2009

INTERIM 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

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Three months ended		Six months ended	
		30 June 2009 RMB'000 (unaudited)	30 June 2008 RMB'000 (unaudited)	**30 June 2009 RMB'000 (unaudited)**	30 June 2008 RMB'000 (unaudited)
Revenue	4 & 5	**64,277**	20,643	**136,683**	52,329
Cost of sales		**(44,850)**	(13,003)	**(101,435)**	(31,098)
Gross profit		**19,427**	7,640	**35,248**	21,231
Other income	6	**3,722**	3,391	**5,431**	4,565
Selling expenses		**(6)**	(13)	**(13)**	(20)
Administrative expenses		**(4,410)**	(10,905)	**(7,651)**	(15,973)
Finance costs	7	**(537)**	(566)	**(1,007)**	(1,114)
Share of result of an associate		**76**	—	**76**	—
Profit (loss) before tax	8	**18,272**	(453)	**32,084**	8,689
Income tax expense	9	**(4,872)**	(103)	**(8,477)**	(2,676)
Profit (loss) and total comprehensive income for the period		**13,400**	(556)	**23,607**	6,013
Attributable to:					
Owners of the Company		**13,400**	(556)	**23,607**	6,013
Earnings (loss) per share — basic (RMB cent)	11	**1.17**	(0.05)	**2.05**	0.55

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	NOTES	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	**66,222**	64,985
Prepaid lease payments	13	**5,115**	5,168
Intangible assets	14	**212,253**	201,574
Contract work in progress		**2,645**	13,596
Pipelines construction in progress	*22c*	**130,777**	—
Interests in associates	15	**16,531**	7,677
Prepayment		**95**	108
Deferred tax assets		**2,889**	2,889
		436,527	295,997
Current assets			
Inventories		**710**	706
Trade receivables	16	**69,134**	116,750
Deposits, prepayments and other receivables		**5,002**	4,485
Amount due from a shareholder	17	**7,626**	9,281
Amount due from a related party	22	**95**	—
Held for trading investments		**2,242**	1,422
Bank balances and cash		**156,573**	244,856
		241,382	377,500
Current liabilities			
Trade and other payables	18	**20,706**	37,274
Dividend payable		**17,244**	—
Income tax payable		**3,352**	15,992
Bank loans	19	**40,000**	30,000
Amount due to a related party	22	**—**	75
		81,302	83,341
Net current assets		**160,080**	294,159
Total assets less current liabilities		**596,607**	590,156

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2009

	NOTES	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Capital and reserves			
Share capital	20	**114,960**	114,960
Share premium and reserves		**480,842**	474,479
Total equity		**595,802**	589,439
Non-current liabilities			
Deferred tax liabilities		**805**	717
		596,607	590,156

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	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	**Minority interests** RMB'000	**Total** RMB'000
At 1 January 2008 (audited)	99,500	31,667	10,837	–	135,495	277,499	–	277,499
Profit for the period and total comprehensive income for the period	–	–	–	–	6,013	6,013	–	6,013
Issue of H Shares (note ii)	15,460	249,464	–	–	–	264,924	–	264,924
Shares issue expenses	–	(13,459)	–	–	–	(13,459)	–	(13,459)
Appropriation	–	–	6,143	3,071	(9,214)	–	–	–
At 30 June 2008 (unaudited)	114,960	267,672	16,980	3,071	132,294	534,977	–	534,977
Profit for the period and total comprehensive income for the period	–	–	–	–	54,462	54,462	(135)	54,327
Capital contributed from minority shareholders of a subsidiary	–	–	–	–	–	–	7,840	7,840
Released on disposal of a subsidiary	–	–	–	–	–	–	(7,705)	(7,705)
At 31 December 2008 (audited)	114,960	267,672	16,980	3,071	186,756	589,439	–	589,439
Profit for the period and total comprehensive income for the period	–	–	–	–	23,607	23,607	–	23,607
2008 final dividend declared (note 10)	–	–	–	–	(17,244)	(17,244)	–	(17,244)
Appropriation	–	–	6,032	3,016	(9,048)	–	–	–
At 30 June 2009 (unaudited)	114,960	267,672	23,012	6,087	184,071	595,802	–	595,802

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

Notes:

(I) BASIS OF APPROPRIATION OF RESERVES

Prior to August 2007, the Company's and each of its subsidiaries' Articles of Association require the appropriation of 10% of their profit after taxation 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 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 reserve 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 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 Growth Enterprises Market (the "GEM Board") of the Stock Exchange of Hong Kong Limited (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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Operating activities		
Net cash from operating activities	**46,815**	32,690
Investing activities		
Acquisition of an associate	**(8,778)**	—
Purchase of property, plant and equipment	**(2,659)**	(1,693)
Purchase of intangible assets	**(3,179)**	—
Payment for pipelines construction in progress	**(130,777)**	—
Interest received	**295**	421
Net cash used in investing activities	**(145,098)**	(1,272)
Financing activities		
New bank loans raised	**40,000**	30,000
Repayment of a bank loan	**(30,000)**	(30,000)
Proceeds on issue of H Shares	—	264,924
Share issue expenses	—	(13,459)
Net cash from financing activities	**10,000**	251,465
Net (decrease) increase in cash and cash equivalents	**(88,283)**	282,883
Cash and cash equivalents at 1 January	**244,856**	69,952
Cash and cash equivalents at 30 June	**156,573**	352,835
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**156,573**	352,835

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 principle activity of another subsidiary of the Company are investment in an associate and listed securities.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have 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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values.

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1 January 2009. Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, included in the annual report of the Group for the year ended 31 December 2008.

HKAS 1 (revised 2007) Presentation of financial statements
(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) has no impact on the reported results or financial position of the Group.

HKFRS 8 Operating Segments
(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (see note 5), but has had no impact on the reported results or financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

HKFRSs (Amendments)	Amendment of HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKFRS 2 (Amendment)	Group cash settled share-based payment[3]
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 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) — INT 18	Transfers of assets from customers[4]

[1] Effective for annual periods beginning on or after 1 July 2009.

[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2010.

[4] Effective for transfers on or after 1 July 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application 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 and revised standards, amendments or interpretations will have no material impact on the results and 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

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group's reportable segments has changed.

5. SEGMENT INFORMATION *(continued)*

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, foreign exchange gains and losses, finance costs and corporate expenses.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

Three months ended 30 June 2009

	Gas Connection RMB'000	**Sales of piped gas** RMB'000	**Sales of gas appliances** RMB'000	**Consolidated** RMB'000
Revenue from external customers	19,215	45,054	8	64,277
Operating expenses excluding depreciation and amortisation	(3,938)	(37,828)	(4)	(41,770)
Depreciation/amortisation	—	(2,950)	—	(2,950)
Share of result of an associate	—	76	—	76
Reporting segment profit before tax	15,277	4,352	4	19,633

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	19,633
Unallocated amounts	
Unallocated other income	3,722
Unallocated corporate expense	(4,546)
Unallocated finance costs	(537)
Profit before tax	18,272

5. SEGMENT INFORMATION *(continued)*

Six-months ended 30 June 2009

	Gas Connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidated RMB'000
Revenue from external customers	32,219	99,759	14	131,992
Operating expenses excluding depreciation/amortisation	(6,892)	(84,398)	(7)	(91,297)
Depreciation/amortisation	—	(5,624)	—	(5,624)
Share of result of an associate	—	76	—	76
Reporting segment profit before tax	25,327	9,813	7	35,147

Reconciliation of revenue

	RMB'000
Aggregate segment revenue	131,992
Construction of gas pipeline infrastructure	4,691
Revenue	136,683

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	35,147
Profit from construction of gas pipeline infrastructure	426
Unallocated amounts	
Unallocated other income	5,431
Unallocated corporate expense	(7,913)
Unallocated finance costs	(1,007)
Profit before tax	32,084

5. SEGMENT INFORMATION *(continued)*

Three months ended 30 June 2008

	Gas Connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidated RMB'000
Revenue from external customers	9,860	7,892	515	18,267
Operating expenses excluding depreciation and amortisation	(2,253)	(6,497)	(478)	(9,228)
Depreciation/amortisation	—	(1,508)	—	(1,508)
Reporting segment profit (loss) before tax	7,607	(113)	37	7,531

Reconciliation of revenue

	RMB'000
Aggregate segment revenue	18,267
Construction of gas pipeline infrastructure	2,376
Revenue	20,643

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	7,531
Profit from construction of gas pipeline infrastructure	216
Unallocated amounts	
Unallocated other income	3,391
Unallocated corporate expense	(11,025)
Unallocated finance costs	(566)
Loss before tax	(453)

5. SEGMENT INFORMATION *(continued)*

Six-months ended 30 June 2008

	Gas Connection RMB'000	Sales of piped gas RMB'000	Sales of gas appliances RMB'000	Consolidated RMB'000
Revenue from external customers	28,528	17,812	528	46,868
Operating expenses excluding depreciation/amortisation	(7,410)	(15,027)	(489)	(22,926)
Depreciation/amortisation	—	(2,993)	—	(2,993)
Reporting segment profit (loss) before tax	21,118	(208)	39	20,949

Reconciliation of revenue

	RMB'000
Aggregate segment revenue	46,868
Construction of gas pipeline infrastructure	5,461
Revenue	52,329

Reconciliation of reporting segment profit before tax

	RMB'000
Aggregate segment profit before tax	20,949
Profit from construction of gas pipeline infrastructure	496
Unallocated amounts	
Unallocated other income	4,565
Unallocated corporate expense	(16,207)
Unallocated finance costs	(1,114)
Profit before tax	8,689

For the three months ended 30 June 2009 and six months ended 30 June 2009, the Group had carried out gas connection contract work with revenue of nil and approximately RMB7.5 million respectively, (three months ended 30 June 2008 and six months ended 30 June 2008: RMB1.6 million and RMB10 million respectively) 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, for the three months ended 30 June 2009 and six months ended 30 June 2009, were government subsidies of RMB2,709,000 and RMB3,860,000 respectively, (three months ended 30 June 2008 and six months ended 30 June 2008: RMB3,090,000 and RMB4,123,000), which represent the subsidies from the government for encouraging the Group to carry business in Jinnan development zone.

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Interest on bank borrowings wholly repayable within five years	**(537)**	(566)	**(1,007)**	(1,114)

8. PROFIT (LOSS) BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Depreciation of property, plant and equipment	**709**	585	**1,422**	1,209
Amortisation of intangible assets included in cost of sales	**2,627**	1,315	**4,980**	2,606
Amortisation of prepaid lease payments included in administrative expenses	**34**	35	**67**	71
Operating lease rentals in respect of rented premises	**132**	132	**256**	266
Allowances for bad and doubtful debts in respect of other receivables	**—**	270	**—**	540
Loss on disposal of property, plant and equipment	**—**	21	**—**	21
Exchange loss (included in administrative expenses)	**—**	6,791	**262**	6,791
Bank interest income	**(104)**	(281)	**(295)**	(421)

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
The charge comprises:				
Current PRC enterprise income tax	**4,881**	55	**8,389**	2,592
Deferred taxation	**(9)**	48	**88**	84
	4,872	103	**8,477**	2,676

The Company and a subsidiary are subject to the PRC Enterprise Income Tax rate of 25% for both periods of three and six months ended 30 June 2009 (three and six months ended 30 June 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

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Final dividend of RMB0.015 for the year ended 31 December 2008 recognised as distribution during the interim period (2008: Nil)	**17,244**	—	**17,244**	—

The directors do not recommend the payment of an interim dividend for either of the periods in 2009 (three months and six months ended 30 June 2008: Nil).

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings per share for the three months ended 30 June 2009 and six months ended 30 June 2009 are based on the profit attributable to owners of the Company for the period of approximately RMB13,400,000 and RMB23,607,000 respectively, (loss/profit attributable to owners of the Company for three months ended 30 June 2008 and six months ended 30 June 2008: RMB556,000 and RMB6,013,000 respectively) and the weighted average number of 1,149,600,000 shares (three months ended 30 June 2008 and six months ended 30 June 2008: 1,149,600,000 shares and 1,088,439,560 shares respectively) in issue during the periods.

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

12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred approximately RMB2,659,000 (six months ended 30 June 2008: RMB1,693,000) on acquisition of property, plant and equipment.

13. PREPAID LEASE PAYMENTS

	30 June 2009 RMB'000	31 December 2008 RMB'000
Leasehold land outside Hong Kong:		
Medium-term lease	**5,262**	5,315
Analysed for reporting purpose as:		
Current portion (included in deposits, prepayments and other receivables)	**147**	147
Non-current portion	**5,115**	5,168
	5,262	5,315

At 30 June 2009, the Group is in the process of applying for title certificates for certain land with a carrying value of approximately RMB4.5 million (31 December 2008: RMB4.6 million).

14. INTANGIBLE ASSETS

During the period, the Group incurred approximately RMB3,179,000 (six months ended 30 June 2008: RMB4,246,000) on acquisition of intangible assets.

The intangible assets represents the right for distribution of gas in certain district in the PRC and have finitie useful lives. Such intangible assets are amortised on a straight-line basis over its estimated useful lives.

15. INTERESTS IN ASSOCIATES

In May 2009, the Group acquired 30.55% interest in天津市濱海燃氣有限公司, a company established in the PRC and engaged in operation and management of gas pipeline infrastructure. The consideration for the acquisition was RMB8,778,000.

16. TRADE RECEIVABLES

	30 June 2009 RMB'000	31 December 2008 RMB'000
Bills and trade receivables	**82,036**	129,652
less: Impairment loss recognised	**(12,902)**	(12,902)
	69,134	116,750

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

The aged analysis of net trade debtors is as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0-90 days	**8,712**	66,097
91-180 days	**27,608**	16,619
181-270 days	**14,848**	7,626
271-365 days	**12,136**	490
Over 365 days	**5,830**	25,918
	69,134	116,750

17. AMOUNT DUE FROM A SHAREHOLDER

The amount was of trade nature, unsecured, interest free and with credit period of 90 days. The amount was aged within 90 days at the balance sheet date and has been fully settled subsequent to the balance sheet date.

18. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0-90 days	**6,383**	22,929
91-180 days	**301**	3,130
181-270 days	**91**	1,586
271-365 days	**66**	610
Over 365 days	**759**	759
	7,600	29,014

19. BANK LOANS

	30 June 2009 RMB'000	31 December 2008 RMB'000
Unsecured bank loans	**40,000**	30,000

The above loans are unsecured, carried interest at floating rate of 5.31% (2008: 7.47%) per annum and will be repayable within next twelve months from the balance sheet date.

20. SHARE CAPITAL

	Number of shares		**Registered, issued and fully paid**
	Domestic Shares	H Shares	RMB'000
Shares of RMB0.1 each			
Balance at 1 January and 30 June 2009	649,540,000	500,060,000	114,960

21. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following commitments:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**21,782**	23,379

22. RELATED PARTY TRANSACTIONS/BALANCES

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

Name of related party	Nature of transactions	Three months ended 30 June 2009 RMB'000	Three months ended 30 June 2008 RMB'000	Six months ended 30 June 2009 RMB'000	Six months ended 30 June 2008 RMB'000
天津市燃氣集團有限公司 (Note i)	Purchase of gas	**35,643**	6,311	**80,121**	14,615

		30 June 2009 RMB'000	31 December 2008 RMB'000
	Amount due from a shareholder	**7,626**	9,281

		30 June 2009 RMB'000	31 December 2008 RMB'000
天津市煤氣工程設計院 (Note ii)	Amount due from (to) a related party	**95**	(75)

Notes:

(i) 天津市燃氣集團有限公司 is the substantial shareholder of the Company.

(ii) 天津市煤氣工程設計院 is a wholly owned subsidiary of 天津市燃氣集團有限公司.

(b) Material transactions and balances 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.

22. RELATED PARTY TRANSACTIONS/BALANCES *(continued)*

(b) *Material transactions and balances with other state-controlled entities in the PRC* (continued)

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 indentified the nature and quantified the amounts of its material transactions with State-Owned Enterprises, in addition to the transactions referred to in note 22 (a) above, during the period as follows:

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

(i) Material transactions

	Three months ended 30 June		**Six months ended 30 June**	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Gas connection contract revenue	**186**	–	**2,548**	8,314
Gas connection contract cost	**3,919**	4,391	**6,561**	6,724
Interest expense	**537**	566	**1,007**	1,114

(ii) Material balances

	30 June 2009 RMB'000	31 December 2008 RMB'000
Bank balances	**156,425**	244,568
Trade and other receivables	**41,730**	57,862
Trade and other payables	**5,410**	22,014
Bank loans	**40,000**	30,000

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.

22. RELATED PARTY TRANSACTIONS/BALANCES *(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 (which included the entrustment fees not exceeding RMB6,538,700), this transaction has been approved by the shareholders in March 2009 and the Group has paid pipelines construction fee amounted to RMB130,777,000 to 天津市燃氣集團有限公司 during the period ended 30 June 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 30 June 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 30 June		**Six months ended 30 June**	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Short-term benefit	**352**	339	**691**	648
Post employment benefit	**5**	4	**8**	7
	357	343	**699**	655

MANAGEMENT DISCUSSION AND ANALYSIS

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

In order to further expand the Group's business in Tianjin, on 8 May 2009, the Company entered into a capital increase agreement with Tianjin Gas (one of the promoters and substantial shareholder of the Company) and Tianjin Public Infrastructure Construction Company ("Tianjin Infrastructure") (wholly-owned subsidiary of Tianjin Gas), both being the original shareholders of Tianjin Binhai Gas Limited ("Binhai Company"), whereby the Company agreed to contribute RMB8,778,000 (approximately HK$9,966,000) in cash in Binhai Company and become a new shareholder of Binhai Company, whereas Tianjin Gas and Tianjin Infrastructure agreed to accept the Company as a new shareholder of Binhai Company. 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.

BUSINESS REVIEW

For the six months ended 30 June 2009 (the "Period"), the Group reported a revenue of approximately RMB136,683,000, representing an increase of approximately 161% as compared with the first half year of 2008. The Group's net profit for the first half year of 2009 amounted to approximately RMB23,607,000 (six months ended 30 June 2008: RMB6,013,000).

SEGMENTAL INFORMATION ANALYSIS

During the six months ended 30 June 2009, 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. Gas connection revenue is the major source of income for the Group, which is followed by sales of piped gas and sales of gas appliances. The Group will further expand the operation in these three areas, in order to attain its strategic objectives for this year.

FINANCIAL RESOURCES

The Group is generally funded by equity financing and bank borrowings. As at 30 June 2009, the Group had unsecured bank borrowings of RMB40,000,000 from Industrial Bank Co., Ltd. which is repayable within one year. The Group had no charge created on its assets.

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

The Group's asset liability ratio (total liabilities to total asset rate) as at 30 June 2009 was approximately 12.11%.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group had no material contingent liabilities or guarantees.

STAFF AND EMOLUMENT POLICY

As at 30 June 2009, the Group had a workforce of 77 full-time employees, among which approximately 99% were working in China.

Emoluments of employees were determined pursuant to the common practice of the industry as well as individual performance. In addition to regular salaries, the Group also paid discretional 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.

SUBSEQUENT EVENT

CONTINUING CONNECTED TRANSACTION — GAS TRANSPORTATION CONTRACT

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

Tianjin Gas is one of the promoters of the Company and holds 253,809,687 domestic shares of the Company, representing 22.08% of the total shares of the Company. Therefore, Tianjin Gas is a substantial shareholder of the Company (as defined in the GEM Listing Rules), and pursuant to Rules 20.11(1) and 20.11(3) of the GEM Listing Rules, Tianjin Gas is also a connected person of the Company. According to Rule 20.14 of the GEM Listing Rules, the entering into the Gas Transportation Contract constitutes a continuing connected transaction of the Company. The annual caps do not fall under the exemption in Rules 20.33 and 20.34 of the GEM Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under the Rules 20.45 to 20.54 of the GEM Listing Rules. Therefore, the Company will seek for the approval of the independent shareholders of the Company to approve the Gas Transportation Contract and the respective annual caps abovementioned.

A circular containing details of the Gas Transportation Contract, the advice from the independent board committee and the advice from Evolution Watterson Securities Limited, the independent financial adviser to the independent board committee and independent shareholders of the Company, together with the notice convening the extraordinary general meeting have been dispatched to the shareholders of the Company on 24 July 2009. Tianjin Gas and its associates will abstain from voting at the aforesaid extraordinary general meeting to be held on 11 September 2009.

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

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 gas.

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.

The Company will expedite its development in the market and at the same time actively seek acquisitions or assets which are of good quality so as to maximize its returns for the shareholders of the Company.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS IN SECURITIES

As at 30 June 2009, the interests and short positions of the Directors, chief executives and supervisors ("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 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 30 June 2009, none of the Directors, chief executives and Supervisors of the Company had interests 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 as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

So far as known to the Directors, as at 30 June 2009, the following persons, not being a Director, chief executive or Supervisor of the Company, had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

SUBSTANTIAL SHAREHOLDERS

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") held 80% interest in Tianjin Wanshun Real Estate Company Limited ("Wanshun Real Estate"), and Mr. Bai Shao Liang held 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 held 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 held by Wanshun Real Estate.

OTHER SHAREHOLDERS

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%/6.00%
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%/6.00%
The Waterfront Development Group Limited	Beneficial owner (note 2)	30,000,000	2.60%/6.00%
Martin Currie (Holdings) Limited	Held by controlled corporation (note 4)	46,110,000	4.01%/9.22%

Notes:

1. As at 30 June 2009, Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 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 25,950,000 Shares and the 20,160,000 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 30 June 2009, the Directors are not aware of any person, not being a Director, chief executive or Supervisor of the Company, who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

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

During the six months ended 30 June 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 had a material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

COMPETING INTERESTS

As at 30 June 2009, the Directors are not aware of any business or interest of the Directors, the management shareholders of the Company and their respective associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CORPORATE GOVERNANCE

During the six months ended 30 June 2009, the Company had complied with the code provisions set out in 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 was the Company or its subsidiaries a party to any arrangements to enable the Directors and Supervisors 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 six months ended 30 June 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 Rules 5.23 to 5.25 of 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 results and report for this period.

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

Tianjin, PRC, 12 August 2009