

2010

3RD 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: the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this report misleading.

Highlights

- Turnover of approximately RMB270,968,000 for the nine months ended 30 September 2010.
- Gross profit of approximately RMB71,488,000 for the nine months ended 30 September 2010.
- Net profit attributable to equity holders of approximately RMB47,640,000 for the nine months ended 30 September 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 for the three months and nine months ended 30 September 2010 together with the unaudited comparative figures for the three months and nine months ended 30 September 2009 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the nine months ended 30 September 2010

	NOTES	Three months ended		Nine months ended	
		30 September 2010 RMB'000 (unaudited)	30 September 2009 RMB'000 (unaudited)	30 September 2010 RMB'000 (unaudited)	30 September 2009 RMB'000 (unaudited)
Revenue	4	105,235	64,228	270,968	200,911
Cost of sales		(74,119)	(52,431)	(199,480)	(153,866)
Gross profit		31,116	11,797	71,488	47,045
Other income	5	1,223	1,805	4,502	5,960
Other gains and losses		503	(429)	208	847
Selling expenses		(7)	(7)	(20)	(20)
Administrative expenses		(4,124)	(2,947)	(11,404)	(10,598)
Finance costs	6	(545)	(544)	(1,607)	(1,551)
Share of result of associates		479	211	1,313	287
Profit before tax	7	28,645	9,886	64,480	41,970
Income tax expense	8	(7,728)	(2,956)	(16,840)	(11,433)
Profit for the period and total comprehensive income for the period		20,917	6,930	47,640	30,537
Profit and total comprehensive income for the period attributable to owners of the Company		20,917	6,930	47,640	30,537
Earnings per share – basic (RMB cent)	10	1.82	0.60	4.14	2.66

Notes to the Condensed Consolidated Income Statements

For the nine months ended 30 September 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 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 activities of another subsidiary of the Company are investment in an associate and listed securities.

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

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 of Hong Kong Limited (the GEM Rules).

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. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on 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 statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting period.

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)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 7 (Amendment)	Disclosures — Transfer of Financial Assets ⁶
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

⁶ Effective for annual periods beginning on or after 1 July 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

4. REVENUE

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

5. OTHER INCOME

Included in other income, for the three months ended 30 September 2010 and nine months ended 30 September 2010, were value added tax refund of RMB1,028,000 and RMB4,039,000 respectively, (three months ended 30 September 2009 and nine months ended 30 September 2009: RMB1,710,000 and RMB5,570,000).

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September 2010	2009	30 September 2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank borrowings wholly repayable within five years	(545)	(544)	(1,607)	(1,551)

7. PROFIT BEFORE TAX

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,357	745	4,048	2,167
Amortisation of intangible assets included in cost of sales	2,442	3,014	7,323	7,994
Amortisation of prepaid lease payments included in administrative expenses	27	33	100	100
Operating lease rentals in respect of rented premises	130	132	392	388
Net exchange loss (included in administrative expenses)	—	6	(9)	268
Bank interest income	(195)	(96)	(463)	(391)

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
The charge comprises:				
Current PRC enterprise income tax	7,680	2,939	16,741	11,328
Deferred taxation	48	17	99	105
	7,728	2,956	16,840	11,433

The Company and a subsidiary are subject to the PRC Enterprise Income Tax rate of 25% for both periods of three and nine months ended 30 September 2010 (three and nine months ended 30 September 2009: 25%).

One of the subsidiaries did not have taxable profit for nine months ended 30 September 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

	Three months ended 30 September		Nine months ended 30 September	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Final dividend of 0.015 cent for the year ended 31 December 2008 recognised as distribution during the interim period	—	17,244	—	17,244

No dividends were paid, declared or proposed during the nine months ended 30 September 2010. The directors do not recommend the payment of an interim dividend.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three months ended 30 September 2010 and nine months ended 30 September 2010 are based on the profit attributable to owners of the Company for the period of RMB20,917,000 and RMB47,640,000 respectively, (profit attributable to owners of the Company for three months ended 30 September 2009 and nine months ended 30 September 2009: RMB6,930,000 and RMB30,537,000 respectively) and the number of 1,149,600,000 shares (three months ended 30 September 2009 and nine months ended 30 September 2009: number of 1,149,600,000 shares respectively) in issue during the periods.

No diluted earnings per share have been presented as the Company had no potential ordinary shares in issue 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 reserves RMB'000 (note)	Enterprise expansion fund RMB'000 (note)	Accumulated profits RMB'000	Total RMB'000
At 1 January 2009 (audited)	114,960	267,672	16,980	3,071	186,756	589,439
Profit for the period and total comprehensive income for the period	–	–	–	–	30,537	30,537
Dividends recognised as distribution (note 9)	–	–	–	–	(17,244)	(17,244)
Appropriation	–	–	6,032	3,016	(9,048)	–
At 30 September 2009 (unaudited)	114,960	267,672	23,012	6,087	191,001	602,732
Profit for the period and total comprehensive income for the period	–	–	–	–	35,830	35,830
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	–	–	–	–	47,640	47,640
Appropriation	–	–	6,628	3,314	(9,942)	–
At 30 September 2010 (unaudited)	114,960	267,672	29,640	9,401	264,529	686,202

Note: Basis of appropriation of reserves

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

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries are required to maintain an enterprise expansion fund. Enterprise expansion fund is non-distributable. Appropriations to such reserve 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:

Name of related party	Nature of transactions	Three months ended 30 September		Nine months ended 30 September	
		2010	2009	2010	2009
		RMB'000	RMB'000	RMB'000	RMB'000
天津市燃氣集團有限公司 (Note i)	Purchase of gas	53,467	40,664	154,454	120,785
	Construction fee paid	18,203	—	30,203	130,777
	Gas transportation income	616	—	3,166	—
天津市煤氣工程設計院 (Note ii)	Construction design fee	791	—	929	5

Notes:

- (i) 天津市燃氣集團有限公司 (“Tianjin Gas”) is the substantial shareholder of the Company.
- (ii) 天津市煤氣工程設計院 is a wholly owned subsidiary of Tianjin Gas.

(b) Asset acquisition agreement

On 16 September 2009, the Company entered into an asset acquisition agreement with Tianjin Gas, pursuant to which the Company conditionally agreed to acquire from Tianjin Gas 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 Transmission Branch and the First Sales Branch of Tianjin Gas (both are branches of Tianjin Gas), including outdoor pipelines, in the consideration for issuing 689,707,800 shares of the Company. This transaction has not been completed up to the date these consolidated financial statements are authorised for issue.

(c) 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 September		Nine months ended 30 September	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term benefit	347	351	1,143	1,042
Post employment benefit	53	3	57	11
	400	354	1,200	1,053

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 nine months ended 30 September 2010, the Group reported a revenue of approximately RMB270,968,000, representing an increase of approximately 34.87% as compared with the corresponding period in the previous year. The net profit attributable to equity holders for the nine months ended 30 September 2010 amounted to approximately RMB47,640,000 (nine months ended 30 September 2009: approximately RMB30,537,000).

Segmental Information Analysis

During the period, the Group has continued to implement its formulated development strategies to provide piped gas connection to the users in the Group’s operational locations in Tianjin City and Jining, Inner Mongolia. Sales of gas is the major source of income for the Group, which is followed by gas connection, gas transportation and sales of gas appliances. The Group will further expand the operation in these four 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 September 2010, the Group had bank borrowings of RMB40,000,000 from Industrial Bank Co., Ltd.. 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 30 September 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.

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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.

Proposed Joint Venture by Tianjin Gas

On 28 June 2010, the Board has been informed by 天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited) ("Tianjin Gas"), a substantial shareholder and the single largest shareholder of the Company (which holds 253,809,687 domestic shares of the Company, representing approximately 22.08% of the total issued share capital of the Company), that Tianjin Gas and China Resources Gas Group Limited ("China Resources Gas (HK)") signed a cooperation agreement on the same date in connection with, inter alia, the proposed formation of the a joint venture company (the "Proposed JV") to be intended to be established in the PRC (the "Cooperation Agreement"). The Cooperation Agreement is not legally binding until the formal joint venture agreement relating to and the articles of association of the Proposed JV is signed. Pursuant to the Cooperation Agreement, Tianjin Gas and China Resources Gas (HK) intended to set up the Proposed JV in the PRC. Tianjin Gas and China Resources Gas (HK) would own 51% and 49% respectively of the registered capital of the Proposed JV, which was expected to be in the range between RMB4 billion and RMB5 billion (subject to internal approval of each of Tianjin Gas and China Resources Gas (HK)). Tianjin Gas would contribute its share of registered capital by way of injection of its natural gas-related operational assets (which include, inter alia, the

shares of the Company held by Tianjin Gas) and China Resources Gas (HK) would contribute its share of registered capital by way of cash. It was intended that after establishment of the Proposed JV, all existing natural gas-related business of Tianjin Gas would be taken over by the Proposed JV. Each of Tianjin Gas and China Resources Gas (HK) agreed that each of them (including its controlled affiliates) and the Proposed JV (including listing company that it holds shares) would not compete with each other in the same industry and will not develop the same or competing business in the operational areas of the other parties. It was intended that the Proposed JV would use the Company as a public listing vehicle for consolidation of its natural gas and natural gas-related businesses and the assets and business of the Proposed JV would be injected into the Company, and Tianjin Gas and China Resources Gas (HK) undertook that after the establishment of the Proposed JV, the Proposed JV would ensure that the principal business of the Company shall not be changed. Tianjin Gas and China Resources Gas (HK) intended that the establishment of the Proposed JV would be completed in early November 2010.

For details, please refer to the Company's announcement dated 28 June 2010.

Acquisition of Assets

On 16 September 2009, the Company entered into an assets acquisition Agreement ("Assets Acquisition Agreement") with 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 will be 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.

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 will be 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 will be treated as a new listing applicant if the proposed assets transfer proceeds. In this regard, a new listing application will be submitted to the Stock Exchange in due course.

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 will be made by Tianjin Gas 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 no later than 31 December 2010.

Tianjin Gas will seek prior consent from the Corporate Finance Division of the Securities and Future Commission of Hong Kong for Tianjin Gas to enter into any legally binding agreement concerning the disposal of its shares in the Company, as contemplated in the aforesaid Cooperation Agreement or otherwise, before completion of the subscription of the Consideration Shares, which consent may or may not be obtained. As at the date of this announcement, Tianjin Gas has not yet applied for the aforesaid consent.

For details, please refer to the Company's announcements dated 5 October 2009, 30 June 2010 and 29 October 2010.

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

As at 30 September 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 30 September 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 30 September 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) 天津燈塔塗料有限公司	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	943,517,487 (Note 2)	82.07%/145.26%
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 3) 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 3)	Family	235,925,000	20.52%/36.32%
Mr. Bai Shao Peng (Note 3)	Held by controlled corporation	235,925,000	20.52%/36.32%
Ms. Zhang Xiu Ying (Note 3)	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: Out of 943,517,487 domestic Shares, the interest in 689,707,800 domestic Shares derived from the Consideration Shares (as defined in the paragraph headed "ACQUISITION OF ASSETS" of this report).

Note 3: As at 30 September 2010, 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 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. As at 30 September 2010, 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 September 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 nine months ended 30 September 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 subsidiary 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 30 September 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

During the nine months ended 30 September 2010, 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 nine months ended 30 September 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 subsidiary 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 nine months ended 30 September 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.

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Audit Committee

The Company established an audit committee on 3 December 2003 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and internal control system of the Group. The audit committee comprises the three independent non-executive directors, Professor Zhang Yu Li, Mr. Luo Wei Kun and Mr. Chan Shun Kuen. The Audit Committee has reviewed the report and the results for the period.

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

Tianjin, PRC, 12 November 2010

As at the date of this report, the Board comprises 4 executive directors, namely Mr. Jin Jian Ping, Mr. Dong Hui Qiang, Ms. Tang Jie, Mr. Bai Shao Liang, 2 non-executive directors, namely Mr. Sun Bo Quan (Chairman) and Mr. Gong Jing, and 3 independent non-executive directors, namely Mr. Zhang Yu Li, Mr. Luo Wei Kun and Mr. Chan Shun Kuen, Eric.

This report will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.hklistco.com/8290.