



# SHENYANG PUBLIC UTILITY HOLDINGS COMPANY LIMITED

Stock code: 747

## INTERIM REPORT 2009



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## **02 Shenyang Public Utility Holdings Company Limited**

Interim Report 2009

The board of directors (“the Board”) of Shenyang Public Utility Holdings Company Limited (“the Company”) is pleased to present the interim report and condensed accounts of the Company and its subsidiaries (“the Group”) for the six months ended 30th June 2009 (“the Period”). The consolidated results, the consolidated cash flow statement, the consolidated statement of changes in equity for the Period and the consolidated balance sheet of the Group as at 30th June 2009 are all unaudited and prepared in condensed accounts form together with some selected explanatory notes to the accounts are set out on page 16 to 28 of this report.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

During the Period, the turnover of the Group amounted to approximately RMB2,167,000, representing an decrease of approximately 94.3% as compared with that of the corresponding period (“the Corresponding Period”) for the six months ended 30th June 2008 (“the 2008 Period”); loss after taxation and minority interests amounted to approximately RMB1,725,000 and loss per share was approximately RMB0.002.

#### **I. Review of the Group’s Major Business**

The Group is a real estate developer and an investor in education business. It is principally engaged in the development and sale of real estate and investment in and management of education. The Company’s subsidiaries, Shenyang Development Real Estate Company Limited (“Shenyang Real Estate”) and Beijing Diye Real Estate Development Company Limited (“Beijing Diye”), are real estate developers in Shenyang and Beijing respectively. The Company’s subsidiaries, Zhuhai Beida Education Science Park Company Limited (“Zhuhai Education”) and Shanghai Beida Jade Bird Education Investment Company Limited (“Shanghai Education”), are investors in education business in Zhuhai and Shanghai respectively.

## 1. Analysis of Real Estate Development Business

As the Group faced operations and funding difficulties during the prior period, the Group has downsized its real estate development business. Save for the remaining projects from the prior period, there are no new real estate development businesses so far.

During the Period, the formalities of utilizing the underground air defense project (地下人防工程) of Shenyang Real Estate “Water-Flowers City” have completed, and the Company now duly owns the right to use and generate income from the underground air defense project.

The “Scenic Bay” project in Beijing covers an area of 129,000 square meters and the planned gross floor area is 195,000 square meters. Due to the macro-economic control policies implemented in 2004, and the cancellation of the assignment of land agreement by the Beijing Municipal Government, the approval for the grant of land of the project was not obtained as scheduled. After obtaining the approval for land resumption and land approval certificate (土地批准證書), we did not make any progress in obtaining the land title certificate and so, such certificate is not yet obtained. According to the proposal for resumption of trading submitted by the Company to the Stock Exchange of Hong Kong Limited in May 2009, the Company will dispose of the Beijing Diye Project and the related preparatory works are now underway (For details, please refer to the announcement issued by the Company on 10th August 2009).

## 2. Analysis of Education Investment Business

During the Period, Zhuhai Beida Subsidiary Experiment School (“Zhuhai School”) has paid Zhuhai Education a rental fee amounting to RMB1,500,000. During the spring semester 2009, Zhuhai School has 980 students, about 360 of which were students transferred from government subsidized high schools (公辦中學) with Zhuhai resident account at the request of the Zhuhai Municipal Education Bureau (珠海市教育局).

## II. The Group's Liquidity and Financial Resources

### 1. Borrowing Level and Analysis at the Balance Sheet Date

As at 30th June 2009, the Group's bank borrowings totalled RMB14,000,000 (as at 31st December 2008: RMB14,000,000). Abovementioned borrowings are not secured and bear interest at 6.9% per annum.

	<b>As at 30th June 2009 (RMB'000)</b>	As at 31st December 2008 (RMB'000)
Bank borrowings repayable as follows:		
Within one year	<u>14,000</u>	<u>14,000</u>
	<u><b>14,000</b></u>	<u>14,000</u>

During the Period, there is no default of principle and interests payment of bank borrowings by the Group.

### 2. Bills payable

During the Period, the Company has no bills payable.

### 3. Financial Indicators and Basis of Calculation

<b>Financial Indicators</b>	<b>Basis of Calculation</b>	<b>As at 30th June 2009</b>	As at 31st December 2008
Gearing ratio	Total liabilities/ total assets x 100%	<b>25.8%</b>	27.95%
Earnings/net assets ratio	Net profit/ net assets x 100%	<b>-0.39%</b>	31.16%
Sales profit margin	Net profit/sales x 100%	<b>-79.61%</b>	362.23%

### III. Capital Structure of the Group

#### 1. Capital Structure of the Group

Items	As at 30th June 2009		As at 31st December 2008	
	Amount (RMB'000)	Percentage of Total Capital	Amount (RMB'000)	Percentage of Total Capital
Share capital	<b>1,020,400</b>	<b>231.17%</b>	1,020,400	230.27%
Share premium	<b>323,258</b>	<b>73.23%</b>	323,258	72.95%
Statutory surplus reserve	<b>103,231</b>	<b>23.39%</b>	103,231	23.30%
Accumulated profits	<b>-1,034,251</b>	<b>-234.30%</b>	-1,032,463	-232.99%
Minority interests	<b>28,778</b>	<b>6.52%</b>	28,715	6.48%
Total capital	<b>441,416</b>	<b>100%</b>	443,141	100%

### IV. Significant Investments Held

As at 30th June 2009, the Group held 8% equity interest in Unisplendour Venture Capital, Inc., ("Unisplendour Venture Capital") with investment cost of RMB20,000,000 (31st December 2008: RMB20,000,000). During the Period, Unisplendour Venture Capital has recorded a loss of RMB2,570,000, representing a loss increase of RMB1,254,000 as compared with that of the Corresponding Period.

### V. Changes in the Composition of the Group

During the Period, the Company and Shenyang Real Estate entered the Equity Interest Transfer Agreement with an independent third party to dispose of 40% equity interest in Shenyang Development Property Management Company Limited ("Shenyang Property") held by the Company and Shenyang Real Estate. Since then, the Company and Shenyang Real Estate no longer hold any equity interest in Shenyang Property.

**VI.    Number of Employees, Emoluments, Training Schemes and Share Option Schemes**

As at 30th June 2009, the Group employed a total of 22 employees (excluding the directors of the Company) and emoluments for the Period amounted to approximately RMB1,053,000 (2008 Period: RMB3,006,000) in total. The Group has entered into employment contract with all employees, and offered them with different emoluments according to their positions. The Group also made contributions to endowment insurance, basic medical insurance and housing reserves for all the employees in accordance with the relevant laws of the PRC. To date, the Group has not adopted any share option scheme for any of its senior management or employees.

**VII.   Details of the Group's Assets Secured/Pledged**

During the Period, there was no secured or pledged asset of the Group.

**VIII.   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%–25% in the PRC.

**IX.    Currency Risks**

According to the "Quotations of the Exchange Rates for Converting Renminbi to Foreign Currencies by the Head Office of Designated Banks (I-6)" periodically promulgated by the State Administration of Foreign Exchange of the PRC in 2009, the exchange rate of the Hong Kong dollar to Renminbi experienced slight fluctuations during the Period. In addition, the conversion of the Company's deposits denominated in Hong Kong dollar was basically completed. Accordingly, the Company does not have any currency risk.

## X. Share Capital Structure

During the Period, there was no change in the share capital structure of the Company. As at 30th June 2009, the share capital structure of the Company was as follows:

Types of Shares	Number of Shares	Percentage to Total Issued Share Capital
Domestic shares	600,000,000	58.80%
H shares	420,400,000	41.20%
Total share capital	<u>1,020,400,000</u>	<u>100%</u>

## XI. Connected Transactions

During the Period, the connected transaction of the Group was shown as follows:

Zhuhai Education leased properties and equipments of Zhuhai Education Park to Zhuhai School at a rental of RMB1,500,000. The Board considered that

1. the aforesaid connected transaction was conducted on normal commercial terms (by reference to terms of similar transactions conducted by similar entities in the PRC) in the ordinary and usual course of business of the Company in accordance with the terms of the agreement or terms that were no less favourable than those available to third parties and were fair and reasonable so far as the independent shareholders of the Company were concerned;
2. the amount of the connected transaction did not exceed the cap in respect of the waiver for the connected transaction granted by the Hong Kong Stock Exchange in prior period.



## **XII. Material Litigation**

During the Period, there is no new material litigation involving the Group. Litigation reported in prior period had already been settled, or further development was achieved for those litigation.

### **The Claim from Beijing Beida Jade Bird Company Limited**

In December 2006, the assets of Beijing Beida Jade Bird Company Limited (“Beida Jade Bird”) were auctioned by the Court and the proceeds were applied to settle the assistance provided by Liaoning Hua Jin Hua Gong Group Limited (“Hua Jin Hua Gong”) to the Company be used in the litigation in respect of the loan from Shenzhen Development Bank Dalian Branch. In May 2007, Beida Jade Bird commenced legal action against the Company, Shenyang Public Utility Group Company Limited (“SPU”) and Shenzhen Jingmei Industrial Development Limited (“Shenzhen Jingmei”), for the said amount.

In July 2007, Beijing Jade Bird transferred its creditor’s right under the guarantee against SPU and Shenzhen Jingmei to Beijing Teli Investment Management Company Limited (“Beijing Teli”). In September 2008, SPU executed an undertaking to the Company, confirmed that in order to support the Company’s application for resumption of trading, they would not enforce to recover from the Company the amount of assistance provided within two years if SPU had discharged the guarantee liabilities to the Beida Jade Bird and the assuming party (For details please refer to the Company/ announcement dated 26th September, 2008).

As SPU and Shenzhen Jingmei had not discharged their repayment obligation, Beijing Teli had applied to the court for enforcement. On 13 February, 2009, the court ordered to put the 600 million domestic shares held by SPU under auction, and was successfully bid by Beijing Mingde Guangye Investment Consultant Company Limited (“Mingde Guangye”) (For details please refer to the Company’s announcement dated 23rd March 2009). The assistance due to Beijing Jade Bird from the Company had been fully settled.

### **XIII. Hearing for the appeal for resumption of trading**

In November, 2008, as the Listing (Review) Committee of the Hong Kong Stock Exchange maintained the decision of the Listing Committee of the Stock Exchange that the listing of the Company's shares be cancelled upon the expiry of the third stage of the delisting in accordance with Practice Note 17 to the Listing Rules. The Company had subsequently applied for a final review on the delisting decision to the Listing (Review) Committee of the Stock Exchange (For details please refer to the Company's 2008 annual reports).

On 18th June, 2009, the Company's directors attended the hearing for the appeal held by the Listing (Review) Committee. On 23rd June, the Listing (Review) Committee informed us that it conditionally approved the Company to resume trading (For details please refer to the Company's announcement dated 26th June 2009).

### **XIV. Prospects of the Second Half of 2009**

As the Hong Kong Stock Exchange had approved the resumption proposal of the Company in June 2009, the Company will focus on implementing the reorganization stated in the resumption proposal, resumption of trading of the Company's H shares, so as to create favorable conditions for the sustainable and healthy development of the Company.

## **REPORT OF THE DIRECTORS**

### **I. Interests and/or Short Positions of Directors, Supervisors and Chief Executives in Shares, Underlying Shares, Securities, Equity Derivatives and/or Debentures of the Company and/or the Company's Associated Corporations**

1. As at 30th June 2009, none of the directors, supervisors and chief executives of the Company, in respect of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the Laws of Hong Kong:
  - (1) held any interests and/or short positions in the shares, underlying shares, securities, equity derivatives and/or debentures as shown in the register maintained in accordance with section 352 of the SFO; and
  - (2) held any interests and/or short positions in the shares, underlying shares, securities, equity derivatives and/or debentures which are required to notify the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in accordance with the Model Code for Securities Transactions by Directors of Listed Companies.
2. During the Period, none of the directors or supervisors of the Company is a director or employee of another company which held interests in the shares, underlying shares, securities, equity derivatives and/or debentures of the Company which are required to notify the Company and the Hong Kong Stock Exchange in accordance with division 2 and 3 of Part XV of the SFO.
3. No contracts of significance in relation to the Group's business to which the Company or any of its fellow subsidiaries or holding companies were a party and in which any of the Company's directors or supervisors had a material interest, whether directly or indirectly.

## II. Substantial Shareholders

As at 30th June 2009, save as the Company's directors, supervisors and chief executives, the register of holders required to be maintained by the Company pursuant to section 336 of the SFO showed that the following companies and persons had interests and/or short positions in the Company's shares, underlying shares, securities, equity derivatives and/or debentures:

	Beneficial Owners	Shares	Percentage to Total Issued Share Capital
1	Beijing Mingde Guangye Investment Consultant Company Limited ("Mingde Guangye")	600,000,000 Domestic shares (unlisted shares)	58.80%
2	Beijing Mingyude Business and Trade Company Limited ("Mingyude") (Note 1)	600,000,000 Domestic shares	58.80%
3	李鵬 (Note 2)	600,000,000 Domestic shares	58.80%
4	申雲變 (Note 3)	600,000,000 Domestic shares	58.80%
5	HKSCC Nominees Limited (Note 4)	418,749,990 H shares (listed shares)	41.04%

### Notes:

- Mingyude is a limited company established in the PRC which holds 90% equity interest in Mingde Guangye. Pursuant to section 316 of the SFO, Mingyude is regarded as holding interests in the shares of the Company held by Mingde Guangye.
- 李鵬 is a PRC legal person who holds 10% equity interest in Mingde Guangye and 60% equity interest in Mingyude, which holds 90% equity interest in Mingde Guangye. Pursuant to section 316 of the SFO, 李鵬 is regarded as holding interests in the shares of the Company held by Mingde Guangye.
- 申雲變 is a PRC legal person who holds 40% equity interest in Mingyude, which holds 90% equity interest in Mingde Guangye. Pursuant to section 316 of the SFO, 申雲變 is regarded as holding interests in the shares of the Company held by Mingde Guangye.
- As notified by HKSCC Nominees Limited, as at 30th June 2009, the following participants in the central clearance system had interests amounting to 5.00% or more of the total issued H shares of the Company as shown in the securities accounts in the central clearance system:

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- (1) Tai Fook Securities Company Limited holds 103,964,000 H shares, representing 24.73% of the issued H shares of the Company, of which Sino-French (Liaoning) beneficially owned 88,146,000 H shares, representing 20.97% of the issued H shares of the Company.
- (2) The Hongkong and Shanghai Banking Corporation Limited holds 50,955,000 H shares, representing 12.12% of the issued H shares of the Company.
- (3) Shenyin Wanguo Securities (H.K) Limited holds 28,346,000 H shares, representing 6.74% of the issued H shares of the Company.

Save as disclosed above, during the year, the Company has not been notified of any interests and/or short positions in shares, underlying shares, securities, equity derivatives and/or debentures of the Company which are required to be recorded in the register maintained in accordance with section 336 of the SFO.

### III. Independent Non-Executive Directors

At the 2007 annual general meeting held on 12th February 2009, Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathon and Mr. Lam Tsan Wing Alexander were elected as the independent non-executive director of the Company. (For details please refer to the Company's announcement dated 12th February, 2009). Mr. Lam Tsan Wing Alexander subsequently resigned as independent non-executive director on 19th May, 2009 (For details please refer to the Company's announcement dated 20th May, 2009).

### IV. Audit Committee

At the 2007 annual general meeting held on 12th February 2009, Mr. Cai Lian Jun, Mr. Wong Kai Tat, Mr. Chan Ming Sun Jonathan and Mr. Lam Tsan Wing Alexander were elected as the independent non-executive directors of the Company and form the third session of Audit Committee, with Mr. Wong Kai Tat being elected as the chairman of the Audit Committee. Mr. Lam Tsan Wing Alexander subsequently resigned as independent non-executive director and member of audit committee on 19th May, 2009 (For details please refer to the Company's announcement dated 20th May, 2009).

## V. Annual General Meetings and Extraordinary General Meetings

### (1) 2005 Annual General Meeting

On 12th February, 2009, the Company convened the 2005 Annual General Meeting, at which the Company's 2005 report of the directors, financial statements, auditor's report, and the resolution in respect of profit allocation and dividend distribution were being considered and approved (For details please refer to the Company's announcement dated 12th February, 2009).

### (2) 2006 Annual General Meeting

On 12th February, 2009, the Company convened the 2006 Annual General Meeting, at which the Company's 2006 report of the directors, financial statements, auditor's report, and the resolution in respect of profit allocation and dividend distribution were being considered and approved (For details please refer to the Company's announcement dated 12th February, 2009).

### (3) 2007 Annual General Meeting

On 12th February, 2009, the Company convened the 2007 Annual General Meeting, at which the Company's 2007 report of the directors, financial statements, auditor's report, and the resolutions in respect of profit allocation and dividend distribution, the succession of the board of directors and board of supervisors, reappointment of auditors, appointment of independent non-executive directors were being considered and approved (For details please refer to the Company's announcement dated 12th February, 2009).

### (4) 2008 Annual General Meeting

On 9th July, 2009, the Company convened the 2008 Annual General Meeting, at which the Company's 2008 report of the directors, financial statements, auditor's report, and the resolutions in respect of reappointment of auditors, profit allocation and dividend distribution were being considered and approved (For details please refer to the Company's announcement dated 9th July, 2009).

### (5) First Extraordinary General Meeting for 2009

On 9th July, 2009, the Company convened the first extraordinary General Meeting for 2009, at which the resolution in respect of the disposal of 256.6 million debt receivable from Shenyang Development Beida Education Science Company Limited and 30% shareholding in Shenyang Development Beida Education Science Company Limited by the Group was being considered and approved (For details please refer to the Company's announcement dated 9th July, 2009).

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### **VI. Dividend**

During the Period, no dividend was paid. The Board of the Company resolved not to declare any interim dividend in 2009.

### **VII. Purchase, Sale or Redemption of Shares**

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

### **VIII. Share Options**

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

### **IX. Publication of Further Information on the Website of the Hong Kong Stock Exchange**

The Company will publish its interim results report on the Hong Kong Stock Exchange's website at an appropriate time as required by paragraph 46 of Appendix 16 to the Listing Rules of the Hong Kong Stock Exchange.

### **X. Company Information**

Legal address:	No.1-4, 20A, Central Street Shenyang Economic and Technological Development Zone Shenyang, the PRC
Place of business:	Jinmao International Apartment 14/F No.1 Xiao Dong Road, Da Dong District, Shenyang the PRC
Postal code:	110041
Tel:	8624-24351041
Fax:	8624-24333288
Website:	<a href="http://www.sygyfz.com.cn">www.sygyfz.com.cn</a>

## **CORPORATE GOVERNANCE REPORT**

### **Compliance With The Code On Corporate Governance Practices**

Since the Company applied for resumption of trading, the Company has been committed to high level of corporate governance, so as to ensure the Group to have higher transparency and to protect the interests of all shareholders.

The Company has been committed to comply with the Code on Corporate Governance Practices (“the Code”) set out in Appendix 14 to the Listing Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited. The Board believes that, all important decisions of the Company had been consulted the Board and (if applicable) were made by the Board starting from 22nd February, 2009. The Board has three independent non-executive directors with adequate independence, as such, the Board believes that the Company has enough balance of power to ensure making appropriate decisions.

### **The Audit Committee**

The Company has established an audit committee in accordance with the Listing Rules. The audit committee of the Company comprise of three independent non-executive directors. The audit committee is responsible for reviewing the accounting policy adopted by the Company and material issues, and to discuss matters such as internal control and financial reporting, including review of the interim account as at 30th June, 2009.

### **Comply With The Code Of Best Practice**

During the Period, the Company has committed to comply with the Code of Best Practice set out in Appendix 14 to the Listing Rules Governing the Listing of Securities on The Stock Exchange Hong Kong Limited.

### **Internal Control**

During the Period, the Company engaged CWCC Certified Public Accountants as internal control auditor to update the Company’s internal control report, and to enhance its internal control the Company’s internal control reporting is now undergoing modification to according to the internal control report. The Company designated a director Mr. Chow Ka Wo Alex as internal control officer of the Company.

### **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Company (the “Code”) in Appendix 10 to the Listing Rules to regulate the dealings of the Company’s securities by the directors and supervisors of the Company. Each of the director or supervisor has replied to the Company in writing confirming that he/she has fully observed the Code and no violation of the Code has occurred.



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2009

	Note	Six months ended 30th June	
		2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Turnover	3	<b>2,167</b>	38,117
Cost of properties sold		<b>(793)</b>	(38,866)
Taxes on sales of properties		<b>(83)</b>	(83)
Gross Profit		<b>1,291</b>	(832)
Other operating expenses		<b>(2,492)</b>	(7,376)
Finance costs		<b>(524)</b>	(13,739)
Profit/loss before taxation		<b>(1,725)</b>	(19,837)
Taxation	4	<b>-</b>	-
Profit/loss after taxation		<b>(1,725)</b>	(19,837)
Gain on disposal of subsidiaries		<b>-</b>	157,909
Total profit		<b>(1,725)</b>	138,072
Of which:			
Profit/loss attributable to shareholders of the Company		<b>(1,788)</b>	138,094
Profit/loss attributable to minority interests		<b>63</b>	(22)
		<b>(1,725)</b>	138,072
Earnings per share – basic	6	<b>(RMB0.002)</b>	RMB0.135

**CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

	Six months ended	
	30th June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the Period	<b>(1,725)</b>	138,072
Other consolidated income	-	-
Total comprehensive income for the Period	<b>(1,725)</b>	138,072
Of which:		
Profit/loss attributable to shareholders of the Company	<b>(1,788)</b>	138,094
Profit/loss attributable to minority interests	<b>63</b>	(22)

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2009

		As at 30th June 2009 (Unaudited) RMB'000	As at 31st December 2008 (Audited) RMB'000
	Note		
<b>Non-current assets</b>			
Plant and equipment		17,769	19,200
Investment properties		248,342	248,342
Prepaid lease payments on land use rights		–	–
Available-for-sale financial assets		20,000	20,000
Other non-current assets		44,244	32,745
		<u>330,355</u>	<u>320,287</u>
<b>Current assets</b>			
Properties held for sale		193,941	205,735
Inventories		–	–
Accounts receivable	7	759	–
Amount due from the holding company		–	–
Prepaid lease payments on land use rights		–	–
Prepayments		2,095	1,572
Other receivables	8	60,574	80,692
Bank balances and cash		7,149	6,803
		<u>264,518</u>	<u>294,802</u>
<b>Current liabilities</b>			
Accounts payable	9	5,956	5,875
Receipts in advance		14,359	12,759
Other payables and accrued charges		31,831	33,333
Income tax payable		–	–
Bank loans – due within one year	10	14,000	14,000
Expected liabilities		1,041	1,041
		<u>67,187</u>	<u>67,008</u>
<b>Net current assets</b>		<u>197,331</u>	<u>227,794</u>
<b>Total assets less current liabilities</b>		<u>527,686</u>	<u>548,081</u>

**CONDENSED CONSOLIDATED BALANCE SHEET** (Continued)

As at 30th June 2009

		<b>As at 30th June 2009 (Unaudited) RMB'000</b>	As at 31st December 2008 (Audited) RMB'000
	Note		
<b>Equity</b>			
Share capital		<b>1,020,400</b>	1,020,400
Reserves		<b>(607,762)</b>	(605,974)
Shareholders' equity		<b>412,638</b>	414,426
Minority interests		<b>28,778</b>	28,715
Total equity		<b>441,416</b>	443,141
<b>Non-current liabilities</b>			
Deferred taxation	11	<b>21,942</b>	21,942
Long-term liabilities		<b>64,328</b>	82,998
		<b>527,686</b>	548,081

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2009

### Equity attributable to shareholders of the Company

	Share capital	Share premium	Statutory surplus reserve	Statutory public welfare reserve	Accumulated profits	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January 2008	1,020,400	323,258	103,582	-	(977,824)	34,357	503,773
Loss for the Period	-	-	-	-	138,072	(22)	138,050
At 30th June 2008	<u>1,020,400</u>	<u>323,258</u>	<u>103,582</u>	<u>-</u>	<u>(839,752)</u>	<u>34,335</u>	<u>641,823</u>
At 1st January 2009	1,020,400	323,258	103,231	-	(1,032,463)	28,715	443,141
Profit for the Period	-	-	-	-	(1,788)	63	(1,725)
<b>At 30th June 2009</b>	<b><u>1,020,400</u></b>	<b><u>323,258</u></b>	<b><u>103,231</u></b>	<b><u>-</u></b>	<b><u>(1,034,251)</u></b>	<b><u>28,778</u></b>	<b><u>441,416</u></b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30th June 2009

	<b>30th June 2009 (Unaudited) RMB'000</b>	30th June 2008 (Unaudited) RMB'000
Net cash generated from (used in) operating activities	<b>(1,213)</b>	702
Net cash generated from (used in) investing activities	<b>2,000</b>	108,980
Net cash (used in) generated from financing activities	<b>(441)</b>	(110,987)
Increase (decrease) in cash and cash equivalents	<b>(346)</b>	(1,305)
Cash and cash equivalents at the beginning of the Period	<b>6,803</b>	1,685
Cash and cash equivalents at the end of the Period	<b>7,149</b>	380
Analysis of cash and cash equivalents at the end of the Period as follow:		
Bank balances and cash	<b>7,149</b>	380

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

For the six months ended 30th June 2009

### **1. Accounting Policies and Basis of Preparation**

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

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

### **2. Adoption of Going Concern Basis**

The Group recorded a net profit for the year of RMB(1,725,000) for the half year ended 30th June 2009. The management of the Company has taken the following measures:

- (i) Carry out debt restructuring with its creditors. Up to the date of approval of these consolidated financial statements, the Group has reached agreements with its creditors in respect of debt restructuring and the court litigations have been discharged. Therefore, these consolidated financial statements have been prepared on the assumption that the Group will continue to operate as a going concern;
- (ii) The management of the Company is considering to strengthen the capital base of the Company and provide immediate cash flow through various financing activities and capital restructuring, including, but not limited to, private placement of the Company's shares;
- (iii) The management of the Company continues to take action to strengthen cost control in respect of various administrative and other operating expenses, and is actively seeking new investment and business opportunities to pursue profitable businesses that would bring positive cash flow.

The management of the Company believes that, in light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital to finance its operations and remain as a going concern in the foreseeable future. The management of the Company is of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

### 3. Turnover and Segment Information

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

Principal activities are as follows:

Property development – development, sale, rental and management of properties.

Education projects – leasing of campus and equipment.

There was no significant sales or other transactions between the segments for both periods.

#### For the six months ended 30th June 2009 (Unaudited)

	Property development RMB'000	Education projects RMB'000	Cemetery development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>667</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>2,167</u>
Segment results	<u>(313)</u>	<u>209</u>	<u>-</u>	<u>-</u>	<u>(104)</u>
Unallocated corporate expenses					<u>(1,097)</u>
Profit/loss from operations					<u>(1,201)</u>
Finance costs					<u>(524)</u>
Gain on disposal of a subsidiary					<u>-</u>
Profit before taxation					<u>(1,725)</u>
Taxation					<u>-</u>
Profit after taxation					<u>(1,725)</u>



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For the six months ended 30th June 2008 (Unaudited)

	Property development RMB'000	Education projects RMB'000	Cemetery development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>36,617</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>38,117</u>
Segment results	<u>(843)</u>	<u>(2,367)</u>	<u>-</u>	<u>-</u>	<u>(3,210)</u>
Unallocated corporate expenses					<u>(3,248)</u>
Operating loss					(6,458)
Finance costs					(13,379)
Gain on disposal of a subsidiary					<u>157,909</u>
Loss before taxation					138,072
Taxation					<u>-</u>
Loss after taxation					<u><u>138,072</u></u>

### 4. TAXATION

#### Six months ended 30th June

2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
--------------------------------	--------------------------------

Taxation comprises

The Company and its subsidiaries

- PRC enterprise income tax
- Deferred taxation

	-	-
	-	-
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

\* "PRC" represents the People's Republic of China.

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

**5. DIVIDENDS**

The Board resolved not to declare any dividend for the current interim period.

**6. EARNINGS PER SHARE**

The calculation of earnings per share is based on the profit attributable to shareholders of the Company for the Period of RMB(1,788,000) (profit for the six months ended 30th June 2008: RMB138,072,000) and 1,020,400,000 shares in issue during the Period.

No diluted earnings/loss per share are presented as the Company has no dilutive potential shares outstanding for both periods.

**7. ACCOUNTS RECEIVABLE**

As at the balance sheet date, the Group's accounts receivables mainly represent the rental receivable for leasing of campus and equipment. The Group normally allows a credit period of 30 days (2008: 30 days) for leasing of campus and equipment.

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

	<b>At 30th June 2009</b>	<b>At 31st December 2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0-30 days	-	-
31-60 days	-	-
61-365 days	<b>759</b>	-
1-2 years	-	-
Over 2 years	-	-
	<hr/>	<hr/>
Provision for bad debts	-	-
	<hr/>	<hr/>
Net amount of accounts receivables	<b>759</b>	-
	<hr/> <hr/>	<hr/> <hr/>

The management considered the carrying amount of accounts receivables approximate their fair value.

**8. OTHER RECEIVABLES**

Other receivables are unsecured, interest free and have no fixed repayment terms.

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

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### 9. ACCOUNTS PAYABLE

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

	<b>At</b>	<b>At</b>
	<b>30th June 2009</b>	<b>31st December 2008</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0-90 days	-	-
91-180 days	-	-
180-365 days	-	-
1-2 years	-	-
Over 2 years	<b>5,956</b>	5,875
	<hr/>	<hr/>
	<b>5,956</b>	5,875
	<hr/> <hr/>	<hr/> <hr/>

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

### 10. BANK LOANS

During the period, the Group has no new bank loans. The remaining amount was loan provided to Zhuhai Education amounting to RMB14,000,000.

### 11. DEFERRED TAXATION

	<b>Fair value adjustment</b>
	<b>on business combination</b>
	<b>RMB'000</b>
At 1st January 2008	22,555
Credited to income statement for the Period	-
	<hr/>
At 30th June 2008	22,555
Credited to income statement for the Period	(613)
	<hr/>
At 1st January 2009	21,942
Credited to income statement	-
	<hr/>
<b>At 30th June 2009</b>	<b>21,942</b>
	<hr/> <hr/>

## 12. SHARE CAPITAL

	At 30th June 2009 RMB'000	At 31st December 2008 RMB'000
Registered, issued and fully paid:		
600,000,000 State-owned shares of RMB1.00 each	600,000	600,000
420,400,000 H shares of RMB1.00 each	420,400	420,400
	<u>1,020,400</u>	<u>1,020,400</u>

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

## 13. CONNECTED TRANSACTIONS

Connected parties include the Group's subsidiaries, holding companies and its subsidiaries, other state-owned enterprises and its subsidiaries that directly or indirectly controlled by the PRC government, other companies that our company may control or impose substantial influence on its financial and operational decisions, and entities and companies that are controlled and affected by the key management of our company, our Group or its holding companies and their respective family members.

The principal identified connected parties of the Group or identified connected parties that have entered into transaction with the Group during the Period are as follows:

Name of company	Relationships with the Company
Beijing Mingde Guangye Investment Consultant Company Limited ("Beijing Mingde Guangye"),	The holding company of the Company
Beijing Mingyude Business and Trade Company Limited ("Mingyude")	A shareholder of Beijing Mingde Guangye
Shenyang Public Utility Group Company Limited ("SPU")	The former holding company of the Company
Beijing Beida Hi-Tech Industry Investment Company Limited ("Beida Hi-Tech")	A shareholder of SPU
Beida Jade Bird Company Limited ("Beida Jade Bird")	An indirect shareholder of Beida Hi-Tech
Beijing Beida Education Investment Company Limited ("Beida Education Investment")	A shareholder of Zhuhai School
Zhuhai Beida Subsidiary Experiment School ("Zhuhai School")	A branch of Beida Education Investment
Beijing Teli Investment Management Company Limited ([Beijing Teli])	A subsidiary of Beida Jade Bird

Apart from the connected parties disclosed in the unaudited condensed combined financial statements, the significant connected transactions between the Group and the connected parties and the balance arising therefrom are summarised as follows:

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(a) During the Period, the Group received rental income of RMB1,500,000 (2008: RMB3,000,000) from Zhuhai School for leasing of campus and equipments. The rental was received for leasing of campus and equipments to Zhuhai School pursuant to the non-cancellable leasing agreement for a term of 20 years.

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

Name of connected party	At	At
	30th June 2009	31st December 2008
	RMB'000	RMB'000
<b>Trade receivables</b>		
Zhuhai School	<u>759</u>	<u>–</u>
<b>Other payables and accrual expenses</b>		
Beida Jade Bird	–	82,998
SPU	<u>64,328</u>	<u>–</u>

(c) **Compensation for the key management**

	At	At
	30th June 2009	31st December 2008
	RMB'000	RMB'000
Short term benefits	<u>0</u>	<u>0</u>
Post employment benefits	<u>0</u>	<u>0</u>

Remuneration of directors and the key management is determined by the Administrative Resources and the Remuneration Committee based on personal performance and market trend.

### 14. CONTINGENT LIABILITIES

During the period under review, there was no new contingent liability.

### 15. ASSETS SECURED/PLEDGED

During the period under review, there was no new asset secured/ pledged.

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