2010
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

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

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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 RMB80,847,000 for the three months ended 31 March 2010.

- Gross profit of approximately RMB16,698,000 for the three months ended 31 March 2010.

- Net gain of approximately RMB9,687,000 for the three months ended 31 March 2010.

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 2010 together with the unaudited comparative figures for the three months ended 31 March 2009 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2010

	NOTES	**Three months ended 31 March 2010 RMB'000 (unaudited)**	31 March 2009 RMB'000 (unaudited)
Revenue	4	**80,847**	72,406
Cost of sales		**(64,149)**	(56,585)
Gross profit		**16,698**	15,821
Other income	5	**766**	1,709
Selling expenses		**(7)**	(7)
Administrative expenses		**(3,743)**	(3,241)
Finance costs	6	**(526)**	(470)
Share of profit of associates		**330**	—
Profit before tax	7	**13,518**	13,812
Income tax expense	8	**(3,831)**	(3,605)
Profit and total comprehensive income for the period		**9,687**	10,207
Profit and total comprehensive income for the period attributable to: Owners of the Company		**9,687**	10,207
Earnings per share — basic (RMB cent)	10	**0.84**	0.89

Notes to the Condensed Consolidated Financial Information

For the three months ended 31 March 2010

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 Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2004. In June 2007, the Company transformed to a foreign invested joint stock limited Company.

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

The Company together with its subsidiaries are hereinafter collectively referred to as the Group.

2. BASIS OF PREPARATION

The condensed consolidated 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 of Hong Kong Limited.

The amounts included in this interim financial information have been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by 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 HKAS 34 Interim Financial Reporting.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

In the current period, the Group has applied the following new and revised standards, amendments and interpretations issued by HKICPA, which are relevant to its operations and effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRS 1 (Amendments)	Additional exemptions for first-time adopters
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of these new and revised standards, amendments or 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 and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKAS 24 (Revised)	Related party disclosures[3]
HKAS 32 (Amendments)	Classification of rights issues[1]
HKFRS 9	Financial instruments (relating to the classification and measurement of financial assets)[4]
HK(IFRIC) — INT 14 (Amendments)	Prepayments to a minimum funding requirement[3]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 February 2010.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 January 2013.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The amendments to HKAS 24 Related Party Disclosures simplify the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarify the definition of a related party. The amendments to HKAS 24 provide a partial exemption from the disclosure requirements of HKAS 24 for government-related entities. Specifically, a reporting entity is exempted from the general disclosure requirements of HKAS 24 in relation to related party transactoins and outstanding balances (including commitments) with: (i) a government that has control, jount control or significant infulence over the reporting entity: and (ii) another entity that is related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The application of HKAS 24 might affect the disclosures of the Group's related party transactions.

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

4. REVENUE

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

5. OTHER INCOME

Included in other income are government subsidies of RMB 396,000 (three months ended 31 March 2009: RMB 1,151,000), which represent the subsidies from the government for encouraging the Group carrying business in Jinnan development zone.

6. FINANCE COSTS

	Three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Interest on bank borrowings wholly repayable within five years	**526**	470

7. PROFIT BEFORE TAX

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

	Three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**1,344**	713
Amortisation of intangible assets included in cost of sales	**2,427**	2,353
Amortisation of prepaid lease payments included in administrative expenses	**33**	33
Operating lease rentals in respect of rented premises	**132**	124
Net exchange loss included in administrative expenses	**—**	262
Share of taxation attributable to an associate	**152**	—
Bank interest income	**(168)**	(191)

8. INCOME TAX EXPENSE

	Three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
The charge comprises:		
Current PRC enterprise income tax	**3,766**	3,508
Deferred taxation	**65**	97
	3,831	3,605

The Company and a subsidiary are subject to the PRC Enterprise Income Tax rate of 25% for three months ended 31 March 2010 (three months ended 31 March 2009: 25%).

One of the subsidiaries did not have any taxable profit for either period in 2010 and 2009.

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

9. DIVIDEND

The directors do not recommend the payment of a dividend for the three months ended 31 March 2010 (three months ended 31 March 2009: Nil). No dividends were paid during the period.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 31 March 2010 is based on the profit attributable to owners of the Company for the three months ended 31 March 2010 of RMB 9,687,000 (profit attributable to owners of the Company for the three months ended 31 March 2009: RMB 10,207,000) and the number of 1,149,600,000 shares in issues during the three months ended 31 March 2010 and 2009.

No diluted earnings per share have been presented as the Company had no potential ordinary shares during both periods or at the end of the reporting period.

11. 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 2009 (audited)	114,960	267,672	16,980	3,071	186,756	589,439
Profit 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
Profit and total comprehensive income for the period	–	–	–	–	56,160	56,160
Dividend recognised as distribution	–	–	–	–	(17,244)	(17,244)
Appropriation	–	–	6,032	3,016	(9,048)	–
At 31 December 2009 (audited)	114,960	267,672	23,012	6,087	226,831	638,562
Profit for the period and total comprehensive income for the period	–	–	–	–	9,687	9,687
At 31 March 2010 (unaudited)	114,960	267,672	23,012	6,087	236,518	648,249

11. SHARE PREMIUM AND RESERVES *(continued)*

Notes:

(i) Basis of appropriations to 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 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.

12. RELATED PARTY TRANSACTIONS

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

		Three months ended 31 March	
Name of related party	**Nature of transactions**	**2010**	2009
		RMB'000	RMB'000
天津市燃氣集團有限公司	Purchase of gas	**52,718**	44,478
	Construction fee paid under entrustment agreement	**12,000**	–
	Gas transportation income	**1,610**	–

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

12. RELATED PARTY TRANSACTIONS *(continued)*

(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 indentified the nature and quantified the amounts of its material transactions with State-Owned Enterprises, in addition to the transactions referred to in note 12 (a) above, during the period as follows:

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

	Three months ended 31 March	
	2010	2009
	RMB'000	RMB'000
Gas connection income	**1,808**	2,362
Service fee paid for gas construction	**2,052**	2,642
Interest expense	**526**	470

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.

(c) Entrusted construction agreement

Pursuant to an entrusted construction agreement dated 6 October 2008 entered into 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(include entrustment fee of RMB 6,538,700), the Company has paid construction fee amounting to RMB12,000,000 to天津市燃氣集團有限公司during the three months ended 31 March 2010.

12. RELATED PARTY TRANSACTIONS *(continued)*

(d) Asset acquisition agreement

On 16 September 2009, the Company entered into an asset acquisition agreement with 天津市燃氣集團有限公司, pursuant to which the Company conditionally agreed to acquire from天津市燃氣集團有限公司part of the tangible assets and gas ancillary facilities held by the Hedong District Sales Offices and the Heping District Sales Offices of both the Transmissions Branch and the First Sales Branch of天津市燃氣集團有限公司(both branches of 天津市燃氣集團有限公司), including outdoor pipelines, at consideration of approximately RMB620,737,000. The Company will allot and issue new shares to 天津市燃氣集團有限公司 to satisfy the above consideration. This transaction has not been completed up to the date of this interim financial information is authorised for issue.

(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	
	2010	2009
	RMB'000	RMB'000
Short-term benefit	**413**	339
Post employment benefit	**3**	3
	416	342

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.

Business Review

For the three months ended 31 March 2010, the Group reported a revenue of approximately RMB80,847,000, representing an increase of approximately 11.66% as compared with the corresponding period in the previous year. The Group's net profit for the three months ended 31 March 2010 amounted to approximately RMB9,687,000 (three months ended 31 March 2009: approximately RMB10,207,000).

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, gas transportation and sales of gas appliances. The Group will further expand the operation in these 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 2010, 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 2010, the Group had no material contingent liabilities or guarantees.

Prospects

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

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

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

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

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

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

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

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

Acquisition of Assets

On 16 September 2009, the Company entered into an assets acquisition Agreement ("Assets Acquisition Agreement") with 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) ("Tianjin Gas"), pursuant to which the Company conditionally agreed to acquire from Tianjin Gas the Transferred Assets (as defined in the Company's announcement dated 5 October 2009) at the consideration of RMB620,736,991.84. The Company will allot and issue the consideration shares to Tianjin Gas to satisfy the above consideration.

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

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

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

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

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

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

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

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

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

As at 31 March 2010, 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 2010, 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 2010, 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%/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. Mr. Liu Hei Wan and Ms. Law Suet Yi jointly hold the 14,500,000 H Shares.

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 31 March 2010, 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 2010, 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 2010, 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 2010, 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 2010, 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 first quarterly results announcement and report for this period.

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

Tianjin, PRC, 13 May 2010