天津天聯公用事業股份有限公司
TIANJIN TIANLIAN PUBLIC UTILITIES COMPANY LIMITED*

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

(Stock code: 8290)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Tianjin Tianlian Public Utilities Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purposes only*

HIGHLIGHTS

- Revenue of approximately RMB317,992,000 for the year ended 31 December 2009.
- Profit for the year and total comprehensive income for the year attributable to owners of the company of approximately RMB66,367,000 for the year ended 31 December 2009.

RESULTS

The board of Directors (the "Board") of Tianjin Tianlian Public Utilities Company Limited (the "Company") is pleased to present the audited results of the Company for the year ended 31 December 2009 together with the audited comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	**2009** *RMB'000*	2008 *RMB'000*
Revenue	*3*	**317,992**	217,169
Cost of sales		**(222,326)**	(109,848)
Gross profit		**95,666**	107,321
Other income		**6,816**	10,180
Other gains and losses		**1,711**	284
Selling expenses		**(27)**	(57)
Administrative expenses		**(14,045)**	(33,715)
Finance costs	*4*	**(2,094)**	(2,260)
Share of results of associates		**877**	(28)
Profit before tax		**88,904**	81,725
Income tax expense	*5*	**(22,537)**	(21,385)
Profit for the year and total comprehensive income for the year	*6*	**66,367**	60,340
Profit for the year and total comprehensive income for the year attributable to:			
Owners of the company		**66,367**	60,475
Minority interests		**—**	(135)
		66,367	60,340
Earnings per share			
— basic *(RMB cents)*	*8*	**5.8**	5.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	NOTES	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment		**234,025**	64,985
Prepaid lease payments		**5,021**	5,168
Intangible assets		**207,540**	201,574
Contract work in progress		**3,824**	13,596
Interests in associates		**17,332**	7,677
Prepayment		**162**	108
Deferred tax assets		**2,889**	2,889
		470,793	295,997
Current assets			
Inventories		**417**	706
Trade receivables	*9*	**69,673**	116,750
Deposits, prepayment and other receivables		**3,526**	4,485
Amount due from a shareholder		**830**	9,281
Held for trading investments		**1,613**	1,422
Short-term bank deposits with original maturity more than three months		**2,000**	—
Bank balances and cash		**187,081**	244,856
		265,140	377,500
Current liabilities			
Trade and other payables	*10*	**33,114**	37,274
Dividend payable		**9,743**	—
Income tax payable		**12,876**	15,992
Bank loan		**40,000**	30,000
Amount due to a related party		**825**	75
		96,558	83,341
Net current assets		**168,582**	294,159
Total assets less current liabilities		**639,375**	590,156
Capital and reserves			
Share capital		**114,960**	114,960
Share premium and reserves		**523,602**	474,479
Equity attributable to owners of the Company		**638,562**	589,439
Non-current liability			
Deferred tax liabilities		**813**	717
		639,375	590,156

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to owners of the Company							
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Enterprise expansion fund** *RMB'000*	**Accumulated profits** *RMB'000*	**Total** *RMB'000*	**Minority interests** *RMB'000*	**Total** *RMB'000*
At 1 January 2008	99,500	31,667	10,837	—	135,495	277,499	—	277,499
Profit for the year and total comprehensive income for the year	—	—	—	—	60,475	60,475	(135)	60,340
Capital contributed from minority shareholders of a subsidiary	—	—	—	—	—	—	7,840	7,840
Released on disposal of a subsidiary	—	—	—	—	—	—	(7,705)	(7,705)
Issue of H Shares	15,460	249,464	—	—	—	264,924	—	264,924
Shares issue expenses	—	(13,459)	—	—	—	(13,459)	—	(13,459)
Appropriation	—	—	6,143	3,071	(9,214)	—	—	—
At 31 December 2008	114,960	267,672	16,980	3,071	186,756	589,439	—	589,439
Profit for the year and total comprehensive income for the year	—	—	—	—	66,367	66,367	—	66,367
Dividend recognised as distribution	—	—	—	—	(17,244)	(17,244)	—	(17,244)
Appropriation	—	—	6,032	3,016	(9,048)	—	—	—
At 31 December 2009	114,960	267,672	23,012	6,087	226,831	638,562	—	638,562

Notes:

1. GENERAL

The Company was established at Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin, the People's Republic of China (the "PRC") as a joint stock limited company. The Company's overseas listed foreign shares ("H Shares") were listed on the Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2004. In June 2007, the Company transformed to a foreign invested joint stock limited company.

The principal activities of the Company are the operation and management of gas pipeline connection and the sale and distribution of piped gas.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRS, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC*) — INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) — INT 13	Customer loyalty programmes
HK(IFRIC) — INT 15	Agreements for the construction of real estate
HK(IFRIC) — INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) — INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39 and amendment to HKFRS 8

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has not changed the basis of measurement of the Group's segment profit or loss (see note 3). The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments.

The Group has early adopted Amendment to HKFRS 8 as part of Improvements to HKFRSs issued in 2009. The amendment clarifies that an entity shall report a measure of total assets for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 except for the amendment HKFRSs 2008[2]
HKAS 24 (Revised)	Related party disclosures[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[5]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[7]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[5]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[6]
HK(IFRIC) — INT 14 (Amendment)	Prepayments to a minimum funding requirement[3]
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendment that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 January 2010.
6 Effective for annual periods beginning on or after 1 January 2013.
7 Effective for annual periods beginning on or after 1 July 2010.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents construction contract revenue from gas connection contracts, revenue from sales of piped gas and gas appliances, construction contract revenue from construction of gas pipeline infrastructure and gas transportation revenue, net of discount, during the year.

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be indentified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. However, the adoption of HKFRS 8 does not change the basis of measurement of segment profit or loss.

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions, with four divisions, namely gas connection, sales of piped gas, construction of gas pipeline infrastructure and sales of gas appliances. For management purposes, the Group has been divided into four divisions, namely gas connection, gas transportation, sales of piped gas and sales of gas appliances, of which gas transportation is a new segment in 2009 while division of construction of gas pipeline infrastructure is not reported to chief operating decision maker. These divisions are the basis on which the Group reported its segment information, based on the financial information prepared on the PRC generally accepted accounting principles reported to the chief operating decision maker. The Group's operating segments under HKFRS 8 are as follows:

1. Gas connection — provision of piped gas connection services
2. Gas transportation — transportation of gas to 天津市燃氣集團有限公司 ("Tianjin Gas")
3. Sales of piped gas — sales of piped gas to industrial and residential users
4. Sales of gas appliances

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment reported to the chief operating decision maker.

Year ended 31 December 2009

	Gas connection	**Gas transportation**	**Sales of piped gas**	**Sales of gas appliances**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue from external customers	102,399	2,479	206,219	1,071	312,168
Segment profit before tax	73,349	1,048	22,575	240	97,212

Reconciliation of revenue

	RMB'000
Total revenue for reporting segments	312,168
Construction of gas pipeline infrastructure	5,824
Revenue	317,992

Reconciliation of reporting segment profit before tax

	RMB'000
Total profit for reporting segments	97,212
Gross profit from construction of gas pipeline infrastructure	529
Other income	6,816
Other gains and losses	1,711
Share of results of associates	877
Corporate expense	(16,147)
Finance costs	(2,094)
Profit before tax	88,904

Year ended 31 December 2008

	Gas connection *RMB'000*	**Sales of piped gas** *RMB'000*	**Sales of gas appliances** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue from external customers	135,059	74,381	1,279	210,719
Segment profit (loss) before tax	91,983	4,422	(20)	96,385

Reconciliation of revenue

	RMB'000
Total revenue for reporting segments	210,719
Construction of gas pipeline infrastructure	6,450
Revenue	217,169

Reconciliation of reporting segment profit before tax

	RMB'000
Total profit for reporting segments	96,385
Gorss profit from construction of gas pipeline infrastructure	586
Other income	10,180
Other gains and losses	284
Share of result of an associate	(28)
Corporate expense	(23,422)
Finance costs	(2,260)
Profit before tax	81,725

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, share of results of associates, corporate expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Other segment information

	Gas connection		Gas transportation		Sales of piped gas		Adjustments *(Note 1)*		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit:										
Depreciation of property, plant and equipment	**–**	–	**1,358**	–	**1,296**	857	**1,572**	1,598	**4,226**	2,455
Amortisation of intangible assets	**–**	–	**–**	–	**9,645**	5,911	**–**	–	**9,645**	5,911

Note 1: Adjustments represent corporate expenses not allocated to the measurement of segment profit.

During the year, the Group had carried out gas connection contract work with revenue of approximately RMB23,609,000 (2008: RMB38,686,000) in certain areas in Tianjin, in which the gas supply is being separately provided by Tianjin Gas, a substantial shareholder of the Company, to its own customers.

No analysis of the Group's assets and liabilities by operating segments is disclosed as they are not regularly provided to the chief operating decision maker for review.

Geographical segment

The Group's operations are all located in the PRC and all its revenue are earned from customers located in the PRC. Accordingly, no geographical segment analysis is presented.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2009	2008
	RMB'000	*RMB'000*
Customer A[1]	**71,450**	—[3]
Customer B[1]	**35,836**	—[3]
Customer C[2]	**—**[4]	28,852

1 Revenue from sales of piped gas.

2 Revenue from gas connection.

3 Revenue from customers A and B in 2008 does not contribute over 10% of the Group's total sales in 2008.

4 No revenue contributed by customer C to the Group's total sales in 2009.

4. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank borrowing wholly repayable within five years	**2,094**	2,260

5. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**22,441**	24,153
Deferred tax	**96**	(2,768)
	22,537	21,385

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 25% for the year (2008: 25%).

The subsidiaries did not have taxable profit for the year.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

6. PROFIT FOR THE YEAR

	2009	2008
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**630**	629
Staff costs including directors' and supervisors' remuneration	**3,756**	3,172
Depreciation of property, plant and equipment	**4,226**	2,455
Amortisation of intangible assets (included in cost of sales)	**9,645**	5,911
Amortisation of prepaid lease payments (included in administrative expense)	**147**	147
Operating lease rentals in respect of rented premises	**519**	529
Allowances for bad and doubtful debts	**—**	11,557
Cost of gas purchased	**169,985**	62,258
Net (gain) loss on fair value change of held for trading investments	**(1,711)**	207
Net foreign exchange loss	**268**	6,281

7. DIVIDEND

	2009	2008
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
2008 Final — RMB1.5 cents (2008: Nil)	**17,244**	—

No dividend was proposed during 2009, nor has any divided been proposed since the end of the reporting period (2008: RMB1.5 cents).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of RMB66,367,000 (2008: RMB60,475,000) and the weighted average number of shares of 1,149,600,000 (2008: 1,119,186,885 shares) in issue during the year.

No diluted earnings per share has been presented as the Company had no outstanding potential shares during both years or at the end of the reporting period.

9. TRADE RECEIVABLES

The Group has a policy of allowing an average credit period of 90 days to its customers. For certain customers with long-established relationship and good repayment histories, a longer credit period up to 180 days may be granted.

The aged analysis of trade debtors net of allowance presented at the end of the reporting period is as follows:

	2009	2008
	RMB'000	*RMB'000*
0 — 90 days	**21,698**	66,097
91 — 180 days	**—**	16,619
181 — 270 days	**1,959**	7,626
271 — 365 days	**3,006**	490
Over 365 days	**43,010**	25,918
	69,673	116,750

10. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis presented based on invoice date at the end of the reporting period as follows:

	2009	2008
	RMB'000	*RMB'000*
0 — 90 days	**16,976**	22,929
91 — 180 days	**301**	3,130
181 — 270 days	**90**	1,586
271 — 365 days	**—**	610
Over 365 days	**759**	759
	18,126	29,014

MANAGEMENT DISCUSSION AND ANALYSIS

Since the listing of the H shares ("H Shares") of the Company on GEM on 9 January 2004, the Group has been growing rapidly in terms of the business scope and market coverage of its products and services.

In order to further expand the Group's business in Tianjin, on 8 May 2009, the Company entered into a capital increase agreement with 天津市燃氣集團有限公司 ("Tianjin Gas") (one of the promoters and substantial shareholder of the Company) and Tianjin Public Infrastructure Construction Company ("Tianjin Infrastructure") (wholly-owned subsidiary of Tianjin Gas), both being the original shareholders of Tianjin Binhai Gas Limited ("Binhai Company"), whereby the Company agreed to contribute RMB8,778,000 (approximately HK$9,966,000) in cash in Binhai Company and become a new shareholder of Binhai Company, whereas Tianjin Gas and Tianjin Infrastructure agreed to accept the Company as a new shareholder of Binhai Company. Upon completion of the capital increase, the registered capital of Binhai Company increased from RMB5,000,000 (of which RMB3,000,000 (60%) was contributed by Tianjin Gas and RMB2,000,000 (40%) was contributed by Tianjin Infrastructure) to RMB7,200,000, whereas the equity interest of Binhai Company was owned as to 30.55%, 41.67% and 27.78% respectively by the Company, Tianjin Gas and Tianjin Infrastructure. RMB2,200,000 out of the said contribution of RMB8,778,000 (approximately HK$2,498,000) became the registered capital of Binhai Company, while the remaining RMB6,578,000 was transformed as the reserve fund of Binhai Company.

As Tianjin Gas is one of the promoters and a substantial shareholder of the Company, the entering into the capital increase agreement also constitutes a connected transaction of the Company and is subject to reporting and announcement requirements under the GEM Listing Rules. For details, please refer to the Company's announcement dated 11 May 2009.

On 2 July 2009, Tianjin Gas and the Company entered into a conditional gas transportation agreement (the "Gas Transportation Contract"). Pursuant to the Gas Transportation Contract, the Company agreed to allow Tianjin Gas to transmit natural gas to end users via the gas pipelines owned and managed by the Company. In return, Tianjin Gas paid to the Company the gas transportation fees. The annual caps for the gas transportation fees in respect of the three years ending 31 December 2011 were RMB18 million, RMB40 million and RMB55 million respectively.

The entering into the Gas Transportation Contract constituted a continuing connected transaction of the Company. The annual caps did not fall under the exemption in Rules 20.33 and 20.34 of the GEM Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under the Rules 20.45 to 20.54 of the GEM Listing Rules. This transaction was approved by the independent shareholders of the Company in September 2009.

For details, please refer to the Company's announcement dated 3 July 2009 and the Company's circular dated 24 July 2009.

BUSINESS REVIEW

For the year ended 31 December 2009, the Group reported a revenue of approximately RMB317,992,000, representing an increase of approximately 46.43% as compared with the previous year. The profit for the year and total comprehensive income for the year attributable to owners of the Company for the year ended 31 December 2009 amounted to approximately RMB66,367,000 (2008: approximately RMB60,475,000) representing an increase of approximately 9.74%.

SEGMENTAL INFORMATION ANALYSIS

During the year, the Group has continued to implement its formulated development strategies to provide piped gas connection to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of gas is the major source of income for the Group, which is followed by gas connection revenue, gas transportation and sales of gas appliances. The Group further expanded the operation in these three areas, in order to attain its strategic objectives for this year.

FINANCIAL RESOURCES

The Group is generally funded by equity financing and bank borrowings. As at 31 December 2009, the Group had bank borrowings of RMB40,000,000 from Industrial Bank Co., Ltd.. The Group mostly uses Renminbi in its operation and it has not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's asset liability ratio (total liabilities to total asset rate) as at 31 December 2009 was approximately 0.13.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no material contingent liabilities or guarantees.

PROSPECTS

With the fast growth of China's economy and the gradual increase of private investments, all the recent factors indicate that the growth of the energy industry in China remains strong. Combined with the special attention of the State on the West-to-East Pipeline Project and environmental protection measures, the gas industry in China is still growing rapidly. In view of environment protection and efficiency, the Chinese government plans to gradually reduce the use of coal and instead encourage the use of green fuels such as various natural gases.

Benefiting from the reformation of gas companies across China and the considerable demands, the Group expects to further increase the market share. The directors and management of the Company will try their best to bring satisfactory returns to shareholders.

The Group plans to further explore the following areas in the future:

- Focus on the balanced development of various gas-related businesses and make efforts to develop the piped gas market, including participating in the urban natural gas pipeline network projects in local areas by way of mergers or acquisitions.

- Continue to advance the research, evaluation, negotiation and other work related to existing projects, and ensure the fulfillment of the business objectives.

- Continue to strengthen the financial management of the Group. The Group also aims to continuously lower the operating costs and maximize the revenue from the operating projects.

- Further its efforts in personnel training and recruitment, facilitate the smooth operations and developments of the Group, develop positive corporate culture, and upgrade the management of the Company.

Based on these achievements, the Group will further strengthen the operating management of existing businesses and input greater resources into the market development.

ACQUISITION OF ASSETS

On 16 September 2009, the Company entered into as assets acquisition Agreement ("Assets Acquisition Agreement") with Tianjin Gas, pursuant to which the Company conditionally agreed to acquire from Tianjin Gas the Transferred Assets (as defined in the Company's announcement dated 5 October 2009) at the consideration of RMB620,736,991.84. The Company will allot and issue the consideration shares to Tianjin Gas to satisfy the above consideration.

On 16 September 2009, Tianjin Gas and the Company entered into the Gas Supply Contracts (as defined in the Company's announcement dated 5 October 2009) in respect of the supply of natural gas by Tianjin Gas to the Group for the period from the completion of the proposed assets transfer to 31 December 2009 and the two years ending 31 December 2011.

The Gas Supply Contracts are conditional on the completion of Assets Acquisition Agreement.

Tianjin Gas is one of the promoters of the Company and as at the date of this report held 253,809,687 domestic shares of the Company, representing approximately 22.08% shareholding of the Company. Therefore, Tianjin Gas is a substantial shareholder of the Company (as defined in the GEM Listing Rules). Pursuant to Rule 20.11(1) of the GEM Listing Rules, Tianjin Gas is also a connected person of the Company. Pursuant to Rule 20.13(1) of the GEM Listing Rules, the proposed assets transfer constitutes a connected transaction of the Company and, pursuant to Rule 20.14, the gas supply transaction constitutes a continuing connected transaction of the Company. Pursuant to Rule 20.35 of the GEM Listing Rules, the proposed assets transfer and the gas supply transaction is subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rules 20.45 to 20.48 of the GEM Listing Rules. Tianjin Gas and its associates shall abstain from voting on the resolution(s) in relation to the proposed assets transfer and the gas supply transaction at the extraordinary general meeting and the class meeting to be convened by the Company.

As the applicable percentage ratios (as defined in the GEM Listing Rules) of the proposed assets transfer is higher than 100%, the proposed assets transfer constitutes a very substantial acquisition under Rule 19.06 of the GEM Listing Rules and is subject to shareholders' approval. As the proposed assets transfer (if completed) would also increase the shareholding of Tianjin Gas in the Company from approximately 22.08% to approximately 51.30%, it also constitutes a reverse takeover under Rule 19.06(6) of the GEM Listing Rules and the Company was treated as a new listing applicant if the proposed assets transfer proceeds. In this regard, a new listing application has been submitted to the Stock Exchange on 10 December 2009.

As mentioned, the proposed assets transfer (if completed) would increase the shareholding of Tianjin Gas in the Company from approximately 22.08% to approximately 51.30%. As such, the proposed assets transfer (if completed) would trigger an obligation on Tianjin Gas to make a mandatory general offer to acquire all the issued Shares other than those already held by Tianjin Gas pursuant to Rule 26 of the Takeovers Codes.

An application has been made by Tianjin Gas on 11 December 2009 to the executive director of the Corporate Finance Division of the Securities and Future Commission of Hong Kong (the "Executive") for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Codes. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the independent shareholders at the extraordinary general meeting by way of poll. If the Whitewash Waiver is not granted by the Executive, the proposed assets transfer will not proceed.

A circular containing, inter alia, details of (i) the Assets Acquisition Agreement; (ii) a letter from the independent board committee of the Company containing its advice and recommendation to the independent shareholders in respect of the proposed assets transfer and the Whitewash Waiver; (iii) a letter from an independent financial adviser to the independent board committee of the Company and the independent shareholders containing its advice to the independent board committee of the Company and the independent shareholders in respect of the proposed assets transfer and the Whitewash Waiver; (iv) valuation report of the Transferred Assets prepared in compliance with Rule 11 of the Takeovers Codes; (v) valuation report of the enlarged Group's interest in land and buildings; (vi) the letter from the independent financial adviser in relation to their view on the qualification and experience of the valuer and the valuation report; (vii) notices of the extraordinary general meeting and the class meeting; and (viii) other information as required by the GEM Listing Rules will be despatched by the Company to the shareholders as soon as practicable.

For details, please refer to the Company's announcements dated 5 October 2009 and 31 December 2009.

RENEWAL OF GAS SUPPLY CONTRACTS AND PIPELINE DESIGN AGREEMENT

On 27 October 2009, Tianjin Gas and the Company entered into the 2010 Gas Supply Contract, 2011 Gas Supply Contract and 2012 Gas Supply Contract (all as defined in the Company's announcement dated 27 October 2009) in respect of renewal of the supply of natural gas by Tianjin Gas to the Group for the period from 1 January 2010 to 31 December 2012.

On 27 October 2009, the Company and Design Institute entered into the 2010 Pipeline Design Agreement (as defined in the Company's announcement dated 27 October 2009) in respect of renewal of provision of pipeline design service by Design Institute to the Company for the period from 1 January 2010 to 31 December 2012.

As each of the percentage ratios (other than the profits ratio) for the aggregate caps of the transactions contemplated under the 2010 Gas Supply Contract, the 2011 Gas Supply Contract and the 2012 Gas Supply Contract for each of the 12 months ending 31 December 2010, 31 December 2011 and 31 December 2012 of RMB290,000,000, RMB348,000,000 and RMB416,000,000 was on an annual basis more than 2.5%, the transactions contemplated under the 2010 Gas Supply Contract, the 2011 Gas Supply Contract and the 2012 Gas Supply Contract did not fall under the exemption in Rules 20.33 and 20.34 of the GEM Listing Rules and were subject to the reporting, announcement and independent shareholders' approval requirements to approve the 2010 Gas Supply Contract, the 2011 Gas Supply Contract and the 2012 Gas Supply Contract and the respective annual caps abovementioned under Chapter 20 of the GEM Listing Rules. These transactions were approved by the independent shareholders of the Company on 28 December 2009.

As each of the percentage ratios (other than the profits ratio) for the caps of the transactions contemplated under the 2010 Pipeline Design Agreement were on an annual basis more than 2.5% but less than 25% and the annual consideration was less than HK$10,000,000, the 2010 Pipeline Design Agreement was exempt from the independent shareholders' approval requirement and was only subject to the reporting and announcement requirements under Rule 20.34 of the GEM Listing Rules.

For details, please refers to the Company's announcements dated 27 October 2009 and 18 December 2009 and the Company's circular dated 11 November 2009.

STAFF AND EMOLUMENT POLICY

As at 31 December 2009, the Group had a workforce of 82 full-time employees, among which 98.78% were working in mainland China.

Emoluments of employees were determined pursuant to the common practice of the industry as well as individual performance. In addition to regular salaries, the Group also paid discretionary bonus to eligible employees subject to the Group's operating results and individual performance. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees.

DIVIDENDS

No dividend was proposed during 2009, nor has any divided been proposed since the end of the reporting period (2008: RMB1.5 cents).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2009, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or its subsidiary was a party and in which a Director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period under review or at any time during the year.

COMPETING INTERESTS

As at 31 December 2009, the Directors are not aware of any business or interest of the Directors, the management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

During the year ended 31 December 2009, the Company had complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the period of review.

During the year ended 31 December 2009, the Company had complied with the Code on Corporate Governance Practice set out in Appendix 15 to the GEM Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company or its subsidiary a party to any arrangements to enable the Directors and supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2009, the Company had adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Company established an audit committee on 3 December 2003 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Professor Zhang Yu Li, Mr. Luo Wei Kun and Mr. Chan Shun Kuen. The Audit Committee has reviewed the report and the results for the year.

By order of the board
Tianjin Tianlian Public Utilities Company Limited*
Sun Bo Quan
Chairman

Tianjin, PRC, 26 March 2010

As at the date of this announcement, the Board comprises 4 executive Directors, namely Mr. Jin Jian Ping, Mr. Dong Hui Qiang, Ms. Tang Jie, Mr. Bai Shao Liang, 2 non-executive Directors, namely Mr. Sun Bo Quan (Chairman) and Mr. Gong Jing, and 3 independent non-executive Directors, namely Mr. Zhang Yu Li, Mr. Luo Wei Kun and Mr. Chan Shun Kuen, Eric.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the website of the Company at www.hklistco.com/8290.

* *For identification purposes only*