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 2010

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 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

HIGHLIGHTS

- Revenue of approximately RMB383,631,000 for the year ended 31 December 2010.
- Profit for the year and total comprehensive income for the year attributable to owners of the company of approximately RMB76,707,000 for the year ended 31 December 2010.

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 2010 together with the audited comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** ***RMB'000***	2009 *RMB'000*
Revenue	*3*	**383,631**	317,992
Cost of sales		**(275,654)**	(222,326)
Gross profit		**107,977**	95,666
Other income		**6,154**	6,816
Other gains and losses		**565**	1,711
Selling expenses		**(26)**	(27)
Administrative expenses		**(15,497)**	(14,045)
Finance costs	*5*	**(2,166)**	(2,094)
Share of profit of associates		**4,382**	877
Profit before tax		**101,389**	88,904
Income tax expense	*6*	**(24,682)**	(22,537)
Profit for the year and total comprehensive income for the year	*7*	**76,707**	66,367
Profit for the year and total comprehensive income for the year attributable to owners of the Company		**76,707**	66,367
Earnings per share — basic (RMB cents)	*9*	**6.7**	5.8

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

		The Group		The Company	
		31 December 2010	31 December 2009	**31 December 2010**	31 December 2009
	NOTES	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Non-current assets					
Property, plant and equipment		**259,007**	234,025	**258,960**	233,982
Prepaid lease payments		**8,226**	5,021	**8,226**	5,021
Intangible assets		**202,772**	207,540	**202,772**	207,540
Contract work in progress		**847**	3,824	**847**	3,824
Investments in subsidiaries		**—**	—	**20,000**	20,000
Interests in associates		**21,714**	17,332	**8,778**	8,778
Prepayment		**136**	162	**136**	162
Deferred tax assets		**2,811**	2,889	**2,811**	2,889
		495,513	470,793	**502,530**	482,196
Current assets					
Inventories		**823**	417	**823**	417
Trade receivables	*10*	**48,546**	69,673	**48,546**	69,673
Prepayment and other receivables		**11,636**	3,526	**11,636**	3,526
Amount due from a shareholder		**12,024**	830	**12,024**	830
Held for trading investments		**2,460**	1,613	**—**	—
Short-term bank deposits with original maturity more than three months		**2,060**	2,000	**—**	—
Bank balances and cash		**228,924**	187,081	**220,302**	177,924
		306,473	265,140	**293,331**	252,370
Current liabilities					
Trade and other payables	*11*	**30,383**	33,114	**30,170**	32,971
Dividend payable		**9,743**	9,743	**9,743**	9,743
Income tax payable		**4,476**	12,876	**4,350**	12,844
Borrowings		**40,000**	40,000	**40,000**	40,000
Amount due to a related party		**1,298**	825	**1,298**	825
		85,900	96,558	**85,561**	96,383
Net current assets		**220,573**	168,582	**207,770**	155,987
Total assets less current liabilities		**716,086**	639,375	**710,300**	638,183
Capital and reserves					
Share capital		**114,960**	114,960	**114,960**	114,960
Share premium and reserves		**600,309**	523,602	**594,523**	522,410
Equity attributable to owners of the Company		**715,269**	638,562	**709,483**	637,370
Non-current liability					
Deferred tax liabilities		**817**	813	**817**	813
		716,086	639,375	**710,300**	638,183

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to owners of the Company					
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Statutory surplus reserves** *RMB'000* *(note i)*	**Enterprise expansion fund** *RMB'000* *(note i)*	**Accumulated profits** *RMB'000*	**Total** *RMB'000*
At 1 January 2009	114,960	267,672	16,980	3,071	186,756	589,439
Profit for the year and total comprehensive income for the year	—	—	—	—	66,367	66,367
Dividend recognised as distribution	—	—	—	—	(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
Profit for the year and total comprehensive income for the year	—	—	—	—	76,707	76,707
Appropriation	—	—	6,628	3,315	(9,943)	—
At 31 December 2010	114,960	267,672	29,640	9,402	293,595	715,269

Notes:

(i) Basis of appropriations reserves

Prior to August 2007, each of the Company's and its subsidiaries' Articles of Association requires the appropriation of 10% its profit after tax determined under the People's Republic of China ("PRC") accounting standards each year to the statutory surplus reserve until the balance reaches 50% of the share capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation. After transformation to a foreign invested joint stock company in June 2007, the transfers to statutory surplus reserve fund is based on the profit after tax stated in the financial statements prepared under the PRC accounting standards at the discretion of the board of directors.

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries are required to maintain an enterprise expansion fund. Enterprise expansion fund are non-distributable. Appropriations to such reserves are made out of net profit after tax annually of the PRC subsidiaries at the discretion of its board of directors. The enterprise expansion fund is used for expanding the capital base of the PRC companies by means of capitalisation issue.

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 infrastructure and the sale and distribution of piped gas.

The Group's principal operations are conducted in the PRC. The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, a number of new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRS, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the accounting period beginning on January 2010.

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the new and revised Standards and Interpretations in current year has had no material effect on the amounts reported in these consolidated financial statements and disclsoures set out in these consolidated financial statements.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 July 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 February 2010.

The amendments to HKAS 24 "Related Party Disclosures" simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The previous vision of HKAS 24 contained no specific exemption for government-related entities. As a result, the amendments to HKAS 24 provide a partial exemption from the disclosure requirements of HKAS 24 for government-related entities. Specifically, a reporting entity is exempted from the general disclosure requirements of HKAS 24 in relation to related party transactions and outstanding balances (including commitments) with: (i) a government that has control, joint control or significant influence over the reporting entity; and (ii) another entity that is related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The amendments to HKAS 24 also simplify the definition of a related party, clarify the intended meaning and eliminate a number of inconsistencies. The application of HKAS 24 might affect the disclosures of the Group's related party transactions.

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

3. REVENUE

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.

4. SEGMENT INFORMATION

For management purposes, the Group is divided into four divisions, namely gas connection, gas transportation, sales of piped gas and sales of gas appliances. The construction of gas pipeline infrastructure operation is not reported to the board of directors of the Company (being the 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 based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follow:

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.

The following is an analysis of the Group's revenue and results by operating segment for the year under review:

Year ended 31 December 2010

	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	110,430	3,883	257,602	5,872	377,787
Segment profit	76,636	1,159	31,810	1,274	110,879

Reconciliation of segment revenue

	RMB'000
Total segments revenue	377,787
Revenue from construction of gas pipeline infrastructure	5,844
Revenue	383,631

Reconciliation of segment profit

	RMB'000
Total segment profit	110,879
Profit from construction of gas pipeline infrastructure	111
Share of result of associates	4,382
Other income	6,154
Other gains and losses	565
Corporate expenses	(18,536)
Finance costs	(2,166)
Profit before tax	101,389

Year ended 31 December 2009

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

Reconciliation of segment revenue

	RMB'000
Total segments revenue	312,168
Revenue from construction of gas pipeline infrastructure	5,824
Revenue	317,992

Reconciliation of segment profit

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

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 result 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		Total for all segments		Adjustments (Note 1)		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	RMB'000	*RMB'000*	***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	**—**	—	**2,598**	1,358	**1,355**	1,296	**3,953**	2,654	**1,664**	1,572	**5,617**	4,226
Amortisation of intangible assets	**—**	—	**—**	—	**9,567**	9,645	**9,567**	9,645	**—**	—	**9,567**	9,645

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 RMB27,431,000 (2009: RMB23,609,000) 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 segment is disclosed as they are not regularly provided to the board of directors of the Company 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 are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer A[1]	**99,949**	71,450
Customer B[1]	**45,030**	35,836

[1] Revenue from sales of piped gas.

5. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank borrowing wholly repayable within five years	**2,166**	2,094

6. INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**24,600**	22,441
Deferred tax	**82**	96
	24,682	22,537

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 25% for the year (2009: 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.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of comprehensive income as follows:

	2010	2009
	RMB'000	*RMB'000*
Tax expense for the year	**101,389**	88,904
Tax at the domestic income tax rate of 25%	**25,347**	22,226
Tax effect of share of results of associates	**(1,096)**	(219)
Tax effect of expenses that are not deductible in determining taxable profit	**431**	530
Tax expense for the year	**24,682**	22,537

7. PROFIT FOR THE YEAR

	2010	2009
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**5,617**	4,226
Amortisation of intangible assets (included in cost of sales)	**9,567**	9,645
Total depreciation and amortization	**15,184**	13,871
Auditor's remuneration	**625**	630
Staff costs including directors' and supervisors' remuneration	**4,762**	3,756
(Gain)Loss on disposal of property, plant and equipment	**3**	—
Amortisation of prepaid lease payments (included in administrative expense)	**147**	147
Operating lease rentals in respect of rented premises	**512**	519
Reversal of allowances for bad and doubtful debts	**(316)**	—
Cost of gas purchased	**212,320**	169,985
Net loss (gain) on fair value change of held for trading investments	**(565)**	(1,711)
Net foreign exchange losses	**(9)**	268

8. DIVIDEND

	2010	2009
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year: 2010 RMB Nil (2009: 2008 Final — RMB1.5 cents)	**—**	17,244

No dividend was proposed during the year ended December 2010 and 2009, nor has any dividend been proposed since the end of the reporting period.

9. 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 RMB76,707,000 (2009: RMB66,367,000) and the weighted average number of shares of 1,149,600,000 (2009: 1,149,600,000 shares) in issue during the year.

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

10. TRADE RECEIVABLES/DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	The Group and the Company	
	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
Trade receivables	**61,220**	82,575
Less: impairment loss recognised	**(12,674)**	(12,902)
Net trade receivables	**48,546**	69,673
Other receivables	**5,494**	4,980
Less: impairment loss recognised	**(2,655)**	(2,743)
Total other receivables	**2,839**	2,237
Prepayment	**8,797**	1,289
	11,636	3,526

Movement in impairment loss recognised:

	The Group and the Company	
	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
Trade receivables:		
Balance at beginning of the year	**12,902**	12,902
Amounts recovered during the year	**(228)**	—
Balance at end of the year	**12,674**	12,902
Other receivables:		
Balance at beginning of the year	**2,743**	2,743
Amounts recovered during the year	**(88)**	—
Balance at end of the year	**2,655**	2,743

Included in the carrying amount of trade and other receivables as at 31 December 2010 was accumulated impairment loss of RMB12,674,000 (31.12.2009: RMB12,902,000) and RMB2,655,000 (31.12.2009: RMB2,743,000) for trade receivables and other receivables respectively, most of which was past due for over one year as at the end of the reporting date and with no subsequent settlement records.

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 following is an aged analysis of trade receivable presented based on the invoice date at the end of the reporting period.

The aged analysis of trade debtors net of allowance based on invoice date is as follows:

	The Group and the Company	
	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
0-90 days	**18,527**	21,698
91-180 days	**6,557**	—
181-270 days	**1,017**	1,959
271-365 days	**—**	3,006
Over 365 days	**22,445**	43,010
	48,546	69,673

Before accepting any new customer, the Group will assess credit worthiness by customer in considering the customer's quality and determine the credit terms for that customers. In addition, the Group has reviewed the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable. In the opinion of the directors, receivables neither past due nor impaired have good settlement records and no default history at the and of the reporting date.

Included in the Group's and the Company's trade receivables balance are debtors with aggregate carrying amount of RMB23 million (2009: RMB48 million) which are past due at the reporting date for which the Group and the Company has not provided for impairment loss because there has no significant change in credit quality of that customers and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

Aging of trade receivables based on invoice date which are past due but not impaired:

	The Group and the Company	
	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
181-270 days	**1,017**	1,959
271-365 days	**—**	3,006
Over 365 days	**22,445**	43,010
	23,462	47,975

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis based on past due date as follows:

	The Group and the Company	
	31 December 2010	31 December 2009
	RMB'000	*RMB'000*
0-90 days	**10,912**	16,976
91-180 days	**123**	301
181-270 days	**41**	90
271-365 days	**—**	—
Over 365 days	**1,101**	759
	12,177	18,126

BUSINESS REVIEW

For the year ended 31 December 2010, the Group reported a revenue of approximately RMB383,361,000, representing an increase of approximately 20.64% 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 2010 amounted to approximately RMB76,707,000 (2009: approximately RMB66,367,000) representing an increase of approximately 15.58%.

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 four areas, in order to attain its strategic objectives for this year.

ACQUISITION OF ASSETS

On 16 September 2009, the Company entered into an assets acquisition agreement (the "Assets Acquisition Agreement") with 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited) ("Tianjin Gas"), a substantial shareholder of the Company, pursuant to which the Company has agreed to acquire from Tianjin Gas (the "Proposed Assets Transfer") the assets (which consist of part of the tangible assets and gas ancillary facilities held by the Hedong District Sales Offices and the Heping District Sales Offices of both Transmission Branch and First Sales Branch of Tianjin Gas, including outdoor pipelines of over 1,400 kilometres, domestic pipelines connected to approximately 360,000 users as at 30 June 2010, and the related machinery and electronic equipment and 40 vehicles) (the "Transferred Assets"). Upon completion of the Proposed Assets Transfer, the Transferred Assets will be owned by the Group. The Group will provide piped gas to the users connected by the Transferred Assets.

The Directors consider that the Group will benefit from the Proposed Assets Transfer. In particular, (i) the Proposed Assets Transfer will significantly increase the operation scale of the Group in terms of number of users and areas of operation; (ii) the Proposed Assets Transfer will broaden and diversify the Group's client base; (iii) the Proposed Assets Transfer will increase the market share of the gas business of the Group in Tianjin; (iv) the Transferred Assets are located in urban districts, where the local pipeline networks and other pipeline-related facilities have been fully developed, thus the Company does not have to inject additional capital to develop the relevant facilities; and (v) the Transferred Assets are profitable assets.

For details, please refer to the Company's announcement dated 5 October 2009 and the Company's circular dated 31 December 2010.

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 its market share in its existing operational locations. The directors and management of the Company will try their best to bring satisfactory returns to shareholders.

The principal objectives of the Group are to expand its supply of natural gas business through expansion of its gas pipelines network and to maximize the returns for Shareholders. To achieve these objectives, the Group will pursue the strategies set out below.

- The Group will continue to supply piped natural gas to its existing operational locations in Tianjin City and will aim at expansion by constructing new pipelines and connecting to more users in its existing operational locations.

- The Group will seek to expand its gas pipelines network by mergers and acquisitions, if suitable assets or suitable targets are identified.

- Apart from its natural gas operation in Tianjin City, the Group will also continue to explore and develop its natural gas operation in Jining City.

- The Company will continue its expansion in Binhai New District by capital injection in 天津市濱海燃氣有限公司 (Tianjin Binhai Gas Limited), a subsidiary of Tianjin Gas.

- The Shareholders at the extraordinary general meeting and separate class meetings held on 29 October 2008 approved the special resolutions, among other things, making of the relevant applications for the proposed transfer of listing of H Shares of the Company from GEM to the main board of the Stock Exchange (the "Main Board"). On 11 December 2009, the listing application for the transfer of listing of H Shares of the Company from GEM to the Main Board has been submitted to 中國證券監督管理委員會 (China Securities Regulatory Commission) ("CSRC") and the said listing application has been approved by the CSRC on 10 November 2010. As at the date of this announcement, the Company has not yet filed the application to the Stock Exchange for the transfer of listing of its H Shares from GEM to the Main Board.

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.

STAFF AND EMOLUMENT POLICY

As at 31 December 2010, the Group had a workforce of 89 full-time employees.

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 2010, nor has any dividend been proposed since the end of the reporting period (2009: RMB0 cents).

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

During the year ended 31 December 2010, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the year ended 31 December 2010, the Company had complied with the Code on Corporate Governance Practice set out in Appendix 15 to the GEM Listing Rules.

SUBSEQUENT EVENTS

The Shareholders at the extraordinary general meeting and separate class meetings held on 15 February 2011 approved, among other things, the Proposed Assets Transfer.

As at the date of this announcement, the Proposed Assets Transfer has not yet completed. The Company has obtained the approval from 天津市商務委員會 (Tianjin Municipal Commerce Committee) for, inter alia, the subscription of the Company's shares by Tianjin Gas. The Company will file an application with the relevant Administration for Industry and Commerce Bureau in Tianjin for its approval for, inter alia, the subscription of the Company's shares by Tianjin Gas. The legal advisers to the Company as to PRC laws advised that, after , inter alia, the subscription of the Company's shares by Tianjin Gas has been filed and registered with the said Administration for Industry and Commerce Bureau, the Proposed Assets Transfer will be completed.

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, 25 March 2011

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 4 independent non-executive Directors, namely Mr. Zhang Yu Li, Mr. Luo Wei Kun, Mr. Chan Shun Kuen, Eric and Mr. Tam Tak Kei, Raymond.

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.