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**Tianjin Tianbao Energy Co., Ltd.\***  
**天津天保能源股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 1671)**

**MAJOR TRANSACTION**  
**PROCUREMENT OF GAS TURBINES**

**I. PRINCIPAL TERMS OF THE GAS TURBINES PROCUREMENT AGREEMENT**

The Board announces that, on February 15, 2022, Lingang Thermal Power (a non-wholly owned subsidiary of the Company) entered into the Gas Turbines Procurement Agreement with the Vendor, pursuant to which Lingang Thermal Power has conditionally agreed to purchase from the Vendor, and the Vendor has agreed to sell the Gas Turbines at an aggregate Gas Turbines Consideration of RMB85.20 million. The principal terms of the Gas Turbines Procurement Agreement are set out as follows:

- Date** : February 15, 2022
- Parties** : **Purchaser** : Lingang Thermal Power
- Vendor** : Lei Shing Hong Energy (Kunshan) Co., Ltd.\*  
(利星行能源(昆山)有限公司)
- Assets to be acquired** : The Gas Turbines, being two 15MW graded gas turbines and two 29 tons/hour waste heat steam boilers and their accessories.
- Gas Turbines Consideration** : The Gas Turbines Consideration payable under the Gas Turbines Procurement Agreement is RMB85.20 million and shall be payable by Lingang Thermal Power to the Vendor as follows:
- (1) RMB17.04 million, being 20% of the Gas Turbines Consideration, within one month upon execution of the Gas Turbines Procurement Agreement and 15 days after Lingang Thermal Power's review of the corresponding VAT invoices provided by the Vendor, and the Vendor shall provide Lingang Thermal Power with a letter of guarantee of equivalent amount which expiration date shall be August 31, 2022;

- (2) RMB42.60 million, being 50% of the Gas Turbines Consideration, within 15 days upon delivery of the Gas Turbines and the Vendor providing the corresponding VAT invoices;
- (3) RMB17.04 million, being 20% of the Gas Turbines Consideration, (i) within 30 days upon completion of the testing, tuning (if required) and acceptance of the Gas Turbines and the Vendor providing the corresponding receipt and the VAT invoice of RMB25.56 million (being 30% of the Gas Turbines Consideration); or (ii) if no tuning and acceptance could be completed within 200 days after delivery due to reasons of Lingang Thermal Power, 30 business days after the earlier of the 201st day after delivery or 180 days after installation; and
- (4) RMB8.52 million, being the remainder 10% of the Gas Turbines Consideration, within 30 business days after the expiration of the Gas Turbines Warranty Period and 30 days after the provision of the corresponding receipt by the Vendor.

**Delivery** : The Vendor shall commence delivering the Gas Turbines to Lingang Thermal Power by August 31, 2022 in accordance with the relevant delivery procedures pursuant to the Gas Turbines Procurement Agreement.

**Gas Turbines Warranty Period** : The Vendor shall provide a Gas Turbines Warranty Period of 12 months from the completion of testing and acceptance date of the Gas Turbines or 18 months from the delivery date of the Gas Turbines, whichever is earlier. If the operation of the Gas Turbines is suspended or their installation is delayed due to their replacement or repair caused by the Vendor, the Gas Turbines Warranty Period shall be extended in accordance with the actual period delayed by the repair or replacement.

**Conditions Precedent** : The Gas Turbines Procurement Agreement shall be effective upon its due execution and the approval by the Shareholders of the Company.

Lingang Thermal Power had undertaken public tender for the procurement of Gas Turbines and selected the Vendor as the winner of the tender after taking into account a series of factors including the technical capabilities of the Vendor to provide the Gas Turbines at the required specifications, the commercial terms proposed, the competitive tender price proposal and payment schedule. Among the four bidders that participated in the public tender, the Vendor has provided the most competitive overall proposal with normal commercial terms and its price proposal is also similar to that of the other bidders. The Gas Turbines Consideration shall be settled as to 30% by internal resources of Lingang Thermal Power and 70% by bank borrowings.

## **II. INFORMATION OF THE GAS TURBINES**

The Gas Turbines includes two 15MW graded gas turbines and two 29 tons/hour waste heat steam boilers and their accessories, in which the waste heat steam boilers will use the waste heat (smoke) generated by the gas turbines to produce steam for other industrial heating. Accordingly, waste heat may be utilized for further power production, thereby enhancing the overall production efficiency and improve the profitability of power generation.

## **III. INFORMATION OF THE PARTIES**

### **The Company**

The Company is a joint stock company with limited liability incorporated in the PRC on February 28, 2017, and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1671). The Company mainly provides the power supply and service guarantee of electricity and heating for the Tianjin Port Free Trade Zone (Seaport), and provides the heating supply and service maintenance for the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang). The Company is the first state-owned power operator in Tianjin engaging in cogeneration of steam, electricity, heating and cooling listed on the Main Board of the Stock Exchange.

### **Lingang Thermal Power**

Lingang Thermal Power is a company with limited liability established in the PRC on May 8, 2009, which as at the date of this announcement, is owned as to 51% by the Company and 49% by Tianjin Free Trade Zone Environment Investment Development Group Co., Ltd.\* (天津港保稅區環境投資發展集團有限公司). It is engaged in steam production and supply business for the production process of the enterprises in the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang).

### **The Vendor**

The Vendor is a company established in the PRC with limited liability and is principally engaged in the investment, sales, contractual energy management of clean energy projects such as natural gas distributed energy, photovoltaic, energy storage and micro-grid. It is the indirect subsidiary of Lei Shing Hong Limited (a conglomerate headquartered in Hong Kong engaging in automobile distribution, machinery and equipment distribution, property investment and development, trading and financial services) and its ultimate beneficial owner is Mr. Poh Yeow Kim Lawrence (傅耀生). To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

#### **IV. REASONS FOR AND BENEFITS OF THE GAS TURBINES PROCUREMENT**

Reference is made to the announcements of the Company dated January 31, 2022 in relation to, among other things, the procurement of Gas Boilers and the Potential Construction Works. As mentioned in the announcements, the Group intends to engage in the Gas Distributed Energy Station Project due to a number of reasons, and the Gas Turbines Procurement is an integral part of the Gas Distributed Energy Station Project.

The Group is an integrated power operator in Tianjin Port Free Trade Zone (Seaport and Lingang) and has formed a diversified industrial structure with the supply of electricity, steam, heating and other power as the mainstay, supplemented by value-added services such as the development and operation of distributed photovoltaic power stations, electricity maintenance services and sales of electrical equipment. As set forth in the 14th Five-Year Strategic Development Plan of the Group, the Group will vigorously expand its clean energy business and taking into account the guidance of National Development and Reform Commission and the National Energy Administration on the promotion of load and storage integration in power supply networks and the development of multiple energy resources and based on the actual development situation, establish gas distributed energy projects during the 14th Five-Year Plan period.

According to the Plan on Electricity in Tianjin Binhai New District Lingang Economic Zone (《天津濱海新區臨港經濟區電力專項規劃》), the construction of natural gas distributed energy stations may assist in fulfilling the power demand, relieve the supply stress and required scale of transformation substations and the power grid in Tianjin Lingang Grain and Oil Processing Zone and neighbouring zones. It is also beneficial to the simplification and enhancement of the electricity supply network in the relevant area. In addition, as the latest governmental policies requires for the reduction and cessation in use of coal boilers, gas distributed energy systems may make up for the gap in the supply of steam for industrial use, thereby safeguarding the continuous stability of power supply for manufacturers in the relevant area.

Accordingly, the Group intends to engage in the Gas Distributed Energy Station Project, which will involve establishing a gas and steam production system at the existing production site of Lingang Thermal Power and replacing the existing coal and steam production system. Upon completion of the project, the steam production of Lingang Thermal Power will be solely fueled by natural gas and the production capacity of Lingang Thermal Power will also increase. The Gas Distributed Energy Station Project is an important project for the transformation and upgrading of the Group.

As part of the Gas Distributed Energy Station Project to switch the steam production of Lingang Thermal Power to become solely fueled by natural gas and increase its production capacity, the main machineries required are the Gas Boilers and the Gas Turbines. As explained in the announcements, the new Gas Boilers replacing the existing coal boilers of Lingang Thermal Power will be able to generate more steam with the same amount of fuel calorific value while reducing the emission of nitrogen oxides, carbon dioxide, dust and other pollutants. On the other hand, the Gas Turbines are new machineries procured by Lingang Thermal Power aimed at enhancing its production efficiency through producing power and recycling waste heat (smoke) by the waste gas boilers for further steam production. Accordingly, the Gas Turbines complements the overall strategy of the Group in upgrading its production facilities and increasing production capacity, while reducing waste emissions to achieve cleaner energy production. In addition, with additional power generated through the Gas Turbines, the Group is better equipped to expand its business by supplying additional power to satisfy its existing customers' growing demand or other new potential customers. The construction of Gas Turbines also assists in meeting the demand for power and promotes the construction of a green energy system in the neighbouring areas.

Based on the above, the Directors (including independent non-executive Directors) believe that the entering into of the Gas Turbines Procurement Agreement and the transactions contemplated thereunder are in the Company's ordinary and usual course of business on normal commercial terms which are fair and reasonable, and could meet the operational needs of the Group. The Directors are of the view that the transactions contemplated thereunder are in line with the business strategy of the Group and is in the interests of the Company and the Shareholders as a whole.

## **V. LISTING RULES IMPLICATIONS**

It is noted that the Group has and may further enter into other transactions relating to the Gas Distributed Energy Station Project, including but not limited to the procurement of Gas Boilers and the Potential Construction Works. As the Gas Turbines Procurement, the procurement of Gas Boilers and the Potential Construction Works relating to the Gas Distributed Energy Station Project are for the Group's own use in its usual course of business, according to Rule 14.23A of the Listing Rules, the transactions contemplated under the Gas Turbines Procurement Agreement, the Gas Boilers Procurement Agreement and the Potential Construction Works are not required to be aggregated and treated as one transaction on the sole basis of the factor as set out in Rule 14.23(3) of the Listing Rules (involving the acquisition or disposal of parts of one asset). Nonetheless, as the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Gas Turbines Procurement Agreement is more than 25% but less than 100%, the transaction contemplated thereunder constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## VI. CONTROLLING SHAREHOLDERS' WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders or their respective associates have any material interests in the Gas Turbines Procurement Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Gas Turbines Procurement Agreement and the transactions contemplated thereunder.

The Company intends to obtain the written shareholders' approval from a closely allied group of Shareholders (being TFIHC's subsidiaries Tianbao Holdings and Tianbao Investment, which is interested in 109,606,538 H Shares and 5,994,369 H Shares, respectively, and together holding 115,600,907 H Shares, representing approximately 72.29% of the total issued share capital of the Company as at the date of this announcement) in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules for approving the transactions abovementioned. Accordingly, it is expected that no general meeting of the Company will be convened for the purpose of approving the Gas Turbines Procurement.

## VII. GENERAL

A circular containing, among other things, further details of the Gas Turbines Procurement and other information as required under the Listing Rules is expected to be despatched to the Shareholders as soon as possible within 15 business days after the date of this announcement.

**As completion of the Gas Turbines Procurement is conditional upon, and subject to the fulfilment of, the conditions precedent set out in the Gas Turbines Procurement Agreement, the transactions contemplated therein may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.**

## VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the same meanings as set out below:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司), a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Gas Boilers”	five gas boilers with output of 40 tons/hour each and their respective ancillary equipment acquired by Lingang Thermal Power pursuant to an agreement dated January 31, 2022 entered into between Lingang Thermal Power and Taiyuan Boiler Group Co., Ltd.* (太原鍋爐集團有限公司), details of which are stated in the announcement of the Company dated January 31, 2022
“Gas Boilers Procurement Agreement”	the gas boilers procurement agreement dated January 31, 2022 entered into between Lingang Thermal Power and Taiyuan Boiler Group Co., Ltd.* (太原鍋爐集團有限公司) in relation to the procurement of the Gas Boilers, details of which are stated in the announcement of the Company dated January 31, 2022
“Gas Distributed Energy Station Project”	the gas distributed energy station project in Tianjin Lingang Grain and Oil Processing Zone to be engaged by Lingang Thermal Power
“Gas Turbines”	two 15MW graded gas turbines and two 29 tons/hour waste heat steam boilers and their accessories under the Gas Turbines Procurement
“Gas Turbines Consideration”	RMB85.20 million, being the total consideration payable by Lingang Thermal Power to the Vendor for the Gas Turbines pursuant to the Gas Turbines Procurement Agreement
“Gas Turbines Procurement”	the procurement of the Gas Turbines by Lingang Thermal Power pursuant to the Gas Turbines Procurement Agreement
“Gas Turbines Procurement Agreement”	the gas turbines procurement agreement dated February 15, 2022 entered into between Lingang Thermal Power and the Vendor in relation to the Gas Turbines Procurement
“Gas Turbines Warranty Period”	the warranty period for the Gas Turbines to be provided by the Vendor to Lingang Thermal Power pursuant to the Gas Turbines Procurement Agreement
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Stock Exchange

“Lingang Thermal Power”	Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司) (formerly known as Tianjin Jinneng Lingang Thermal Power Co., Ltd.* (天津津能臨港熱電有限公司)), a limited liability company established in the PRC on May 8, 2009, a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Potential Construction Works”	the proposed engineering and construction works in relation to the Gas Distributed Energy Station Project to be conducted, details of which are stated in the announcement of the Company dated January 31, 2022
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TFIHC”	Tianjin Free Trade Zone Investment Holdings Group Co., Ltd.* (天津保稅區投資控股集團有限公司), a company with limited liability established in the PRC, and a subsidiary held as to 90.55% and 9.45% by Tianjin Port Free Trade Zone State-owned Assets Administration Bureau* (天津港保稅區國有資產管理局) and Tianjin Zhonglian Real Estate Co., Ltd. (天津中聯置業有限公司) (a wholly-owned subsidiary of the Tianjin Municipal Bureau of Finance), respectively, one of the controlling shareholders of the Company
“Tianbao Holdings”	Tianjin Tianbao Holdings Limited* (天津天保控股有限公司), a company with limited liability established in the PRC on January 28, 1999 and a wholly-owned subsidiary of TFIHC, one of the controlling shareholders of the Company
“Tianbao Investment”	Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司), a state-owned enterprise established in the PRC on January 18, 2002 and a wholly-owned subsidiary of TFIHC, one of our Shareholders



“Vendor”

Lei Shing Hong Energy (Kunshan) Co., Ltd.\* (利星行能源(昆山)有限公司), a limited liability company established in the PRC

“%”

per cent

By Order of the Board  
**Tianjin Tianbao Energy Co., Ltd.\***  
**Zhou Shanzhong**  
*Chairman*

Tianjin, the People’s Republic of China, February 15, 2022

*As at the date of this announcement, the Board comprises Mr. Zhou Shanzhong, Mr. Mao Yongming and Mr. Xing Cheng as executive Directors; Mr. Wang Xiaotong and Ms. Dong Guangpei as non-executive Directors; and Mr. Chan Wai Dune, Mr. Han Xiaoping and Ms. Yang Ying as independent non-executive Directors.*

\* *For identification purpose only*