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Company Profile

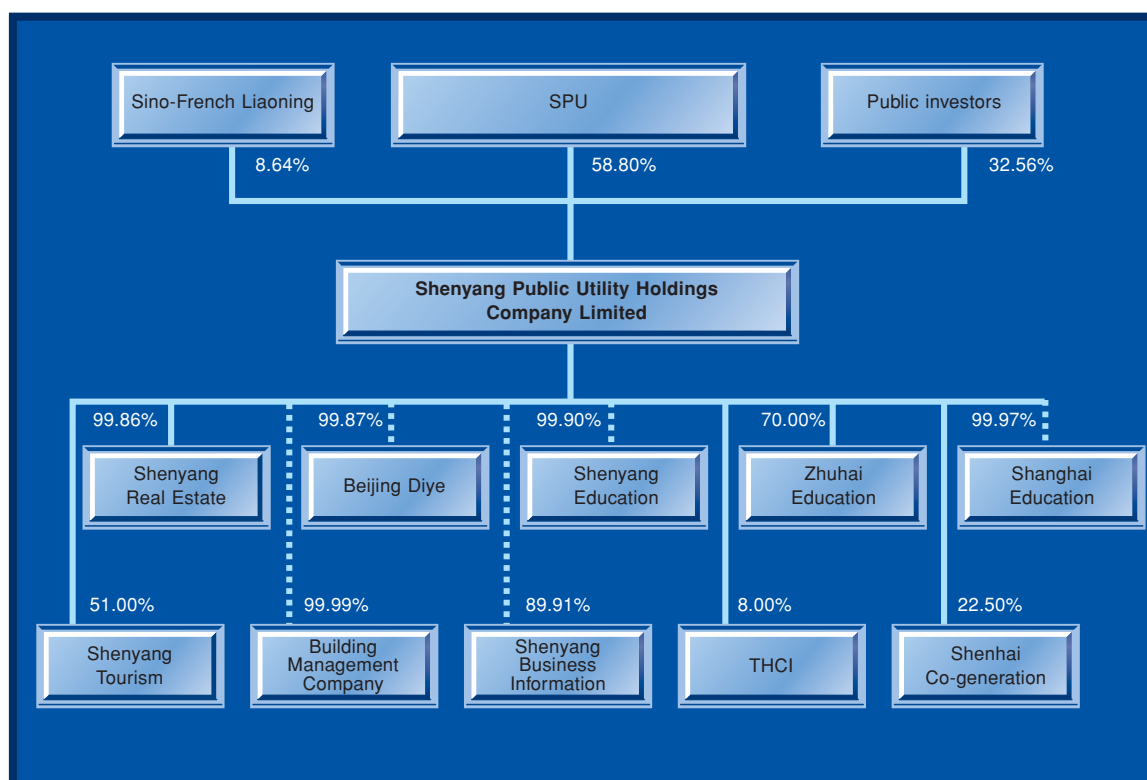
1. The Formation of the Company

Shenyang Public Utility Holdings Company Limited (“Shenyang Public Utility” or “the Company”) was established in Shenyang, the People’s Republic of China (the “PRC”) on 2nd July 1999 as a joint stock limited company by the promoter method of establishment, with Shenyang Public Utility Group Company Limited (“SPU”) acting as the sole promoter.

In December 1999, the Company issued 420,400,000 H shares of par value of RMB1.00 each at an issue price of HK\$1.70, to international investors by way of a placing and an offer to the public. On 16th December 1999, the Company’s H shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). At present, the registered capital of the Company is RMB1,020,400,000.

To cope with the changes in external operating environment, the Company implemented strategic reorganisation during the year of 2002 by transferring its original principal businesses, including production and sale of urban purified water and production and sale of electricity and heat through a joint venture, to the development and sale of real estate and investment and management of education projects. During 2003, the Company further stepped into the businesses of development and sales of tourism related products and cemetery by establishing and acquiring companies.

2. Shareholding Structure



Note 1: — represents the interests directly held by the Company, ■ ■ ■ represents the total interests directly and indirectly held by the Company

Note 2:

Sino-French Liaoning:	Sino-French Water Development (Liaoning) Company Limited, a strategic investor of the Company;
Shenyang Real Estate:	Shenyang Development Real Estate Company Limited, a subsidiary in which the Company directly holds 99.86% equity interests;
Shenyang Education:	Shenyang Development Beida Education Science Park Company Limited, in which the Company directly holds 30.00% equity interests and Shenyang Real Estate, a subsidiary of the Company, directly holds 70.00% equity interests. It is a subsidiary in which the Company holds 99.90% equity interests in total;
Zhuhai Education:	Zhuhai Beida Education Science Park Company Limited, a subsidiary in which the Company directly holds 70.00% equity interests;
Shanghai Education:	Shanghai Beida Jade Bird Education Investment Company Limited, in which the Company directly holds 80.00% equity interests and Shenyang Real Estate, a subsidiary of the Company, directly holds 20.00% equity interests. It is a subsidiary in which the Company holds 99.97% equity interests in total;
Beijing Diye:	Beijing Diye Real Estate Development Company Limited, in which Shenyang Real Estate, a subsidiary of the Company, directly holds 80.00% equity interests and Shenyang Education, a subsidiary of the Company, directly holds 20.00% equity interests. It is a subsidiary in which the Company holds 99.87% equity interests in total;
Shenyang Tourism:	Shenyang Development Tourism Industrial Company Limited, a subsidiary in which the Company directly holds 51.00% equity interests;
Building Management Company:	Shenyang Pollon Finance Building Management Company Limited, in which the Company directly holds 92.50% equity interests and Shenyang Real Estate, a subsidiary of the Company, directly holds 7.50% equity interests. It is a subsidiary in which the Company holds 99.99% equity interests in total;
Shenyang Business Information:	Shenyang Beida Jade Bird Business Information System Company Limited, in which Shenyang Education, a subsidiary of the Company, directly holds 90.00% equity interests. It is a subsidiary in which the Company indirectly holds 89.91% equity interests;
THCI:	Tsinghua Unisplendour Hi-Tech Venture Capital Inc., an investment company in which the Company directly holds 8.00% equity interests.
Shenhai Co-generation:	Shenyang Shenhai Hot Electricity Company Limited, an associate company in which the Company directly holds 22.50% equity interests.

3. Summary of Principal Activities

The Company is a real estate developer and an investor in education business. It is principally engaged in the development and sale of real estate and investment in and management of education projects. The Company's subsidiaries, Shenyang Real Estate, Building Management Company and Beijing Diye are real estate developers in Shenyang and Beijing respectively. The Company's subsidiaries, Shenyang Education, Zhuhai Education and Shanghai Education, are education business investors in Shenyang, Zhuhai and Shanghai respectively. The Company's subsidiary, Shenyang Tourism, is a developer of tourism projects, and tourism properties in Shenyang. The Company's subsidiary, Shenyang Business Information, is a developer of application software in Shenyang.

Company Profile

Real Estate Development

The major residential projects developed by Shenyang Real Estate comprise “Hongji Garden” and “Water-Flowers City”. During the past three years, the sales area of which are as follows:

	2003	2002	2001
Sales area ('000 sq.m.)	55.85	41.02	28.81

At the board meeting held in April 2003, the Company approved the acquisition of 100% equity interests in Beijing Diye through its subsidiaries Shenyang Real Estate and Shenyang Education. Currently, Beijing Diye is undertaking its first residential project. Construction of phase one of that project is expected to be roofed in August 2004.

At the board meeting held in April 2003, the Company approved the acquisition of the project “Cosmo International Mansion” of Building Management Company by way of company acquisition, namely, by holding 100% equity interests in Building Management Company directly and indirectly through Shenyang Real Estate. Currently, the project is at the stage of external and interior decoration which is expected to be completed in September 2004.



In December 2003, the Company acquired a parcel of land in Laoguapu, Dadong District of Shenyang by way of auction. With a site area of approximately 203,000 square metres, the land is proposed to be used for commercial and residential development, the name for the project is “Shinning Festival”. At present, the preliminary preparation work for the project is under way.

For details of the results, please refer to “Management Discussion and Analysis”.

Investment in Education Projects

Shenyang Education was established in September 2002 with a registered capital of RMB50,000,000. As at 31st December 2003, Shenyang Education had invested approximately RMB52,640,000 in the construction of phase one of Shenyang Beida Education Science Park (“Shenyang Education Park”) which was basically completed. Currently, Shenyang Beida Jade Bird School (“Shenyang School”) is actively organising student enrollment work. It is planned that Shenyang School will commence schooling in September 2004.

The construction of phase one of Zhuhai Beida Education Science Park (“Zhuhai Education Park”) invested by Zhuhai Education has been completed and delivered for use. Zhuhai Beida Subsidiary Experiment School (“Zhuhai School”) formally commenced schooling in September 2003. Zhuhai Education had received rent of RMB2,500,000 as at 31st December 2003 paid by Zhuhai School.

Phase one of the Shanghai Beida Education Science Park (“Shanghai Education Park”) project invested by Shanghai Education has not commenced construction yet. The Company has taken active measures to resolve the problems for commencement of construction as soon as possible.

For details of the results, please refer to “Management Discussion and Analysis”.

Electricity and Heat Co-generation

Sales of electricity and heat of Shenhai Co-generation in the past five years are as follows:

	2003	2002	2001	2000	1999
Sales of electricity (MWh)	2,186,800	2,088,100	1,921,970	2,006,000	1,984,490
Sales of heat (GJ)	4,749,635	4,631,991	5,012,124	4,644,355	4,358,599

For details of the results, please refer to “Management Discussion and Analysis”.

Tourism Development

Shenyang Tourism was established in December 2003 with a registered capital of RMB100,000,000. Currently, Shenyang Tourism is negotiating with Shenyang Qipanshan International Scenery and Tourism Development Zone Administration Committee (“Qipanshan Committee”) relating to the project land which is planned to be used for construction of tourism development projects and large-scale ecotype residential project.

System Integration

At the board meeting held in June 2003, the Company approved the acquisition of 90.00% equity interests in Shenyang Business Information through the Company’s subsidiary Shenyang Education. The Company plans to use Shenyang Business Information’s software development capability to provide facility services for the Company’s and its subsidiaries’ building automation and electronic education projects.

