



SHENYANG PUBLIC UTILITY HOLDINGS COMPANY LIMITED

Stock code: 747

INTERIM REPORT 2011

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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 30 June 2011 (the "Period"). The condensed consolidated income statement, consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity for the Period and the condensed consolidated balance sheet of the Group as at 30 June 2011 are all unaudited and prepared in condensed accounts form together with some selected explanatory notes to the accounts are set out on page 17 to 30 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the turnover of the Group amounted to approximately RMB12,703,000, representing an increase of approximately 60.86% as compared with that of the corresponding period (the "Corresponding Period") for the six months ended 30 June 2010 (the "2010 Period"); profit after taxation and minority interests amounted to approximately RMB1,347,000 and profit per share was approximately RMB0.0013.

I. Review of the Group's Major Business

The Group is a real estate developer and education business investor. It is principally engaged in the development and sale of real estate, leasing and management of property, and education investment and management. As the Company's subsidiaries, Shenyang Development Real Estate Company Limited ("Shenfa Real Estate") is a real estate developer in Shenyang; Beijing Shenfa Property Management Company Limited ("Beijing Shenfa") and Shenzhen Jade Bird Optoelectronic Company Ltd ("Shenzhen Optoelectronic") are service providers of property lease and property management in Beijing and Shenzhen respectively; As the Company's subsidiary, Zhuhai Beida Education Science Park Company Limited ("Zhuhai Education") is an investor in education business in Zhuhai. During the Period, Shanghai Beida Jade Bird Education Investment Company Limited ("Shanghai Education") was deregistered.

1. 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 businesses of the Company, less affected by the real estate austerity policies and less dependent on the external financing.

On 11 May 2011, the Company entered into the share transfer 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 the agreement, the Company acquired the entire 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 published on 11 May 2011 for further details).

Zhongfang Chaozhou is mainly engaged in the business of first-class land development, which is consistent with the major business of the Group. Shenzhen (Chaozhou) Industry Park for Industrial Transfer, Jingnan Branch* (深圳(潮州)產

* For reference only

業轉移工業園徑南分園), which is operated by Zhongfang Chaozhou, is a first-class land development project approved by Chaozhou municipal government. According to the relevant cooperation agreement, Zhongfang Chaozhou is entitled to a return of 18% of the total cost incurred from the land development of the project. Furthermore, the project is an integral part of the development plan approved by Chaozhou municipal government, whose support will significantly promote the completion of the project. The acquisition of Zhongfang Chaozhou will expand the existing businesses of the Company and provide it with future returns and new opportunities.

2. Property Leasing and Management Business

As the property projects leased by the Company were commercial real estate projects located at the prime areas, the occupancy rate and rental income were not affected by the real estate austerity policies. The occupancy rate of the Company's properties remained at high levels with stable rental income and cash flow.

During the Period, the property at 1st floor and 2nd floor, No.112, Jianguo Road, Chaoyang District, Beijing had received rental income of RMB5,599,000, with an occupancy rate of 100%.

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 2011, Zhuhai School has 1,400 students. At present, Zhuhai Education covers a gross floor area of 60,000 square meters.

On 26 April 2011, the Company entered into the share transfer agreement with Shanghai Buotou Zongrenzong 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 the agreement, the Company agreed to sell 70% equity interests in Zhuhai Education to Shanghai Buotou (please refer to the Company's announcement published on 27 April 2011 for further details). The transaction will help the Company to cash in the investment projects with lower returns so as to identify other investment opportunities with higher returns to enhance the value of the Company and its Shareholders. Detailed information has been set out in the Company's circular ("circular") dated 24 June 2011, and the resolution as set out in the circular was duly passed at the First 2011 EGM of the Company (please refer to the Company's announcement dated 14 July 2011 for further details).

On 23 May 2011, the Company entered into the share transfer agreement with Beijing Sihai Huaao Trading Company Limited* (北京四海華澳貿易有限公司) ("Beijing Sihai"). Pursuant to the agreement, the Company agreed to sell 100% equity interests in Shenzhen Jade Bird Shenfa Guangdian Company Limited* (深圳青鳥瀟發光電有限公司), which in turn holds 100% equity interests in Shenzhen Optoelectronic, to Beijing Sihai. The transaction will help the Company to cash in the investment in Shenzhen Optoelectronic such that more liquid capitals will be in hand for the development of the Zhongfang Chaozhou project acquired by the Company and for future investment opportunities (please refer to the Company's announcement published on 23 May 2011 for further details).

* For reference only

II. The Group's Liquidity and Financial Resources

1. Borrowing Level and Analysis at the Balance Sheet Date

As at 30 June 2011, the Group had no bank borrowings.

	As at 30 June 2011 (RMB'000)	As at 31 December 2010 (RMB'000)
Bank borrowings repayable as follows		
Within one year	-	-
In the second year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

2. Bills payable

During the Period, the Company has no bills payable.

3. Financial Indicators and Basis of Calculation

Financial Indicators	Basis of Calculation	As at 30 June 2011	As at 31 December 2010
Gearing ratio	Total liabilities/ total assets x 100%	24.31%	15.96%
Return on net assets ratio	Net profit/net assets x 100%	0.32%	7.81%
Sales profit margin	Net profit/sales income x 100%	12.52%	494.62%

III. Capital Structure of the Group

1. Capital Structure of the Group

Items	As at 30 June 2011		As at 31 December 2010	
	Amount (RMB'000)	Percentage of Total Capital	Amount (RMB'000)	Percentage of Total Capital
Share capital	1,020,400	203.41%	1,020,400	204.06%
Share premium	323,258	64.44%	323,258	64.64%
Statutory surplus reserve	103,481	20.63%	103,481	20.70%
Retained profits	(986,161)	-196.58%	(987,508)	-197.48%
Minority interests	40,672	8.11%	40,429	8.08%
Total capital	501,650	100%	500,060	100%

IV. Significant Investments Held

As at 30 June 2011, the Group held 8% equity interests in Unisplendour Venture Capital, Inc., ("Unisplendour Venture Capital") with investment cost of RMB20,000,000 (31 December 2010: RMB20,000,000). During the Period, Unisplendour Venture Capital has recorded a loss of RMB33,780,000, representing an increase in loss of RMB31,146,000 as compared with that of the Corresponding Period.

V. Changes in the Composition of the Group

(1) Deregistration of Shanghai Education

Shanghai Education was deregistered during the Period due to poor progress of its education investment project.

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

On 26 April 2011, the Company entered into the share transfer agreement with Shanghai Buotou. Pursuant to the agreement, the Company agreed to sell 70% equity interests in Zhuhai Education to Shanghai Buotou (please refer to the Company's announcement published on 27 April 2011 for further details). The transaction will help the Company to cash in the investment projects with lower returns so as to identify other investment opportunities with higher returns to enhance the value of the Company and its Shareholders. Detailed information has been set out in the Company's circular ("circular") dated 24 June 2011, and the resolution as set out in the circular was duly passed at the First 2011 EGM of the Company (please refer to the Company's announcement dated 14 July 2011 for further details).

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

As at 30 June 2011, the Group employed a total of 23 employees (including the directors of the Company) and emoluments during the Period amounted to approximately RMB730,615 (2010 Period: RMB616,692) in total. The Group has entered into employment contracts 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, no additional asset of the Group was secured or pledged.

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% to 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 (1-6)" periodically promulgated by the State Administration of Foreign Exchange of the PRC in 2011, the exchange rate of the Renminbi to Hong Kong dollar experienced slight fluctuations during the Period. In addition, the conversion of the Company's deposits denominated in Hong Kong dollar was 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 30 June 2011, the share capital structure of the Company was as follows:

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

XI. CONNECTED TRANSACTIONS

During the Period, Zhuhai Education received rental income of RMB1,500,000 from Zhuhai School for leasing of Zhuhai Education's properties and equipment. The Board considered that,

1. the above transaction was entered into by the Company in its ordinary and usual course of business in accordance with the terms of the relevant agreement, conducted on normal commercial terms (after making reference to the relevant terms of comparable transactions conducted by comparable entities in the PRC) or on terms not less favorable than those available to third parties, and was fair and reasonable as far as the independent shareholders of the Company were concerned; and
2. the amount of the transaction did not exceed the cap of the exempted connected transaction amount of the Company granted by the Hong Kong Stock Exchange previously.

The transaction has ceased to be a connected transaction since Beida Jade Bird ceased to be an indirect shareholder of the Company.

XII. Material Litigation

During the Period, there is no new material litigation involving the Group. Litigation reported in prior period had already been settled.

XIII. Prospects of the Second Half of 2011

1. To accelerate the progresses of acquisition of Zhongfang Chaozhou and disposal of Zhuhai Education.
2. To strengthen the management and improve the operation efficiency.
3. To proactively identify and explore new profit drivers.

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 30 June 2010, 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 ("Hong Kong Stock Exchange") in accordance with the Model Code for Securities Transactions by Directors of Listed Issuers.
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. None of the Company, its fellow subsidiaries or its holding company has entered into any material contracts relating to the business of the Group in which any directors or supervisor of the Company had direct or indirect material interests.

II. Substantial Shareholders

As at 30 June 2011, save as the Company's directors, supervisors and chief executives, the register of members required to be maintained by the Company pursuant to section 336 of the SFO showed that the following corporations and individuals had interests and/or short positions in the Company's shares, underlying shares, securities, equity derivatives and/or debentures:

	Beneficial Owners	Shares	Percentage of 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	申雲燮 (Note 3)	600,000,000 domestic shares	58.80%
5	HKSCC Nominees Limited (Note 7)	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 deemed to be interested in the shares of the Company held by Mingde Guangye.
- 李鵬 is a PRC legal person who holds 10% equity interests in Mingde Guangye and 60% equity interests in Mingyude, which holds 90% equity interests in Mingde Guangye. Pursuant to section 316 of the SFO, 李鵬 is deemed to be interested in the shares of the Company held by Mingde Guangye.
- 申雲燮 is a PRC legal person who holds 40% equity interests in Mingyude, which holds 90% equity interest in Mingde Guangye. Pursuant to section 316 of the SFO, 申雲燮 is deemed to be interested in the shares of the Company held by Mingde Guangye.

4. As notified by HKSCC Nominees Limited, as at 30 June 2011, the following participants in CCASS had interests amounting to 5.00% or more of the total issued H shares of the Company as shown in the securities accounts in CCASS:

- (1) Bank of China (Hong Kong) Limited as nominee holds 55,850,000 H shares, representing approximately 13.28% of the issued H shares of the Company;
- (2) The Hongkong and Shanghai Banking Corporation Limited as nominee holds 30,915,000 H shares, representing approximately 7.35% of the issued H shares of the Company;
- (3) Prudential Brokerage Limited as nominee holds 23,424,000 H shares, representing approximately 5.57% 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 of members maintained in accordance with section 336 of the SFO.

III. Independent Non-Executive Directors

During the Period, Mr. Cai Lian Jun, Mr. Wong Kai Tat and Mr. Chan Ming Sun Jonathan were the independent non-executive directors of the Company.

IV. Audit Committee

During the Period, the third session of audit committee of the Company comprised Mr. Cai Lian Jun, Mr. Wong Kai Tat and Mr. Chan Ming Sun Jonathan, who are all independent non-executive directors. Mr. Wong Kai Tat is the chairman of the audit committee.

The audit committee has reviewed the interim financial statements for 2011, reviewed the internal control of the Company and the disposal of 70% equity interests in Zhuhai Education. The audit committee considers the audited financial statements for the year is in compliance with the applicable accounting standards and legal requirements and appropriate disclosure has been made.

V. Annual General Meetings and Extraordinary General Meetings

(1) 2010 Annual General Meeting

On 23 June 2011, the Company convened the 2010 annual general meeting, at which the Company's 2010 report of the directors, financial statements, auditor's report, and the resolutions in respect of profit allocation and dividend distribution and appointments of new directors were being considered and approved (please refer to the Company's announcement dated 23 June 2010 for further details).

(2) First Extraordinary General Meeting for 2011

On 14 July 2011, the Company convened the first extraordinary general meeting for 2011, at which the resolution in respect of the disposal of 70% equity interests in Zhuhai Education was being considered and approved (please refer to the Company's announcement dated 14 July 2011 for further details).

VI. Dividend

During the Period, no dividend was paid. The Board of the Company resolved not to declare any interim dividend in 2011.

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 interim results report of the Company in accordance with the paragraph 46 of Appendix 16 to the Listing Rules of the Hong Kong Stock Exchange will be available for publication on the website of the Hong Kong Stock Exchange in due course.

X. Company Information

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

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” (“Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other relevant laws and regulations and has endeavored to achieve a higher standard of corporate governance.

Board

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 the 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 30 June 2011, the Board of the Company comprised nine directors, of which four were executive directors, two were non-executive directors and three were independent non-executive directors. The Company disclosed the composition of the Board in all the communications according to the category of directors (including the chairman, executive director, independent non-executive director and non-executive director).

Mr. Lin Dong Hui has tendered resignation as non-executive director on 9 August 2011 (please refer to the Company’s announcement dated 10 August 2011 for further details).

The directors of the Company (including non-executive directors) are appointed for specific term. According to the Articles of Association of the Company, directors are elected on the general meeting with a service term of three years and are subject to re-election after the term expires. The appointment of all directors of the Company shall be approved by shareholders.

The Company has not established Nomination Committee and the Board is responsible for filling a vacancy or adding new directors to the existing Board.

All the 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 qualification and relevant management experience and will provide recommendation to the Board. The Board considers that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also 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, the Company has appointed three independent non-executive directors and two of whom have appropriate qualification on accounting. All independent non-executive directors have confirmed their independence to the Company and the Company considers that each independent non-executive director is independent.

Attendance record of board meetings

Director	Position	Attendance/ meetings
An Mu Zong	Executive director	4/4
Wang Zai Xing	Executive director	4/4
Chow Ka Wo Alex	Executive director	4/4
Wang Hui	Executive director	4/4
Lin Dong Hui ⁽¹⁾	Non executive director	3/4
Bao Yi Qiang	Non executive director	4/4
Wong Kai Tat	Independent non executive director	3/4
Cai Lian Jun	Independent non executive director	4/4
Chan Ming Sun Jonathan	Independent non executive director	3/4

Notes:

(1) Mr. Lin Dong Hui resigned as non-executive director on 9 August 2011.

In the directors' meeting, the directors discussed and formulated policies and strategies for business of the Company, the corporate governance system and financial and internal control system as well as reviewed interim and annual results and other relevant material events. All directors were invited to the meeting in person and those who cannot attend the meeting himself/herself can attend the meeting via electronic media.

According to the Articles of Association, notice for board meetings should be given to all directors at least 10 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda. All applicable rules and regulations are followed in each meeting and detailed minutes of each meeting are prepared. After the meeting, the draft minutes are circulated to all directors for comment as soon as practicable.

Should a matter being considered involve a potential conflict of interests for a director, the director concerned will abstain from voting. Directors, non-executive directors and independent non-executive directors with no conflict of interests will be present at meetings dealing with such issues. The Board's audit committee also adopts the practices used in the general board meetings.

During the year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Code"), laid out in Appendix 10 to the Listing Rules, to regulate transactions such as our directors' and supervisors' dealings in the Company's securities. The Company has also issued enquiry to each director and supervisor as to whether each of them has fully complied with or violated the Code. Each of the director has confirmed that they have fully observed the Code during the period ended 30 June 2011.

Supervisory Committee

The supervisory committee now consists of two members, namely Mr. Wang Xing Ye and Mr. Lu Ming. Each supervisor effectively performs their supervisory duties relating to the Company's operations.

Audit committee and its accountability

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 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 appointing or removing external auditors, and considering their remuneration and terms of engagement.

The audit committee convened one meeting during the Period. Following the Board practice, 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 report for the period ended 30 June 2011 and discussed with the Company's auditors in respect of the accounting policies and practices adopted by the Group and financial reporting matters of the Period.

The attendance records of individual committee members are set out as below:

Name of committee member	Attendance/ meetings
Wong Kai Tat	1/1
Chan Ming Sun Jonathan	1/1
Cai Lian Jun	1/1

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, assessing its effectiveness based on discussions between the management of the Company and its auditors and audit committee.

The Board believes the existing internal control system has been substantially established and effective during its implementation.

Investor and shareholder relations

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. The Company disseminates information in respect of its business operations to investors and shareholders through publishing interim reports, annual reports and announcements and the Company's website. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff.

The hotline of the Company is 8624-24351041, and its fax number is 8624-24333288, through which the Company makes replies to the written and directory enquiries regarding all kinds of matters raised by shareholders and investors. The Company's website has been established to provide shareholders with relevant information.

Annual general meeting is an important channel for directors and shareholders to communicate with each other. The president of the Company himself presides over the annual general meeting to ensure the opinions of the shareholders can be passed directly to the Board. In an annual general meeting, the Board and chairman of the audit committee will participate in the questions raised by the shareholders, and the chairman will come up with individual resolutions in respect of every event raised in the annual general meeting.

The proceedings of the annual general meeting are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the annual general meeting, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 45 days prior to the date of the meeting.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Turnover	3	12,703	7,897
Cost of properties sold		(2,394)	(1,277)
Taxes on sales of properties		(896)	(379)
Gross profit		9,413	6,241
Other operating income		7	–
Other operating expenses		(7,910)	(2,459)
Finance costs		80	(192)
Profit before taxation		1,590	3,590
Taxation	4	–	(389)
Profit after taxation		1,590	3,201
Gain on disposal of subsidiaries		–	1,468
Acquisition of subsidiaries		–	37,391
Expenditure on donation		–	(3,000)
Total profit		1,590	39,060
Of which:			
Profit attributable to shareholders of the Company		1,347	38,896
Profit attributable to minority interests		243	164
Earnings per share – basic (cents)	6	0.13	3.81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Profit for the year	3	1,590	39,060
Other consolidated income			
Exchange differences arising on translation		—	—
Total comprehensive income for the period		<u>1,590</u>	<u>39,060</u>
Of which:			
Profit attributable to shareholders of the Company	6	<u>1,347</u>	<u>38,896</u>
Profit attributable to minority interests		<u>243</u>	<u>164</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2011

	Notes	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Non-current assets			
Plant and equipment		2,666	5,528
Investment properties		516,208	516,346
Prepaid lease payments on land use rights		-	-
Available-for-sale financial assets		13,800	13,800
Other non-current assets		-	-
		<u>532,674</u>	<u>535,674</u>
Current assets			
Properties held for sale		-	-
Inventories		788	-
Trade receivables	7	214	287
Amount due from the holding company		-	-
Prepaid lease payments on land use rights		-	-
Prepayments for acquisition of equity interests	8	74,000	-
Other receivables	9	36,821	39,754
Bank balances and cash		18,298	19,312
		<u>130,121</u>	<u>59,353</u>
Current liabilities			
Trade payables	10	5,435	5,742
Receipts in advance	11	73,990	10,715
Other payables and accrued charges		44,343	40,097
Income tax payable		-	1,036
bank borrowings – due within one year	12	-	-
Expected liabilities		1,041	1,041
		<u>124,809</u>	<u>58,631</u>
Net current assets		<u>5,312</u>	<u>722</u>
Total assets less current liabilities		<u>537,986</u>	<u>536,396</u>

		30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
	Notes		
Equity			
Share capital		1,020,400	1,020,400
Reserves		(559,422)	(560,769)
Equity attributable to shareholders of the Company		460,978	459,631
Minority interests		40,672	40,429
Total equity		501,650	500,060
Non-current liabilities			
Deferred taxation	13	33,105	33,105
Other non-current liabilities		3,231	3,231
		537,986	536,396

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	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 1 January 2010	1,020,400	323,258	103,231	–	(1,016,786)	39,574	469,677
At 1 January 2010	1,020,400	323,258	103,231	–	(1,016,786)	39,574	469,677
Loss for the period				–	38,896	164	39,060
At 30 June 2010	1,020,400	323,258	103,231	–	(977,890)	39,738	508,737
At 1 January 2011	1,020,400	323,258	103,481	–	(987,508)	40,429	500,060
Earnings for the period				–	1,347	243	1,590
At 30 June 2011	<u>1,020,400</u>	<u>323,258</u>	<u>103,481</u>		(986,161)	40,672	501,650

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	30 June 2011 (Unaudited) RMB'000	30 June 2010 (Unaudited) RMB'000
Net cash from (used in) operating activities	12,906	4,755
Net cash from (used in) investing activities	(14,000)	(12,328)
Net cash (used in) from financing activities	80	(192)
Increase (decrease) in cash and cash equivalents	(1,014)	(7,745)
Cash and cash equivalents at the beginning of the period	<u>19,312</u>	<u>23,536</u>
Cash and cash equivalents at the end of the period	<u>18,298</u>	<u>15,791</u>
Analysis of cash and cash equivalents at the end of the period as follows:		
Bank balances and cash	<u>18,298</u>	<u>15,791</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 1 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 judgment or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated 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 of RMB1,590,000 for the half year ended 30 June 2011. The management of the Company has taken the following measures:

- i) Up to the date of approval of these consolidated financial statements, the court litigations of the Group 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; and
- 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 facilitation of management, the Group divides its businesses into two main operating segments, based on which the Group prepares all its important segment information reports.

The Group's principal businesses are as follows:

Lease and management businesses: lease of campus and equipment; lease of office building and lease of parking space.

There have been no significant sales or other transactions made between different business segments of the Group during the past two periods.

For the six months ended 30 June 2011 (Unaudited)

	Lease of property RMB'000	Education projects RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>11,203</u>	<u>1,500</u>	<u>-</u>	<u>12,703</u>
Segment results	<u>9,300</u>	<u>1,009</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				-
Gain on acquisition of subsidiaries				-
Expenditure on donation				-
Profit before taxation				-
Taxation				<u>-</u>
Profit after taxation				<u>1,590</u>

For the six months ended 30 June 2010 (Unaudited)

	Property development RMB'000	Education projects RMB'000	Cemetery development RMB'000	Others RMB'000	Consolidated RMB'000
Turnover	<u>7,897</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,897</u>
Segment results	<u>3,782</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,782</u>
Unallocated corporate expenses					<u>–</u>
Profit from operations					3,782
Finance costs					<u>(192)</u>
Gain on disposal of a subsidiary					1,468
Gain on acquisition of subsidiaries					37,391
Expenditure on donation					(3,000)
Profit before taxation					39,449
Taxation					<u>(389)</u>
Profit after taxation					<u><u>39,060</u></u>

4. TAXATION

	Six months ended 30 June	
	(Unaudited) 2011 RMB'000	(Unaudited) 2010 RMB'000
Taxation of the Company and its subsidiaries comprises		
– PRC enterprise income tax	–	389
– Deferred taxation	<u>–</u>	<u>–</u>
	<u><u>–</u></u>	<u><u>389</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 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 RMB1,347,000 (profit for the six months ended 30 June 2010: RMB38,896,000) and 1,020,400,000 shares in issue during the Period.

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

7. TRADE RECEIVABLES

As at the balance sheet date, the Group's trade receivables mainly represent the rental receivables for leasing of campus and equipment. The Group normally allows a credit period of 30 days (2010: 30 days) for leasing of campus and equipment.

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

	30 June	31 December
	2011	2010
	RMB'000	RMB'000
0 – 30 days	–	–
31 – 60 days	–	–
61 – 365 days	214	287
1 – 2 years	–	–
Over 2 years	–	–
	<hr/>	<hr/>
Provision for bad or doubtful debts	–	–
	<hr/>	<hr/>
Net amount of trade receivables	214	287
	<hr/> <hr/>	<hr/> <hr/>

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

8. PREPAYMENTS FOR ACQUISITION OF EQUITY INTERESTS

On 11 May 2011, the Group entered into the share transfer 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 the agreement, the Company acquired the entire equity interests in Zhongfang Chaozhou Project Investment Development Company Limited* (中房潮州項目投資開發有限公司) ("Zhongfang Chaozhou") from Tianjin Yongyang and Shenzhen Chuangzhan (please refer to the Company's announcement dated 11 May 2011 for further details).

During the Period, the amounts prepaid by the Group to Tianjin Yongyang and Shenzhen Chuangzhan in respect of the acquisition of the equity interests are set out as follows:

	30 June 2011 RMB'000	31 December 2010 RMB'000
Prepayments	<u>74,000</u>	–
	<u>74,000</u>	<u>–</u>

* For reference only

9. 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.

10. TRADE PAYABLES

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

	30 June 2011 RMB'000	31 December 2010 RMB'000
0 – 90 days	–	–
91 – 180 days	–	–
180 – 365 day	–	–
1 – 2 years	–	–
Over 2 years	<u>5,435</u>	<u>5,742</u>
	<u>5,435</u>	<u>5,742</u>

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

11. RECEIPTS IN ADVANCE

On 26 April 2011, the Company entered into the share transfer agreement with Shanghai Buotou Zongrenzong 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 the agreement, the Group agreed to sell the 70% equity interests in Zhuhai Education to Shanghai Buotou (please refer to the Company's announcement dated 27 April 2011 for further details).

On 23 May 2011, the Company entered into the 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 the agreement, the Company agreed to sell the 100% equity interests in Shenzhen Jade Bird Shenfa Guangdian Company Limited* (深圳青鳥瀟發光電有限公司), who holds 100% equity interests in Shenzhen Optoelectronic, to Beijing Sihai (please refer to the Company's announcement dated 23 May 2011 for further details).

During the Period, the amounts received in advance by the Group from Shanghai Buotou and Beijing Sihai are set out as follows:

	30 June	31 December
	2011	2010
	RMB'000	RMB'000
Receipts in advance	<u>60,000</u>	<u>—</u>
	<u>60,000</u>	<u>—</u>

* For reference only

12. BANK LOANS

During the Period, the Group has no new bank loans.

13. DEFERRED TAXATION

	Fair value adjustment on business combination RMB'000
At 1 January 2010	17,392
Credited to income statement for the Period	<u>—</u>
At 30 June 2010	<u>17,392</u>
Credited to income statement for the Period	<u>—</u>
At 1 January 2011	<u>33,105</u>
Credited to income statement	<u>—</u>
At 30 June 2011	<u>33,105</u>

14. SHARE CAPITAL

	30 June 2011 RMB'000	31 December 2010 RMB'000
Registered, issued and fully paid:		
600,000,000 state shares of RMB1 each	600,000	600,000
420,400,000 H-shares of RMB1 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.

15. CONNECTED PARTY TRANSACTIONS

Connected parties include the Group's subsidiaries, holding companies and their subsidiaries, other state-owned enterprises and their subsidiaries that are directly or indirectly controlled by the PRC government, other companies that our Company may control or impose substantial influence on their 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.

During the Period, Zhuhai Education received rental income of RMB1,500,000 from Zhuhai School for leasing of Zhuhai Education's properties and equipment. The Board considered that,

1. the above transaction was entered into by the Company in its ordinary and usual course of business in accordance with the terms of the relevant agreement, conducted on normal commercial terms (after making reference to the relevant terms of comparable transactions conducted by comparable entities in the PRC) or on terms not less favorable than those available to third parties, and was fair and reasonable as far as the independent shareholders of the Company were concerned; and
2. the amount of the transaction did not exceed the cap of the exempted connected transaction amount of the Company granted by the Hong Kong Stock Exchange previously.

The transaction has ceased to be a connected transaction since Beida Jade Bird ceased to be an indirect shareholder of the Company.

Compensation of key management personnel

	30 June 2011 RMB'000	31 December 2010 RMB'000
Short-term benefits	0	0
Post-employment benefits	0	0
	<u>0</u>	<u>0</u>

The remunerations of directors and key management personnel are determined by the Administrative Resources and the Remuneration Committee based on their respective performance and the market practice.

16. CONTINGENT LIABILITIES

During the Period, there was no new contingent liability.

17. ASSETS SECURED/PLEDGED

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

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