2009

1st Quarterly Report

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

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This report, 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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Highlights

- Turnover of approximately RMB72,406,000 for the three months ended 31 March 2009.
- Gross profit of approximately RMB15,821,000 for the three months ended 31 March 2009.
- Net gain of approximately RMB10,207,000 for the three months ended 31 March 2009.

Results

The Board of Directors (the “Board”) of Tianjin Tianlian Public Utilities Company Limited (the “Company”) is pleased to present the unaudited results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2009 together with the unaudited comparative figures for the three months ended 31 March 2008 as follows:

Condensed Consolidated Income Statement

For the three months ended 31 March 2009

	NOTES	Three months ended **31 March 2009 RMB’000 (unaudited)**	31 March 2008 RMB’000 (unaudited)
Revenue	4 & 5	**72,406**	28,601
Cost of sales		**(56,585)**	(15,288)
Gross profit		**15,821**	13,313
Other income	6	**1,709**	1,174
Selling expenses		**(7)**	(7)
Administrative expenses		**(3,241)**	(5,068)
Finance costs	7	**(470)**	(548)
Profit before tax	8	**13,812**	8,864
Income tax expense	9	**(3,605)**	(3,129)
Profit for the period		**10,207**	5,735
Attributable to:			
Equity holders of the parent		**10,207**	5,735
Earnings per share			
— basic (RMB cent)	11	**0.89**	0.56

Notes to the Condensed Consolidated Income Statements

For the three months ended 31 March 2009

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 Board") 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. One of the subsidiaries of the Company is dormant and has commenced the procedure of deregistration. Up to the date of this report, the deregistration has not been finished. The principal activity of another subsidiary of the Company is investment holding.

2. BASIS OF PREPARATION

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The amounts included in this interim financial information has been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

3. PRINCIPAL ACCOUNTING POLICIES

The interim financial information has been prepared on the historical cost basis.

The accounting policies used in the interim financial information are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2008 except as described below.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

In the current period, the Company and its subsidiaries (the "Group") has applied, for the first time, the following amendments and new interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	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 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

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of these new interpretations had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective at the date of the report.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) — INT 9 & HKAS 39 (Amendments)	Embedded Derivatives[2]
HK(IFRIC) — INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — INT 18	Transfer of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods ending on or after 30 June 2009.
3 Effective for transfers on or after 1 July 2009.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Group has commenced considering the potential impact of HK(IFRIC) — Int 18 but is not yet in a position to determine whether it would have a significant impact on how the results of operations and financial position of the Group are prepared and presented. HK(IFRIC) — INT 18 applies to all agreements in which an entity receives from a customer an item of property, plant and equipment (or cash to construct or acquire an item of property, plant and equipment) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to both. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. REVENUE

Revenue represents construction contract revenue from gas connection contracts, net of business and related tax and surcharges, revenue from sales of piped gas and gas appliances, net of value added tax, and construction contract revenue from construction of gas pipeline infrastructure during the period.

5. SEGMENT INFORMATION

Business segments

For management purposes, the Group has divided into three operating segments, namely gas connection, sales of piped gas and sales of gas appliances. These segments are managed separately as each business offers different products and services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Most of the businesses were established as individual units, and the management at the time of the establishment was retained.

The accounting policies of the operating segments are the same as those described in the annual consolidated financial statements for the year ended 31 December 2008. Performance is measured based on the segment profit before tax not including non-recurring gains and losses and foreign exchange gains and losses.

5. SEGMENT INFORMATION *(continued)*

Segment information about these businesses is presented below:

Three months ended 31 March 2009

	Gas Connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidated RMB'000
Revenue from external customers	13,004	54,705	6	67,715
Operating expenses excluding depreciation and amortisation	(2,954)	(46,570)	(3)	(49,527)
Depreciation/amortisation	—	(2,674)	—	(2,674)
Reporting segment profit before tax	10,050	5,461	3	15,514

Reconciliation of revenue

	RMB'000
Aggregate segment revenue	67,715
Construction of gas pipeline infrastructure	4,691
Revenue	72,406

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	15,514
Profit from construction of gas pipeline infrastructure	426
Unallocated amounts	
Unallocated other income	1,709
Unallocated corporate expense	(3,367)
Unallocated finance costs	(470)
Profit before tax	13,812

Three-months ended 31 March 2008

	Gas Connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidated RMB'000
Revenue from external customers	18,668	9,920	13	28,601
Operating expenses excluding depreciation/amortisation	(5,157)	(8,530)	(11)	(13,698)
Depreciation/amortisation	—	(1,483)	—	(1,483)
Reporting segment profit (loss) before tax	13,511	(93)	2	13,420

5. SEGMENT INFORMATION *(continued)*

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	13,420
Unallocated amounts	
Unallocated other income	1,174
Unallocated corporate expense	(5,182)
Unallocated finance costs	(548)
Profit before tax	8,864

For the three months ended 31 March 2009, the Group had carried out gas connection contract work with revenue of approximately RMB7.5 million, (three months ended 31 March 2008: RMB7.1 million) in certain areas in Tianjin, in which the gas supply is being separately provided by 天津市燃氣集團有限公司, a substantial shareholder of the Company, to its own customers.

6. OTHER INCOME

Included in other income, there is government subsidies of RMB1,151,000 (three months ended 31 March 2008: RMB1,033,000), which represent the subsidies from the government for encouraging the Group carrying business in Jinnan development zone.

7. FINANCE COSTS

	Three months ended 31 March	
	2009 **RMB'000**	2008 RMB'000
Interest on bank borrowings wholly repayable within five years	**470**	548

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Three months ended 31 March	
	2009 **RMB'000**	2008 RMB'000
Depreciation of property, plant and equipment	**713**	624
Amortisation of intangible assets included in cost of sales	**2,353**	1,291
Amortisation of prepaid lease payments included in administrative expenses	**33**	36
Operating lease rentals in respect of rented premises	**124**	134
Net exchange loss (gain) included in administrative expenses	**262**	(35)
Bank interest income	**(191)**	(141)

9. INCOME TAX EXPENSE

	Three months ended 31 March	
	2009	2008
	RMB'000	RMB'000
The charge comprises:		
Current PRC enterprise income tax	**3,508**	3,135
Deferred taxation	**97**	(6)
	3,605	3,129

The Company and a subsidiary are subject to the PRC Enterprise Income Tax rate of 25% for three months ended 31 March 2009 (three months ended 31 March 2008: 25%).

One of the subsidiaries did not have taxable profit for either period in 2009 and 2008.

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

10. DIVIDEND

The directors do not recommend the payment of a dividend for the three months ended 31 March 2009 (three months ended 31 March 2008: Nil). No dividends were paid during the period.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 March 2009 is based on the profit attributable to equity holders of the parent for the three months ended 31 March 2009 of RMB10,207,000, (profit attributable to equity holders of the parent for three months ended 31 March 2008: RMB5,735,000) and the weighted average number of 1,149,600,000 shares for the three months ended 31 March 2009 (three months ended 31 March 2008: 1,027,279,121 shares).

No diluted earnings per share have been presented as the Company had no potential ordinary shares during both periods or at the balance sheet date.

12. SHARE PREMIUM AND RESERVES

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (note i)	Enterprise expansion fund RMB'000 (note i)	Accumulated profits RMB'000	Total equity RMB'000
At 1 January 2008 (audited)	99,500	31,667	10,837	–	135,495	277,499
Profit for the period and total comprehensive income for the period	–	–	–	–	5,735	5,735
Issue of H Shares (note ii)	15,460	249,464	–	–	–	264,924
Shares issue expenses	–	(13,459)	–	–	–	(13,459)
Appropriation	–	–	6,143	3,071	(9,214)	–
At 31 March 2008 (unaudited)	114,960	267,672	16,980	3,071	132,016	534,699
Profit for the period and total comprehensive income for the period	–	–	–	–	54,740	54,740
At 31 December 2008 (audited)	114,960	267,672	16,980	3,071	186,756	589,439
Profit for the period and total comprehensive income for the period	–	–	–	–	10,207	10,207
At 31 March 2009 (unaudited)	114,960	267,672	16,980	3,071	196,963	599,646

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 taxation determined under the 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 taxation 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 taxation 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) On 3 February 2008, the Company obtained a consent from the China Securities Regulatory Commission (the "CSRC") to issue new H Shares and also to apply for the listing of those H Shares on the GEM Board of the Stock Exchange. Subsequently, the Company issued 154,600,000 new H Shares and converted 15,460,000 Domestic Shares into H Shares for placing and the above H Shares were listed on the GEM Board of the Stock Exchange with effect from 13 March 2008.

13. RELATED PARTY TRANSACTIONS

(a) During the period, the following related party transactions took place:

Name of related party	Nature of transactions	Three months ended 31 March 2009 RMB'000	2008 RMB'000
天津市燃氣集團有限公司	Purchase of gas	**44,478**	8,304

Note: 天津市燃氣集團有限公司 is the substantial shareholder of the Company.

(b) Material transactions with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government. In addition, the Group itself is part of a larger group of companies under 天津市燃氣集團有限公司 which is controlled by the PRC government (these enterprises other than 天津市燃氣集團有限公司 are hereinafter collectively referred to as "State-Owned Enterprises"). During the period, the Group had material transactions with some of these State-Owned Enterprises in its ordinary and usual course of business.

While the directors of the Company consider State-Owned Enterprises are independent third parties so far as the Group's business transactions with them are concerned, for the purpose of this report, the Group has identified the nature and quantified the amounts of its material transactions with State-Owned Enterprises, in addition to the transactions referred to in note 13 (a) above, during the period as follows:

Material transactions with other State-Owned Enterprises are as follows:

	Three months ended 31 March 2009 RMB'000	2008 RMB'000
Gas connection contract revenue	**2,362**	8,314
Gas connection contract cost	**2,642**	2,333
Interest expense	**470**	548

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

13. RELATED PARTY TRANSACTIONS *(continued)*

(c) Entrusted construction agreement

Pursuant to the conditional entrusted construction agreement dated 6 October 2008 entered between the Company and 天津市燃氣集團有限公司, in relation to the entrustment of 天津市燃氣集團有限公司 for the construction of pipelines projects in Tianjin, with total consideration not exceeding RMB224,500,700, this transaction has been approved by the shareholders in March 2009 and the Group has prepaid construction fee amounted to RMB130,777,000 to 天津市燃氣集團有限公司 during the period ended 31 March 2009.

(d) Guarantee

At 31 December 2008, the short term bank loan of RMB30,000,000 was guaranteed by 天津市燃氣集團有限公司. This short term bank loan was repaid during the period ended 31 March 2009.

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	Three months ended 31 March	
	2009	2008
	RMB'000	RMB'000
Short-term benefit	**339**	309
Post employment benefit	**3**	3
	342	312

Management Discussion and Analysis

The Group was successfully listed on GEM on 9 January 2004.

Business Review

For the three months ended 31 March 2009, the Group reported a revenue of approximately RMB72,406,000, representing an increase of approximately 153% as compared with the corresponding period in the previous year. The Group's net profit for the three months ended 31 March 2009 amounted to approximately RMB10,207,000 (three months ended 31 March 2008: approximately RMB5,735,000).

SEGMENTAL INFORMATION ANALYSIS

During the period, the Group has implemented 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 piped gas is the major source of income for the Group, which is followed by gas connection and sales of gas appliances. The Group will further expand the operation in these two 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 March 2009, the Group had bank borrowings of RMB40,000,000 from Industrial Bank.

The Group mostly uses Renminbi in its operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

CONTINGENT LIABILITIES

As at 31 March 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.

ENTRUSTED CONSTRUCTION

On 6 October 2008, the Company entered into a conditional entrusted construction agreement ("Entrusted Construction Agreement") with Tianjin Gas Group Company Limited ("Tianjin Gas"), pursuant to which the Company entrusted Tianjin Gas and Tianjin Gas agreed to undertake to construct two projects, namely the Beihuan Pipeline Project and the Gangnan Distribution Project ("Entrusted Construction") in relation to (among others) building of new gas pipelines. The proposed maximum amount of the total consideration for the Entrusted Construction will not exceed RMB224,500,700 (approximately HK$255,404,664).

As the asset ratio (as defined in the GEM Listing Rules) of the transactions contemplated under the Entrusted Construction was higher than 25% but lower than 100%, the Entrusted Construction constituted a major transaction under the GEM Listing Rules. As Tianjin Gas is one of the promoters and a substantial shareholder of the Company, the Entrusted Construction also constituted a connected transaction of the Company subject to the approval of independent shareholders under the GEM Listing Rules.

The Entrusted Construction was approved by the independent shareholders at the extraordinary general meeting held on 23 March 2009.

For details, please refer to the Company's announcement dated 8 October 2008 and the Company's circular dated 5 February 2009.

SUBSEQUENT EVENT

CAPITAL INCREASE OF TIANJIN BINHAI GAS LIMITED ("Binhai Company")

On 8 May 2009, the Company entered into a capital increase agreement with 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 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. After completion of the capital increase, the registered capital of Binhai Company will increase 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 will be 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) will become the registered capital of Binhai Company, while the remaining RMB6,578,000 will be transformed as the reserve fund of Binhai Company.

Binhai Company is an operating company engaged in the sales and distribution of natural gas in Binhai New District, Tianjin City. As at the end of December 2008, Binhai Company has developed a total of 22 industrial and commercial consumers and 4,200 civil consumers. In 2008, it has recorded an annual gas supply of 42,340,000 m^3. As at present, Binhai Company has signed an exclusive gas supply agreement with Lingang Industrial Zone inBinhai New District and Dongjiang Port District in Tianjin Port, which cover gas supply areas of 60 km^2 and anticipates a natural gas sales of 110,000,000 m^3 to be realized in 2009 and 206,000,000 m^3 in 2010.

As the assets and the revenue ratios (as defined in the GEM Listing Rules) of the transaction contemplated under the capital increase agreement are higher than 5% but lower than 25%, the entering into the capital increase agreement constitutes a discloseable transaction under the GEM Listing Rules and is subject to announcement requirements of the GEM Listing Rules. Tianjin Infrastructure is a wholly owned subsidiary of Tianjin Gas. 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.

Directors', Chief Executives' and Supervisors' Interests in Securities

As at 31 March 2009, the interests and short positions of the Directors, chief executives and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and Supervisors of the Company as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of Director/Supervisor	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Ms. Tang Jie	Beneficial owner	41,700,000	3.63%/6.41%
Mr. Bai Shao Liang (please see Note 2 under the section "Substantial Shareholders")	Held by controlled corporation	235,925,000	20.52%/36.32%

Save as disclosed in the above paragraph, as at 31 March 2009, none of the Directors, chief executives and supervisors of the Company had interest or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors and supervisors of the Company as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Substantial Shareholders

So far as known to the Directors, as at 31 March 2009, the following, not being a Director, chief executive or supervisor of the Company, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

Long position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of Domestic Shares held	Approximate percentage of interests in the Company/ Domestic Shares of the Company
Tianjin Beacon Coatings Co., Ltd (Note 1) 天津燈塔涂料有限公司	Beneficial owner	118,105,313	10.27%/18.18%
Tianjin Gas Group Company Limited 天津市燃氣集團有限公司	Beneficial owner	253,809,687	22.08%/39.07%
Tianjin Wanshun Real Estate Company Limited 天津市萬順置業有限公司	Beneficial owner	235,925,000	20.52%/36.32%
Tianjin Wanshun Business Development Company Limited (Note 2) 天津市萬順商務發展有限公司	Held by controlled corporation	235,925,000	20.52%/36.32%
Ms. Li Sha (Note 2)	Family	235,925,000	20.52%/36.32%
Mr. Bai Shao Peng (Note 2)	Held by controlled corporation	235,925,000	20.52%/36.32%
Ms. Zhang Xiu Ying (Note 2)	Family	235,925,000	20.52%/36.32%

Note 1: Tianjin Tsinlien Investment & Trade Company Limited changed its name to Tianjin Beacon Coatings Co. Ltd on 20 January 2004.

Note 2: Tianjin Wanshun Business Development Company Limited ("Wanshun Business Development") holds 80% interest in Tianjin Wanshun Real Estate Company Limited ("Wanshun Real Estate"). Mr. Bai Shao Liang holds 34.40% and 20% interests in Wanshun Business Development and Wanshun Real Estate respectively and is the sole executive director of Wanshun Real Estate. Ms. Li Sha is the wife of Mr. Bai Shao Liang. Mr. Bai Shao Peng holds 65.60% interests in Wanshun Business Development. Ms. Zhang Xiu Ying is the wife of Mr. Bai Shao Peng. Under the SFO, Wanshun Business Development, Mr. Bai Shao Liang, Ms. Li Sha, Mr. Bai Shao Peng and Ms. Zhang Xiu Ying are taken to be interested in all the shares of the Company ("Shares") held by Wanshun Real Estate.

Long position

H Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of H Shares held	Approximate percentage of interests in the Company/ H Shares of the Company
Liu Hei Wan	Interests held jointly with another person (note 1)	14,500,000	1.26%/2.89%
	Held by controlled corporation (note 2)	30,000,000	2.60%/5.99%
Law Suet Yi	Interests held jointly with another person (note 1)	14,500,000	1.26%/2.89%
	Interest of spouse (note 3)	30,000,000	2.60%/5.99%
The Waterfront Development Group Limited	Beneficial owner (note 2)	30,000,000	2.60%/5.99%
Martin Currie (Holdings) Limited	Held by controlled corporation (note 4)	42,130,000	3.66%/8.42%

Notes:

1. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly hold the 14,500,000 H shares of the Company.

2. The Waterfront Development Group Limited is wholly owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.

3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.

4. Martin Currie Inc and Martin Currie Investment Management Limited are indirectly wholly owned by Martin Currie (Holdings) Limited and thus both of them are controlled corporations of Martin Currie (Holdings) Limited. Martin Currie (Holdings) Limited is deemed, or taken to be, interested in the 18,130,000 Shares and the 24,000,000 Shares beneficially owned by Martin Currie Inc and Martin Currie Investment Management Limited respectively for the purpose of the SFO.

Save as disclosed above, as at 31 March 2009, the Directors are not aware of any person, not being a Director, chief executive or supervisor of the Company, have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

During the three months ended 31 March 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 subsidiaries 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 period.

Competing Interests

As at 31 March 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

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 three months ended 31 March 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 subsidiaries 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 three months ended 31 March 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 for this period.

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

Tianjin, PRC, 14 May 2009