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: 01265)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Revenue of approximately RMB1,058,017,000 for the year ended 31 December 2011.
- Profit for the year and total comprehensive income for the year attributable to owners of the company of approximately RMB90,907,000 for the year ended 31 December 2011.

RESULTS

The board (the "Board") of Directors (the "Directors") of Tianjin Tianlian Public Utilities Company Limited (the "Company") is pleased to present the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 together with the audited comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**Year ended 31 December 2011** ***RMB'000***	Year ended 31 December 2010 *RMB'000*
Revenue	*3*	**1,058,017**	383,631
Cost of sales		**(919,568)**	(275,654)
Gross profit		**138,449**	107,977
Other income		**10,243**	6,154
Other gains and losses		**(1,106)**	565
Selling expenses		**(135)**	(26)
Administrative expenses		**(31,153)**	(15,497)
Finance costs	*5*	**(168)**	(2,166)
Share of profit of associates		**4,453**	4,382
Profit before tax		**120,583**	101,389
Income tax expense	*6*	**(29,676)**	(24,682)
Profit for the year and total comprehensive income for the year	*7*	**90,907**	76,707
Profit for the year and total comprehensive income for the year attributable to owners of the Company		**90,907**	76,707
Earnings per share – basic (RMB cents)	*9*	**5.5**	6.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

		The Group		The Company	
		31 December 2011	31 December 2010	**31 December 2011**	31 December 2010
	NOTES	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Non-current assets					
Property, plant and equipment		**306,194**	259,007	**306,157**	258,960
Prepaid lease payments		**8,024**	8,226	**8,024**	8,226
Intangible assets		**738,582**	203,619	**738,582**	203,619
Investments in subsidiaries		**–**	–	**20,000**	20,000
Interests in associates		**26,167**	21,714	**8,778**	8,778
Prepayment		**110**	136	**110**	136
Deferred tax assets		**3,271**	2,811	**3,271**	2,811
Deposit for acquisition of additional interest in an associate		**5,000**	–	**–**	–
		1,087,348	495,513	**1,084,922**	502,530
Current assets					
Inventories		**922**	823	**922**	823
Trade receivables	*10*	**266,554**	48,546	**266,004**	48,546
Prepayment and other receivables		**20,646**	11,636	**20,646**	11,636
Amount due from a shareholder		**–**	12,024	**–**	12,024
Amount due from an associate		**1,490**	–	**–**	–
Held for trading investments		**2,046**	2,460	**–**	–
Short-term bank deposits with original maturity more than three months		**–**	2,060	**–**	–
Bank balances and cash		**272,031**	228,924	**268,771**	220,302
		563,689	306,473	**556,343**	293,331
Current liabilities					
Trade and other payables	*11*	**143,216**	30,383	**143,003**	30,170
Dividend payable		**9,118**	9,743	**9,118**	9,743
Income tax payable		**9,238**	4,476	**9,125**	4,350
Borrowings		**–**	40,000	**–**	40,000
Amount due to a shareholder		**83,861**	–	**83,861**	–
Amount due to a related party		**1,116**	1,298	**1,116**	1,298
		246,549	85,900	**246,223**	85,561
Net current assets		**317,140**	220,573	**310,120**	207,770
Total assets less current liabilities		**1,404,488**	716,086	**1,395,042**	710,300
Capital and reserves					
Share capital		**183,931**	114,960	**183,931**	114,960
Share premium and reserves		**1,212,247**	600,309	**1,202,801**	594,523
Equity attributable to owners of the Company		**1,396,178**	715,269	**1,386,732**	709,483
Non-current liability					
Amount due to a shareholder		**7,428**	–	**7,428**	–
Deferred tax liabilities		**882**	817	**882**	817
		1,404,488	716,086	**1,395,042**	710,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	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 2010	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
Profit for the year and total comprehensive income for the year	–	–	–	–	90,907	90,907
Issue of Domestic Shares *(note ii)*	68,971	521,031	–	–	–	590,002
Appropriation	–	–	7,693	3,847	(11,540)	–
At 31 December 2011	183,931	788,703	37,333	13,249	372,962	1,396,178

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.

(ii) Pursuant to the announcement of the Company dated 5 October 2009 and the circular of the Company dated 31 December 2010 in relation to the very substantial acquisition, the Company entered into the Assets Acquisition Agreement with 天津市燃氣集團有限公司 ("Tianjin Gas"), pursuant to which the Company conditionally agreed to acquire from Tianjin Gas part of the tangible assets were gas ancillary facilities (including outdoor pipelines) and the right for distribution of gas (the "Transferred Assets") held by the Hedong District Sales Offices and the Heping District Sales Offices of both the Transmissions Branch and the First Sales Branch of Tianjin Gas (both branches of Tianjin Gas). To satisfy the consideration, the Company issued, in aggregate, 689,707,800 Domestic Shares to Tianjin Gas on 7 April 2011 and the transaction was completed on 11 April 2011.

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. Its ultimate and immediate holding company is 天津市燃氣集團有限公司 ("Tianjin Gas"). 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 Company's listing was transferred from GEM to the main board of the Stock Exchange since 18 October 2011.

The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas. The subsidiaries include two companies, which are 烏盟乾生天聯公用事業有限責任公司 and 天津天聯投資有限公司. Both subsidiaries of the Company are limited liability companies established in the PRC. 烏盟乾生天聯公用事業有限責任公司 is dormant and has commenced the procedure of deregistration. Up to the date of this announcement, the above deregistration has not been finished.

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 the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Company and its subsidiaries are PRC government-related entities as defined in HKAS 24 (as revised in 2009). Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has significant influence over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years.

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

Amendments HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2015.*
[4] *Effective for annual periods beginning on or after 1 January 2012.*
[5] *Effective for annual periods beginning on or after 1 July 2012.*
[6] *Effective for annual periods beginning on or after 1 January 2014.*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK (SIC) – Int 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

The directors anticipate that the application of other new and revised HKFRSs 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 (which is consistent with the accounting policies of revenue recognition) 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 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 2011

	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	153,208	3,763	890,472	4,545	1,051,988
Segment profit	104,337	1,239	31,478	836	137,890

Reconciliation of segment revenue

	RMB'000
Total segment revenue	1,051,988
Revenue from construction of gas pipeline infrastructure	6,029
Revenue	1,058,017

Reconciliation of segment profit

	RMB'000
Total segment profit	137,890
Profit from construction of gas pipeline infrastructure	559
Share of result of associates	4,453
Other income	10,243
Other gains and losses	(1,106)
Corporate expenses	(31,288)
Finance costs	(168)
Profit before tax	120,583

Year ended 31 December 2010

	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	110,430	3,883	261,624	5,872	381,809
Segment profit	75,216	1,157	30,210	1,228	107,811

Reconciliation of segment revenue

	RMB'000
Total segment revenue	381,809
Revenue from construction of gas pipeline infrastructure	1,822
Revenue	383,631

Reconciliation of segment profit

	RMB'000
Total segment profit	107,811
Profit from construction of gas pipeline infrastructure	166
Share of result of associates	4,382
Other income	6,154
Other gains and losses	565
Corporate expenses	(15,523)
Finance costs	(2,166)
Profit before tax	101,389

The accounting policies of the operating 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		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**–**	–	**2,400**	2,598	**2,938**	1,355	**5,338**	3,953	**3,455**	1,664	**8,793**	5,617
Amortisation of intangible assets	**–**	–	**–**	–	**38,383**	9,567	**38,383**	9,567	**–**	–	**38,383**	9,567

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

During the current year, the Group had carried out gas connection contract work with revenue of approximately RMB6,983,000 (2010: RMB27,431,000) 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 information

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 information 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:

	2011 *RMB'000*	2010 *RMB'000*
Customer A [1]	**152,477**	N/A[2]
Customer B [1]	**109,985**	99,949
Customer C [1]	**N/A**[3]	45,030

[1] Revenue from sales of piped gas.

[2] New customer from sales of piped gas in 2011.

[3] The corresponding revenue did not contribute over 10% of the total sales of the Group.

5. FINANCE COSTS

	2011 *RMB'000*	2010 *RMB'000*
Interest on bank borrowing wholly repayable within five years	**168**	2,166

6. INCOME TAX EXPENSE

	2011 *RMB'000*	2010 *RMB'000*
The charge comprises:		
PRC Enterprise Income Tax	**30,071**	24,600
Deferred tax	**(395)**	82
	29,676	24,682

The Company and its subsidiaries are subject to PRC Enterprise Income Tax rate of 25% for the year (2010: 25%).

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 statement of comprehensive income as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit before tax	**120,583**	101,389
Tax at the domestic income tax rate of 25%	**30,146**	25,347
Tax effect of share of profit of associates	**(1,113)**	(1,096)
Tax effect of expenses that are not deductible in determining taxable profit	**514**	431
Tax effect of tax losses not recognised	**129**	–
Tax expense for the year	**29,676**	24,682

7. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**8,793**	5,617
Amortisation of intangible assets (included in cost of sales)	**38,383**	9,567
Total depreciation and amortisation	**47,176**	15,184
Auditor's remuneration	**1,100**	625
Staff costs including directors' and supervisors' remuneration	**53,209**	4,762
Loss on disposal of property, plant and equipment	**45**	3
Amortisation of prepaid lease payments (included in administrative expenses)	**202**	147
Operating lease rentals in respect of rented premises	**464**	512
Allowance (reversal of allowances) bad and doubtful debts	**1,838**	(316)
Cost of gas purchased	**756,791**	212,320
Net foreign exchange losses	**–**	(9)

8. DIVIDEND

No dividend was declared or proposed during the year ended December 2011 and 2010, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to owners of the Company	**90,907**	76,707
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,657,905**	1,149,600

No diluted earnings per share have been presented as the Company had no potential ordinary shares outstanding during both year.

10. TRADE RECEIVABLES/PREPAYMENT AND OTHER RECEIVABLES

	The Group and the Company	
	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Trade receivables	**130,006**	61,220
Note receivables	**151,060**	–
Less: impairment loss recognised	**(14,512)**	(12,674)
Net trade receivables	**266,554**	48,546
Other receivables	**20,477**	5,494
Less: impairment loss recognised	**(2,655)**	(2,655)
Total other receivables	**17,822**	2,839
Prepayment	**2,824**	8,797
	20,646	11,636

Movement in impairment loss recognised:

	The Group and the Company	
	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Trade receivables:		
Balance at beginning of the year	**12,674**	12,902
Impairment losses recognised on receivables	**4,730**	–
Amounts recovered during the year	**(2,892)**	(228)
Balance at end of the year	**14,512**	12,674
Other receivables:		
Balance at beginning of the year	**2,655**	2,743
Amounts recovered during the year	**–**	(88)
Balance at end of the year	**2,655**	2,655

Included in the carrying amount of trade and other receivables as at 31 December 2011 was accumulated impairment loss of RMB14,512,000 (31.12.2010: RMB12,674,000) and RMB2,655,000 (31.12.2010: RMB 2,655,000) 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 and note receivables presented based on the invoice date at the end of the reporting period.

The aged analysis of trade and note receivables net of allowance based on invoice date is as follows:

	The Group and the Company	
	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
0 – 90 days	**173,138**	18,527
91 – 180 days	**76,909**	6,557
181 – 270 days	**2,341**	1,017
271 – 365 days	**185**	–
Over 365 days	**13,981**	22,445
	266,554	48,546

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 customer. 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 end of the reporting date.

Included in the Group's and the Company's trade receivables balance are debtors with aggregate carrying amount of RMB30 million (2010: RMB23 million) which are past due at the reporting date for which the Group and the Company has not provided for impairment loss because there is no significant change in credit quality of those 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 2011	31 December 2010
	RMB'000	*RMB'000*
181-270 days	**2,341**	1,017
271-365 days	**185**	–
Over 365 days	**13,981**	22,445
	16,507	23,462

Aging of trade receivables based on invoice date over one year which are past due but not impaired was mainly from a customer. Pursuant to a repayment schedule signed by the customer in 2 March, 2012, the customer will settle its outstanding balance by instalments. The closing balance amounting to RMB13,651,000 will be repaid in 2012.

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 2011	31 December 2010
	RMB'000	*RMB'000*
0 – 90 days	**21,655**	10,912
91 – 180 days	**804**	123
181 – 270 days	**101**	41
271 – 365 days	**40**	–
Over 365 days	**475**	1,101
	23,075	12,177

BUSINESS REVIEW

For the year ended 31 December 2011, the Group reported a revenue of approximately RMB1,058,017,000, representing an increase of approximately 175.79% 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 2011 amounted to approximately RMB90,907,000 (2010: approximately RMB76,707,000) representing an increase of approximately 18.51%.

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, sales of gas appliances and gas transportation. The Group further expanded the operation in these four areas, in order to attain its strategic objectives for this year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2011, the Group had no bank borrowings. 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 gearing ratio (total liabilities to total asset rate) as at 31 December 2011 was approximately 0.15 (2010: approximately 0.11).

As at 31 December 2011, approximately 100% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2010: 100%).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no material contingent liabilities or guarantees.

STAFF AND EMOLUMENT POLICY

As at 31 December 2011, the Group had a workforce of 1001 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.

PROSPECTS

On 16 September 2009, the Company entered into an assets acquisition agreement (the "Assets Acquisition Agreement") with Tianjin Gas, pursuant to which the Company has agreed to acquire from Tianjin Gas (the "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").

The Company has received the formal approval from the relevant Industry and Commerce Administrative Bureau on 11 April 2011 by the issuance of the business licence in relation to the allotment of consideration shares (the "Consideration Shares") of 689,707,800 domestic shares of the Company (the "Domestic Shares") and the amendment to the articles of association of the Company for the increase of the registered capital of the Company which was dated 7 April 2011. Although the said business licence from the relevant Industry and Commerce Administrative Bureau was dated 7 April 2011, the Company only received the business licence on 11 April 2011. In this regard, all conditions under the Assets Acquisition Agreement were fulfilled and accordingly the completion of the Assets Transfer took place on 11 April 2011. Upon completion of the Assets Transfer, the Transferred Assets are owned by the Group and the Group has started to provide piped gas to the users connected by the Transferred Assets.

The Directors consider that the Group will benefit from the Assets Transfer. In particular, (i) the Assets Transfer will significantly increase the operation scale of the Group in terms of number of users and areas of operation; (ii) the Assets Transfer will broaden and diversify the Group's client base; (iii) the 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.

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 the shareholders of the Company (the "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.

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.

The Directors announced that the Company had submitted a formal application form to the Stock Exchange on 1 August 2011 for the proposed transfer of listing of the H Shares from GEM to the Main Board (the "Main Board") of the Stock Exchange (the "Transfer of Listing").

The Company was granted an approval-in-principle from the Stock Exchange for the H Shares to be listed on the Main Board and de-listed from GEM according to Rule 9A.09(6) of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

The approval-in-principle was granted by the Stock Exchange on 3 October 2011 for the H Shares to be listed on the Main Board and de-listed from GEM according to Rule 9A.09(6) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company also obtained the approval from the China Securities Regulatory Commission in connection with the implementation of the Transfer of Listing on 10 November 2010.

The last day of dealings in the H Shares on GEM was 17 October 2011. Dealings in the H Shares on the Main Board commenced at 9:00 a.m. on 18 October 2011. The H Shares was then on the Main Board under the new stock code “01265”.

For details, please refer to the announcement of the Company dated 4 October 2011.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 28 October 2011, Tianjin Gas and the Company entered into three conditional gas supply contracts (the “New Gas Supply Contracts”) in respect of the supply of natural gas by Tianjin Gas to the Company for the 12 months ending 31 December 2012, 2013 and 2014, respectively.

On 28 October 2011, Tianjin Gas and the Company entered into the conditional natural gas transportation contract (the “2012 Gas Transportation Contract”) in respect of the renewal of provision of gas transportation services through the gas pipelines owned and managed by the Company for natural gas transmission by Tianjin Gas for the period from 1 January 2012 to 31 December 2014.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rule for the annual caps for the New Gas Supply Contracts for the year ending 31 December 2012, 31 December 2013 and 31 December 2014, and the annual caps for the 2012 Gas Transportation Contract for the year ending 31 December 2012, 31 December 2013 and 31 December 2014 exceed 5%, the New Gas Supply Contracts and 2012 Gas Transportation Contract will be subject to, inter alia, the independent Shareholders’ approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The New Gas Supply Contracts have been duly approved by the indepandent Shareholders in an extraordinary general meeting on 30 December 2011.

For details, please refer to the Company’s announcement dated 28 October 2011 and Company’s circular dated 25 November 2011.

JOINT VENTURE BETWEEN TIANJIN GAS AND CHINA RESOURCES GAS (HONG KONG) INVESTMENT LIMITED

On 2 November 2011, the Board has been informed by Tianjin Gas, that on 2 November 2011, Tianjin Gas and China Resources Gas Group Limited (“China Resources Gas (HK)”) entered into a joint venture agreement (the “Joint Venture Agreement”) and a supplemental agreement (the “Supplemental Agreement”) relating to, inter alia, the formation of the a joint venture company (the “Proposed JV”) in the PRC.

Pursuant to the Joint Venture Agreement, Tianjin Gas and China Resources Gas (HK) will set up the Proposed JV in the PRC. Tianjin Gas and China Resources Gas (HK) will own 51% and 49% respectively of the registered capital of the Proposed JV, which will be RMB5 billion. Tianjin Gas will contribute its share of registered capital of RMB2.55 billion by way of injection of its natural gas-related operational assets (which will not include the Domestic Shares held by Tianjin Gas) and China Resources Gas (HK) will contribute its share of registered capital of RMB2.45 billion by way of cash. The board of directors of the Proposed JV will comprise of seven directors. Tianjin Gas is entitled to appoint four directors while China Resources Gas (HK) is entitled to appoint the remaining three directors. The chairman of the board of directors of the Proposed JV shall be nominated by Tianjin Gas. It was further agreed that Tianjin Gas will inject its remaining natural gas-related assets to the Proposed JV with details to be determined by the parties by separate agreement(s). Each of Tianjin Gas and China Resources Gas (HK) agrees that after incorporation of the Proposed JV, each of them (including its subsidiaries) and the Proposed JV will not compete with each other in the same industry and will not develop the same or competing business in the operational areas of the Proposed JV.

Pursuant to the Supplemental Agreement, it is agreed that after establishment of the Proposed JV, all existing natural gas-related business of Tianjin Gas will be taken over by the Proposed JV, which will include, inter alia, the Domestic Shares held by Tianjin Gas. The acquisition of the Domestic Shares by the Proposed JV from Tianjin Gas will be subject to (i) compliance with all applicable laws, rules and regulations in the PRC and Hong Kong as well as the Listing Rules and the Code on Takeovers and Mergers (the "Takeovers Code"); and (ii) receipt of all necessary approvals or consents from the relevant governmental and regulatory authorities in the PRC and Hong Kong, including (without limitation) the Securities and Futures Commission. The detailed terms and timetable regarding the disposal of the Domestic Shares by Tianjin Gas will be subject to further agreement between Tianjin Gas and the Proposed JV.

It is the intention of Tianjin Gas and China Resources Gas (HK) that, subject to (i) compliance with all applicable laws, rules and regulations in the PRC and Hong Kong as well as the Listing Rules and the Takeovers Code; and (ii) receipt of all necessary approvals or consents from the relevant governmental and regulatory authorities in the PRC and Hong Kong, including (without limitation) the Securities and Futures Commission, following the Proposed JV's acquisition of Tianjin Gas's interest in the Company, the Proposed JV would combine and consolidate the respective assets and businesses of the Proposed JV and the Company such that the Company would become the listing vehicle for such assets and business. However, no concrete plan has been discussed or agreed between Tianjin Gas, China Resources Gas (HK) and/or the Company as at the date of this announcement. The Directors advised that, the Company would only acquire the assets or business of the Proposed JV or of Tianjin Gas in the future if the Directors are of the view that (1) the proposed transaction would be entered into on normal commercial terms; (2) the terms would be fair and reasonable and in the interests of the Company and the Shareholders as a whole; (3) the Company has the resources to settle the relevant consideration; and (4) the transaction would comply with all applicable laws, rules and regulations, including but not limited to the Listing Rules.

For details, please refer to the Company's announcement dated 2 November 2011.

The Directors believe that listing of the H Shares on the Main Board will enhance the profile of the Group and could improve trading liquidity of the H Shares. The Directors also consider that listing of the H Shares on the Main Board will be beneficial to the future growth, financing flexibility and business development of the Group. No material change in the business of the Group is contemplated by the Directors following the Transfer of Listing.

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

DIVIDENDS

No dividend was proposed during 2011, nor has any dividend been proposed since the end of the year ended 31 December 2011 (2010: Nil).

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

During the year ended 31 December 2011, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE

The Company has complied with all the code provisions in the Code on Corporate Governance Practices ("the GEM Code") set out in Appendix 15 to the GEM Listing Rules for the period from 1 January 2011 to 17 October 2011 (the last date of the dealings in the H Shares on GEM) and the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules from 18 October 2011 to 31 December 2011.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference. 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 annual results for the year.

By Order of the Board
Tianjin Tianlian Public Utilities Company Limited
Jin Jian Ping
Chairman

Tianjin, PRC, 29 March 2012

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. Jin Jian Ping (Chairman), Mr. Dong Hui Qiang, Ms. Tang Jie, Mr. Bai Shao Liang, Mr. Zhang Tian Hua, 1 non-executive Director, namely 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.