover from property leasing business amounted to approximately RMB4,802,000, mainly attributable to the rental income of the property located at 1st floor and 2nd floor, No.112, Jianguo Road, Beijing, the PRC.

During the Period, the gross profit of the Group was approximately RMB4,533,000, representing a decrease of approximately 51.84% as compared to the 2011 Corresponding Period, mainly attributable to the rental income of the property located at 1st floor and 2nd floor, No.112, Jianguo Road, Beijing, the PRC.

During the Period, the operating expenses of the Group amounted to approximately RMB2,858,000, representing a decrease of approximately 63.87% as compared to the 2011 Corresponding Period, mainly attributable to the decrease in operating expenses of subsidiaries.

During the Period, the Group had a net cash inflow of RMB10,620,000, mainly derived from the increase in the cash held by newly acquired subsidiaries.

As at 30 June 2012, the cash and cash equivalents held by the Group amounted to approximately RMB15,807,000, down by approximately RMB2,491,000 as compared to the 2011 Corresponding Period.

The Group's earnings

During the Period, the profit after taxation and minority interests amounted to approximately RMB4,275,000, and the earnings per share was approximately RMB0.0042.

Review of the Group's Major Business

The Group is a real estate developer and is principally engaged in the businesses of development and sale of real estate, leasing and management of property. The Company's subsidiaries, Beijing Shenfa Property Management Company Limited ("Beijing Shenfa") is a service provider of property leasing and property management in Beijing. Zhongfang Chaozhou Investment Development Company Limited* (中房潮州投資開發有限公司) ("Zhongfang Chaozhou") is a land consolidation developer in Chaozhou, Guangdong Province. Guangzhou Zhongzhan Investment Holdings Company Limited* (廣州市中展投資控股有限公司) ("Guangzhou Zhongzhan") is a real estate developer in Guangzhou, Guangdong Province.

Analysis of Real Estate Development Business

In order to enhance the shareholders' value, the Company seeks to explore new business growth points and business models that are in line with the principal operating direction of the Company which are less affected by the real estate austerity policies.

1) Acquisition of Zhongfang Chaozhou

On 11 May 2011, the Company entered into acquisition agreement (the "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") (the "Vendors"), pursuant to which, the Company acquired the entire equity interests in Zhongfang Chaozhou from Tianjin Yongyang and Shenzhen Chuangzhan (the "Acquisition") (please refer to the Company's circular published on 25 September 2011 (the "Circular") for further details).

Due to the delay in obtaining the registration of the change of business of Zhongfang Chaozhou from the PRC government, the Acquisition could not be completed before the financial year ended 31 December 2011 as originally expected by the Company and the Vendors. And therefore the completion of the Acquisition had been delayed until 8 June 2012, on which all the conditions precedent under the Acquisition Agreement had been fulfilled. Following the completion, Zhongfang Chaozhou has become a wholly owned subsidiary of the Company.

According to the Acquisition Agreement, the Vendors agreed to make the compensation on the profit guarantee if Zhongfang Chaozhou achieves a net profit of less than RMB30 million for the year ended 31 December 2011. However, the profit guarantee has not been exercised given the facts that the Acquisition has not been completed before the financial year ended 31 December 2011 and the delay in completion of Acquisition is mainly due to the unforeseen external factors which were out of the expectation of both parties, the Vendors and the Company acknowledged that the profit guarantee as stated in the Acquisition Agreement shall be postponed to the financial year ending 31 December 2012.

Accordingly, the Vendors have issued an acknowledgment to the Company in relation to the postponement of the profit guarantee after the completion of Acquisition. Save as the postponed date of profit guarantee, other terms in relation to the profit guarantee remain unchanged.

As mentioned in the Circular, Zhongfang Chaozhou is currently carrying out a land development project in Chaozhou (the "Project"). Phase one of the Project was originally targeted to be finished by November 2011. However, the progress of the Project has been delayed for about five months due to the reasons including 1) some adjustments have been made on the construction design after the start of construction; 2) part of the land transferred from Chaozhou Jinshan required further demolition before construction, additional time has been utilized for demolishing the obstacles; and 3) bad weather condition resulted in the occurrence of landslides during the construction which required extra time to repair and reinforce the slopes around the land.

The first phase of the Project was preliminarily finished in early April 2012. Zhongfang Chaozhou has only completed construction on 1,000 mu land in the first phase of the Project because of the delay. On 17 April 2012, the Project owner, Chaozhou Jinshan Investment and Development Company Limited (“Chaozhou Jinshan”) has entered into an agreement with Zhongfang Chaozhou in relation to the transfer of 1,000 mu constructed land from Zhongfang Chaozhou to Chaozhou Jinshan (the “Agreement”). Pursuant to the Agreement, Chaozhou Jinshan would only pay the entire land development cost and construction cost with a premium of 18% only if the constructed land could meet the acceptance standard as agreed by both parties under the build transfer cooperation agreement. Since there was still details to be finalized in the first phase in order to reach the acceptance standard, Chaozhou Jinshan only agreed to prepay RMB140 million (the “Prepayment”) to settle part of the payment to Zhongfang Chaozhou. The Prepayment was determined based on 60% of the total land development cost and construction cost (i.e. RMB235,000 per mu) being paid by Zhongfang Chaozhou on the 1,000 mu constructed land. Zhongfang Chaozhou is required to complete the remaining construction in phase one so as to fully comply with the acceptance standard. Chaozhou Jinshan will fully settle the outstanding payment to Zhongfang Chaozhou upon the acceptance standard was fully met.

According to the terms of the Agreement, part of the Prepayment shall be used to settle a loan of RMB60 million due from Zhongfang Chaozhou to Chaozhou Jinshan. As at 31 July 2012, Zhongfang Chaozhou has received a prepayment of approximately RMB60 million from Chaozhou Jinshan. The remaining balance of the Prepayment amounted to approximately RMB20 million is expected to be received from Chaozhou Jinshan in due course. The amount received by Zhongfang Chaozhou is expected to be recognized as the income for the Group for the current financial year.

Since the Acquisition has not been completed as at 31 December 2011, the Company didn’t disclose any financial information of Zhongfang Chaozhou in the Group’s 2011 financial statements. However, the Company expects to disclose more information of Zhongfang Chaozhou in the Group’s upcoming financial report. In the meantime, Zhongfang Chaozhou is working on phase two of the Project and it is expected to be finished by end of 2012. According to the management of Zhongfang Chaozhou, a total of 2,000 mu land will be constructed in phase two and the constructed land will be transferred to Chaozhou Jinshan upon completion. The whole Project is targeted to be completed by June 2013.

2) Acquisition of Guangzhou Zhongzhan

On 17 May 2012, the Company entered into an acquisition agreement with Zhongtou Chuangye (Beijing) Investment Holdings Company Limited* (中投創業(北京)投資控股有限公司) (“Zhongtou Chuangye”) and Shenzhen Zhongzhan Chuangzhan Investment Development Company Limited* (深圳市中展創展投資發展有限公司) (“Guangzhou Zhongzhan”), pursuant to which, the Company acquired the 90% equity interests in Guangzhou Zhongzhan from Zhongtou Chuangye and Shenzhen Zhongzhan (please refer to the Company’s announcement published on 17 May 2012 (the “Announcement”) for further details).

The conditions precedent to the acquisition agreement in relation to the acquisition of Guangzhou Zhongzhan had been completely fulfilled and the acquisition has been completed on 13 June 2012. Therefore, Guangzhou Zhongzhan has become a wholly-owned subsidiary

of the Company. The integrated housing project engaged by Guangzhou Zhongzhan has been operated smoothly. As mentioned in the Announcement, the Project will include the government indemnificatory houses, residential apartments and commercial properties. The construction of the government indemnificatory houses is expected to be completed by the end of 2013 while the other parts of the Project are expected to be completed by the end of 2014.

Property Leasing and Management Business

1) Disposal of Beijing Shenfa

On 13 June 2012, the Company entered into a share transfer agreement with Xinjiang Dingxin Huayu Equity Investment Company Limited* (新疆鼎新華域股權投資有限公司) (“Dingxin Huayu”) and Xinjiang Shengshi Xintian Equity Investment Company Limited* (新疆盛世新天股權投資有限公司) (“Shengshi Xintian”), pursuant to which, the Company agreed to sell the 100% equity interests in Beijing Shenfa to Dingxin Huayu and Shengshi Xintian (please refer to the Company’s announcement published on 13 June 2012 for further details).

The disposal of Beijing Shenfa helped the Company realize its gains in property appreciation. The proceeds from the disposal will enhance the financial position of the Group and will provide additional capital resources to promote the projects of Zhongfang Chaozhou and Guangzhou Zhongzhan, which will facilitate the creation of value for shareholders.

The Company has received the first installment of share transfer payment. However, the disposal is conditional upon the approval of the shareholders and the transaction is still in progress and yet to complete.

During the Period, the property held by Beijing Shenfa in Beijing had received rental income of RMB4,802,000, with an occupancy rate of 100%.

2) Disposal of Shenzhen Shenfa

On 23 May 2011, the Company entered into a share transfer 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 Optoelectronic Company (深圳青鳥瀋發光電有限公司) (“Shenzhen Shenfa”), which in turn holds 100% equity interests in Shenzhen Jade Bird Optoelectronic Company Limited (深圳青鳥光電有限公司) (“Shenzhen Optoelectronic”), to Beijing Sihai. The procedures of the registration of the change of business of Shenzhen Shenfa has been completed and the Company has fully received the consideration. The transaction of disposal has been completed and Shenzhen Shenfa and Shenzhen Optoelectronic ceased to be the subsidiaries of the Company.

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

As at 30 June 2012, the Group employed a total of 54 employees (including the directors of the Company) and emoluments during the Period amounted to approximately RMB1,533,899 (2011 Corresponding Period: RMB730,615) in total. The Group has entered into employment contracts with all employees, and offered them with different emoluments according to their positions based on respective standards. Meanwhile, the Group also made contributions to endowment insurance, basic medical insurance and housing reserves for all the employees in accordance with the relevant laws of the PRC. As at the date of this announcement, the Group has not developed any share option scheme for any of its senior management or employees.

Taxation

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

Prospects for the Second Half of 2012

1. To accelerate the progress of the completion for disposal of Beijing Shenfa to retrieve the capital for other existing projects.
2. To accelerate the construction progress of Zhongfang Chaozhou's Project and to expedite the Project and the capital retrieval.
3. To proactively promote Guangzhou Zhongzhan's project, to accelerate the progress of approval and construction and to commence the sales of housing as soon as possible.

Dividend Distribution

During the Period, no dividend was paid. The Board of the Company resolved not to pay any interim dividend in 2012.

Purchase, Sale or Redemption of Shares

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

Share Options

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

Corporate Governance Report

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

The Board

The Board shall be responsible for providing overall leadership of and 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 30 June 2012, the Board comprised ten directors, of which four were executive directors, two were non-executive directors and four 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 the directors (including non-executive directors and independent non-executive directors) have devoted reasonable time and efforts 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 taken care of and safeguarded.

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

During the Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, to regulate transactions such as dealings with the Company’s securities by our directors and supervisors. The Company has also made enquiry to each director and supervisor. Each of the director and supervisor has confirmed that he/she has fully complied with the Code as at 30 June 2012.

Supervisory Committee

The supervisory committee now consists of three members, namely Mr. Wang Xing Ye, Ms. Qian Fang Fang and Mr. Lu Ming. Each supervisor effectively performs his/her supervisory duties relating to the Company's operations.

Audit Committee and Its Accountability

The audit committee of the Company (the "Audit Committee") is made up of three independent non-executive directors, namely Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Cai Lian Jun.

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

The Audit Committee has held one meeting during the Period. According to the Board practice, the minutes of the meeting were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors. The Audit Committee has reviewed the interim results for the half-year ended 30 June 2012 and discussed with the management and the Company's auditors the accounting policies and practices adopted by the Group and financial reporting matters of the Period.

Remuneration Committee

To comply with the CG Code, the Company established a remuneration committee (the "Remuneration Committee") on 13 February 2012, of which a majority of members are independent non-executive directors. The members of the Remuneration Committee comprise Mr. Bao Yi Qiang, a non-executive director and two independent non-executive directors, namely Mr. Cai Lian Jun, the chairman of the Remuneration Committee, and Mr. Chan Ming Sun Jonathan.

Nomination Committee

To comply with the CG Code, the Company established a nomination committee (the "Nomination Committee") on 13 February 2012, of which a majority of members are independent non-executive directors. The members of the Nomination Committee comprise Mr. An Mu Zong, the chairman of the Board, who is also the chairman of the Nomination Committee, and two independent non-executive directors, namely Mr. Cai Lian Jun and Mr. Wei Jie Sheng.

Internal Control

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

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

Shenyang, the PRC, 9 August 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*