



# 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

\* For identification purposes only

Interim Report 2023

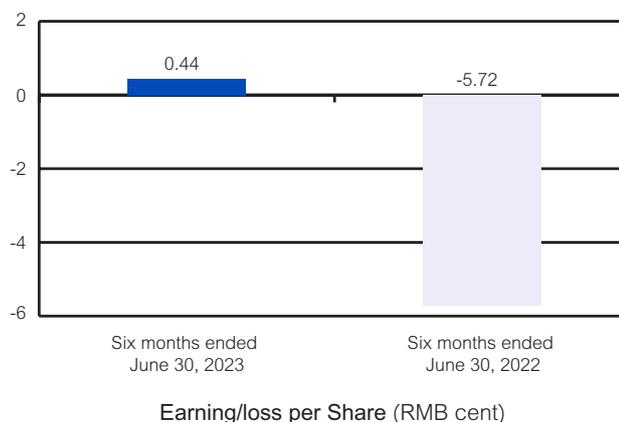
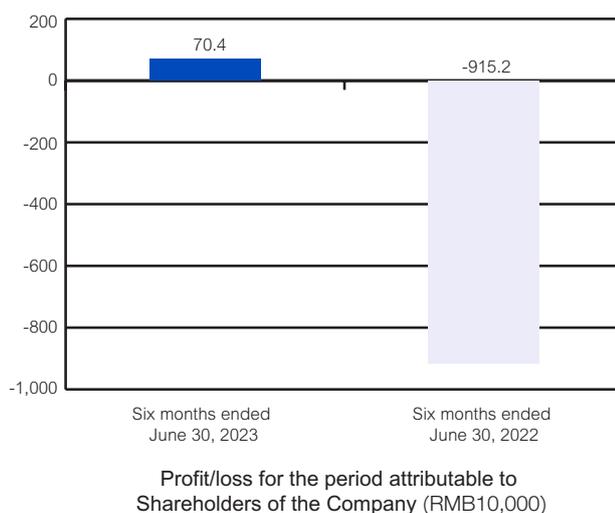
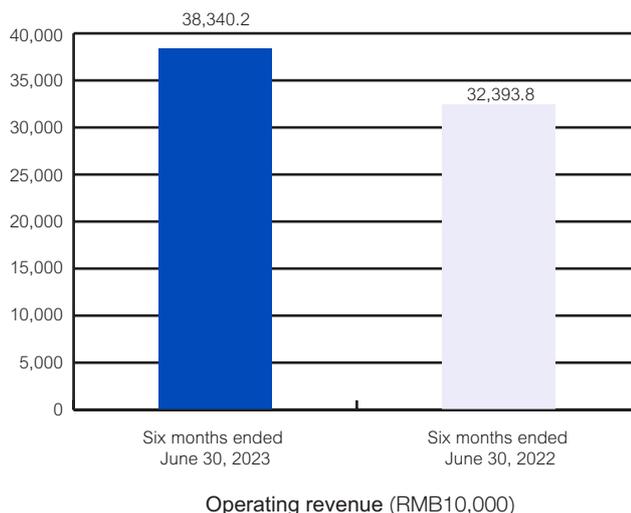


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# Financial Highlights

The Board of Directors of Tianjin Tianbao Energy Co., Ltd. announces the unaudited operating results for the six months ended June 30, 2023 and a comparison with the unaudited operating results for the corresponding period of the previous year. For the six months ended June 30, 2023, the Group recorded a consolidated operating revenue of approximately RMB383.402 million, which had increased by approximately 18.4% as compared with the corresponding period of the previous year. The profit for the period attributable to equity shareholders of the Company was approximately RMB0.704 million, as compared to loss for the period attributable to equity shareholders of the Company for the corresponding period of the previous year of RMB9.152 million.



# Financial Highlights

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	<b>383,402</b>	323,938
<b>Profit/(loss) before taxation</b>	<b>2,613</b>	(8,423)
Income tax	(548)	2,106
<b>Profit/(loss) and total comprehensive income/(expense) for the period</b>	<b>2,065</b>	(6,317)
<b>Attributable to:</b>		
Equity shareholders of the Company	704	(9,152)
Non-controlling interest	1,361	2,835
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>		
Basic (Cents)	0.44	(5.72)
Diluted (Cents)	0.44	(5.72)
	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Total assets	<b>1,066,253</b>	1,064,408
Non-current assets	753,274	742,794
Current assets	<b>312,979</b>	321,614
Total liabilities	<b>602,569</b>	598,951
Current liabilities	371,825	438,021
Non-current liabilities	<b>230,744</b>	160,930
Net assets	<b>463,684</b>	465,457
Total equity attributable to equity shareholders of the Company	<b>312,261</b>	315,395
Non-controlling interest	151,423	150,062
Total equity	<b>463,684</b>	465,457

## REGISTERED NAME

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

## DIRECTORS

### Executive Directors

Mr. ZHOU Shanzhong (周善忠) (*Chairman of the Board*)  
Mr. WANG Geng (王廣) (*General manager*)  
Mr. MAO Yongming (毛永明) (*Deputy general manager*)  
Mr. YAO Shen (姚慎) (*Deputy general manager*)

### Non-executive Directors

Mr. WANG Xiaotong (王小潼)  
Ms. DONG Guangpei (董光沛)

### Independent Non-executive Directors

Mr. CHAN Wai Dune (陳維端)  
Mr. YOU Shijun (由世俊)  
Ms. YANG Ying (楊瑩)

## AUDIT COMMITTEE

Mr. CHAN Wai Dune (陳維端) (*Chairperson*)  
Ms. YANG Ying (楊瑩)  
Ms. DONG Guangpei (董光沛)

## REMUNERATION COMMITTEE

Mr. YOU Shijun (由世俊) (*Chairperson*)  
Ms. YANG Ying (楊瑩)  
Mr. MAO Yongming (毛永明)

## NOMINATION COMMITTEE

Mr. ZHOU Shanzhong (周善忠) (*Chairperson*)  
Mr. YOU Shijun (由世俊)  
Ms. YANG Ying (楊瑩)

## SUPERVISORY BOARD

Mr. LI Yingjie (李英傑) (*Chairperson*)  
Mr. SHAO Guoyong (邵國永)  
Ms. JIAO Dongxu (矯東旭)

## COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢)

## AUTHORIZED REPRESENTATIVES

Mr. MAO Yongming (毛永明)  
No.35 Haibinba Road  
Tianjin Port Free Trade Zone  
Tianjin City  
PRC

Mr. LAU Kwok Yin (劉國賢)  
40th Floor, Dah Sing Financial Centre  
No.248 Queen's Road East  
Wanchai, Hong Kong

## REGISTERED OFFICE AND HEAD OFFICE

No.35 Haibinba Road  
Tianjin Port Free Trade Zone  
Tianjin City  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre  
No.248 Queen's Road East  
Wanchai, Hong Kong

\* For identification purpose only

## PRINCIPAL BANKERS

Bank of China (Tianjin Pilot Free Trade Zone Branch)  
No.88 Haibinjiu Road  
Tianjin Port Free Trade Zone  
Tianjin, PRC

Industrial and Commercial Bank of China (Tianjin  
Tianbao Branch)  
No.176 Tianbao Avenue  
Tianjin Port Free Trade Zone  
Tianjin, PRC

Shanghai Pudong Development Bank (Tianjin Puji Branch)  
No. 3 Building, 158 West 3rd Road  
Airport Logistics Processing Zone, Dongli District  
Tianjin, PRC

## AUDITOR

SHINEWING (HK) CPA Limited, *Public Interest Entity  
Auditor registered in accordance with the Accounting  
Financial Reporting Council Ordinance*  
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Windsor House  
311 Gloucester Road  
Causeway Bay  
Hong Kong

## HONG KONG LEGAL ADVISER

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13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

## PRC LEGAL ADVISER

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20/F Tower 1  
China Central Place  
No.81 Jianguo Road  
Chaoyang District, Beijing, the PRC

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

1671

## PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

## COMPANY'S WEBSITE

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# Management Discussion and Analysis

## SUMMARY OF BUSINESS REVIEW FOR THE FIRST HALF OF 2023

In the first half of 2023, with China's economy and society returning to normal, the national economy rebounded and improved thanks to effective macro policies. In the first half of 2023, China's GDP amounted to RMB59,303.4 billion, representing a year-on-year growth of 5.5%. In the first half of 2023, the domestic energy supply guarantee capacity has steadily improved, the green energy and low-carbon transformation has accelerated, and the overall energy supply and demand in China has been smooth and orderly. Energy consumption such as electricity, coal, natural gas and refined oil continues to grow, and the production of raw coal, crude oil, and natural gas in China has steadily increased. The national installed capacity of power generator has been increasing, and the supply of energy production is stable and orderly. Renewable energy continued to maintain a good development momentum. The installed capacity of renewable energy exceeded that of coal-fired power, with a significant increase in photovoltaic grid connection.

The Group perfected the market-based pricing mechanism for industrial steam in 2022, and the Group's gross profit margin for industrial steam remained stable in the first half of 2023. The Group vigorously expanded its new energy business, such as distributed photovoltaic power generation, and further explored the program for the reform of state-owned enterprises (SOEs). Giving top priority to production safety, the Group prompted traditional business to reduce costs and increase efficiency with a combination of measures.

## THE GROUP'S MEASURES TO IMPLEMENT KEY TASKS IN THE FIRST HALF OF 2023

### 1. Exploring the deep water zone of SOE reform

The Group has further explored the SOE reform to energize the enterprises and improve their efficiency. With the completion and commissioning of Lingang Thermal Power's gas distributed energy station projects, the completion of the capital increase of Lingang Thermal Power and the introduction of PetroChina Kunlun Gas Co., Ltd.\* (中石油昆仑燃气有限公司) as a strategic investor, the Group, on the premise of maintaining its control over Lingang Thermal Power, intends to further optimize the equity structure, improve the corporate governance, and explore the deep-water zone of SOE reform. All these efforts will help accumulate experience in comprehensively deepening the reform of the Group.

### 2. Continued expansion of new energy business

The Group continues to expand its new energy business. During the Reporting Period, the Group commenced the construction of distributed photovoltaic power station projects, continued increasing its project reserves and closely tracked potential merger and acquisition targets. The 1MW experimental energy storage project constructed by the Group was put into operation to accumulate operating data for energy storage projects. The Group will expedite its transformation and upgrading and vigorously expand new energy projects in step with the development trend of the energy industry.

### 3. Smooth operation of gas distributed energy station projects

The Group has always given top priority to production safety. During the Reporting Period, the Group established a sound emergency plan to deal with potential safety hazards in a timely manner, strengthened the training and management of its operating personnel, and rationally allocated the operation mode of its gas boilers, ensuring the smooth operation of gas distributed energy station projects.

## 4. Marked results in reducing costs and increasing efficiency of traditional business

The Group has reduced the pipe loss rate of industrial steam supply by 2.3% and reduced steam loss by more than 10,000 tons by taking measures such as conducting routing inspections and maintenance of steam hot-water heat-supply networks, isolating and plugging “thermal bridge” losses from blind ends of decommissioned pipelines, rerouting and transforming the medium and low pressure parallel pipeline networks, adjusting the management mode of customer metering devices and replacing abnormal equipment.

## OPERATING RESULTS AND ANALYSIS

According to the Group’s data, in the first half of 2023, sales of steam amounted to approximately 858,000 tons, representing an increase of approximately 0.5% from approximately 854,000 tons over the corresponding period of the previous year; sales of electricity amounted to approximately 115.083 million kilowatt-hours, representing a decrease of approximately 5.2% from approximately 121.361 million kilowatt-hours over the corresponding period of the previous year; and on-grid power generation amounted to approximately 21.261 million kilowatt-hours, representing a decrease of approximately 3.3% from approximately 21.997 million kilowatt-hours over the corresponding period of the previous year.

### 1. Operating revenue

The consolidated operating revenue recorded by the Group increased by approximately 18.4% from approximately RMB323.938 million for the first half of 2022 to approximately RMB383.402 million for the first half of 2023.

#### *Electricity dispatch and sale segment*

The revenue from our electricity dispatch and sale segment increased by approximately 7.3% from approximately RMB90.525 million for the first half of 2022 to approximately RMB97.138 million for the first half of 2023, mainly because the consolidated electricity prices were higher than the same period of last year due to the market-oriented reform in the power industry.

#### *Power generation and supply segment*

The revenue from our power generation and supply segment increased by approximately 25.3% from approximately RMB220.648 million for the first half of 2022 to approximately RMB276.519 million for the first half of 2023, because the sales price of the steam during the Reporting Period was higher than that in the same period of last year.

#### *Others segment*

The revenue from the others segment decreased by approximately 23.7% from approximately RMB12.765 million for the first half of 2022 to approximately RMB9.745 million for the first half of 2023, due to a decrease in engineering revenue during the Reporting Period as compared to the same period of last year.

### 2. Other net income

In the first half of 2023, the Group recorded other net income of approximately RMB1.272 million, representing an increase of approximately 5.9% from approximately RMB1.201 million over the same period of the previous year, mainly attributable to the slight increase in deposits during the Reporting Period as compared to the same period of last year, and finance income from deposits increased.

### 3. Segment costs

#### ***Electricity dispatch and sale segment***

The costs of our electricity dispatch and sale segment increased by approximately 10.1% from approximately RMB85.419 million for the first half of 2022 to approximately RMB94.058 million for the first half of 2023, mainly because the consolidated electricity prices were higher than the same period of last year and the electricity purchase costs rose due to the market-oriented reform in the power industry.

#### ***Power generation and supply segment***

The costs of our power generation and supply segment increased by approximately 20.5% from approximately RMB220.266 million for the first half of 2022 to approximately RMB265.519 million for the first half of 2023 due to an increase in production cost as a result of the increase in procurement cost resulting from the change of production fuel of Lingang Thermal Power from coal to natural gas during the Reporting Period.

#### ***Others segment***

The costs of others segment decreased by approximately 41.9% from approximately RMB9.352 million for the first half of 2022 to approximately RMB5.435 million for the first half of 2023, due to the decrease in engineering business and cost expenses.

### 4. Segment gross profit

#### ***Electricity dispatch and sale segment***

The gross profit from our electricity dispatch and sale segment decreased by approximately 39.7% from approximately RMB5.106 million for the first half of 2022 to approximately RMB3.080 million for the first half of 2023, which was primarily due to the increase in purchasing cost of electricity resulting from higher comprehensive electricity price over the same period of previous year owing to the market-oriented reform in the power industry.

#### ***Power generation and supply segment***

The gross profit from our power generation and supply segment increased by approximately 2,772.1% from RMB0.383 million for the first half of 2022 to approximately RMB11.000 million for the first half of 2023, which was mainly because the Group has completed the optimisation of the price linkage mechanism between fuel price and industrial steam in 2022. The pressure of rising fuel cost is now shared by the Group and downstream enterprises, and the selling price of industrial steam has increased.

#### ***Others segment***

The gross profit from others segment increased by approximately 26.3% from approximately RMB3.413 million for the first half of 2022 to approximately RMB4.310 million for the first half of 2023, which was primarily due to the increase in the gross profit of operation maintenance business.

### 5. Earnings before interest, taxes, depreciation and amortization of segments

Earnings before interest, taxes, depreciation and amortization of segments increased by approximately 31.8% from approximately RMB31.284 million in the first half of 2022 to approximately RMB41.240 million for the first half of 2023, which was primarily due to an increase in gross profit for power generation and supply segment.

### 6. Finance costs

In the first half of 2023, the Group recorded finance costs of approximately RMB6.141 million, representing a decrease of approximately 11.5% as compared with the corresponding period of the previous year of approximately RMB6.941 million, which was primarily because the Group optimized its financing structure, reduced the finance costs.

## 7. Fuel costs

In the first half of 2023, the Group recorded fuel costs of approximately RMB207.256 million, representing an increase of approximately 40.0% as compared with the corresponding period of the previous year of approximately RMB148.052 million, which was primarily due to an increase in procurement cost from the change of production fuel of Lingang Thermal Power from coal to natural gas during the Reporting Period.

## 8. Profit/loss before tax

Profit before tax amounted to approximately RMB2.613 million for the first half of 2023, as compared to loss before tax of approximately RMB8.423 million for the first half of 2022, which was mainly because the Group has completed the optimisation of the price linkage mechanism between fuel price and industrial steam in 2022. The pressure of rising fuel cost currently sharing by the Group and downstream enterprises, and the selling price of industrial steam increased.

## 9. Income tax expenses/gains

In the first half of 2023, the Group recorded income tax expenses of approximately RMB0.548 million, as compared with income tax gains of approximately RMB2.106 million in the corresponding period of the previous year, which was primarily because profit before tax for the Reporting Period recorded a turnaround from loss as compared to the same period of last year.

## 10. Profit/loss for the period attributable to the parent company

Profit for the period attributable to the parent company amounted to approximately RMB0.704 million for the first half of 2023, as compared to loss for the period attributable to the parent company of approximately RMB9.152 million for the first half of 2022. As the Group has completed the optimisation of the linkage mechanism between fuel price and industrial steam price in 2022, the pressure of rising fuel cost is now shared by the Group and downstream enterprises, the selling price of industrial steam has increased, and the gross profit of the energy production and supply segment has increased significantly, resulting in the profit attributable to the parent company for the period turning around from loss.

## FINANCIAL POSITION

### 1. Assets and liabilities

Total assets increased by approximately 0.2% from approximately RMB1,064.408 million as at the end of 2022 to approximately RMB1,066.253 million as at the end of June 2023. Total liabilities increased by approximately 0.6% from approximately RMB598.951 million as at the end of 2022 to approximately RMB602.569 million as at the end of June 2023. Total equity attributable to ordinary Shareholders of the Company decreased by approximately 1.0% from approximately RMB315.395 million as at the end of 2022 to approximately RMB312.261 million as at the end of June 2023.

As of the end of June 2023, our current assets amounted to approximately RMB312.979 million, representing a decrease of approximately 2.7% from approximately RMB321.614 million as at the end of 2022, of which bank balances and cash amounted to approximately RMB122.704 million (end of 2022: approximately RMB153.314 million), trade and bill receivables amounted to approximately RMB104.063 million (end of 2022: approximately RMB97.950 million), which was mainly due to an increase in the steam sales receivable as compared to the same period of last year. Our current liabilities amounted to approximately RMB371.825 million (end of 2022: approximately RMB438.021 million), of which trade and other payables amounted to approximately RMB94.886 million (end of 2022: approximately RMB186.498 million); and non-current liabilities amounted to approximately RMB230.744 million (end of 2022: approximately RMB160.930 million).

# Management Discussion and Analysis

## 2. Bank balances and cash

As at the end of June 2023, the Group recorded bank balances and cash of approximately RMB122.704 million, representing a decrease of approximately 20.0% as compared with the end of the previous year of approximately RMB153.314 million. Taking into account the capital needs of the Group's daily operating activities and the higher expected capital expenditures, the Group adopted a conservative cash management strategy.

## 3. Gearing ratio

The gearing ratio is calculated as the balance of liabilities as at the end of the period divided by the balance of total equity as at the end of the period.

As at the end of June 2023, the Group recorded a gearing ratio of 1.30, representing a slight increase as compared with the end of the previous year of 1.29, which was due to the increase in new project borrowings during the Reporting Period.

## FINANCIAL POLICIES

For the six months ended June 30, 2023, the Company invested most of its idle funds in account deposits with commercial banks in China. It is the Group's financial strategy not to engage in any high-risk investments or speculative derivative transactions. In order to meet our working capital needs, we seek long-term and stable funding support from banks at market lending rates for the same period. In addition, the Group has established a standardised internal control system to control capital risks.

## HUMAN RESOURCES AND TRAINING

As of June 30, 2023, we had 73 employees. The following table sets forth the number of employees for each of our areas of operations as of June 30, 2023.

Function	Number of Employees	Percentage of Total
Management, administration and finance	27	37.0%
Marketing	7	9.6%
Procurement	5	6.8%
Engineering and technology	34	46.6%
<b>Total</b>	<b>73</b>	<b>100.0%</b>

For the six months ended June 30, 2023, we incurred staff costs (including salaries, benefits and allowances) of approximately RMB10.396 million.

Employees of the Group are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The Group contributes funds, which are calculated on certain percentage complied with the range agreed by the local municipal government based on the applicable average salaries, to the scheme to fund the retirement benefits of the employees. The Group's contributions to the defined contribution plan, including the social pension insurance schemes and the annuity, are recognised as expenses when incurred. Forfeited contributions could not be utilized to reduce the existing level of contribution, thus, for the six months ended 30 June 2023, there is no forfeited contributions that may be used by the Company and its subsidiaries to reduce the existing level of contribution.

The Group has implemented a number of initiatives in recent years to enhance the productivity of our employees. The Group conducts periodic performance reviews for all of our employees and their salaries and performance bonuses are performance-based. These initiatives have contributed to increased employee productivity.

The Group places significant emphasis on staff training and development. To realize steady and healthy development of the Group and meet the development needs of our employees, the Group provides continuing education and training programs for the management personnel and other employees with a view to constantly enhance their skills and knowledge. Our staff training is either conducted internally by the management and relevant department heads of the Group or by external trainers invited to conduct the professional trainings. We aim to ensure that our staff remain equipped with the necessary skills, knowledge and abilities in their respective areas of work as this in turn helps to maintain the Company's competitiveness in the market.

The Group carried out comprehensive and diversified trainings for management personnel, technical personnel and skilled personnel according to different layers and segments so as to improve the professional capacity and management level of the employees. For the six months ended June 30, 2023, the Group has completed 8 professional skills trainings for the employees from different departments involving continuing education, policies and regulations, safety education and technical standard.

The Group maintain a good working relationship with its personnel. Our employees are unionized in accordance with local labor laws.

## OTHER SIGNIFICANT EVENTS

### 1. Capital expenditure and capital commitment

In the first half of 2023, the total capital expenditure of the Group was approximately RMB52.184 million, mainly applicable to the construction of Lingang Thermal Power's gas distributed energy station project.

On June 30, 2023, the Group's provision for capital commitment was approximately RMB48.090 million, which was expected to be mainly used for the construction of Lingang Thermal Power's gas distributed energy station project.

As of June 30, 2023, save as disclosed in "Business Outlook for the Second Half of 2023" in this Interim Report, the Group did not have other confirmed plan to make major investments or purchase capital assets or to make relevant financing in the upcoming period.

### 2. Liquidity and financial resources

As at June 30, 2023, the Group had bank balances and cash amounting to approximately RMB122.704 million; loans and borrowings of approximately RMB426.160 million which includes short-term borrowings of approximately RMB254.687 million and long-term borrowings of approximately RMB171.473 million, while secured or guaranteed loans and borrowings amounted to approximately RMB109.174 million and unsecured borrowings amounted to approximately RMB316.986 million, of which, approximately RMB191.924 million were fixed-rate loans and borrowings and approximately RMB234.236 million were floating-rate loans and borrowings. There were no financial instruments entered into by the Group for hedging purpose. In addition, the Group had no investments in foreign currency.

# Management Discussion and Analysis

## 3. Material acquisitions and disposals of subsidiaries, associates and joint ventures

For the six months ended June 30, 2023, the Group had no material acquisitions and disposals in relation to subsidiaries, associates and joint ventures.

## 4. Significant investments

For the six months ended June 30, 2023, the Group had no significant investments.

## 5. Contingent liabilities

As at June 30, 2023, except for providing a joint liability guarantee for the bank loan of Lingang Thermal Power, with a balance of RMB92.302 million as of 30 June 2023, the Group did not have any contingent liabilities.

## 6. Bank borrowings of the Group

As at June 30, 2023, the Group had loans and borrowings of approximately RMB426.160 million which includes short-term borrowings of approximately RMB254.687 million and long-term borrowings of approximately RMB171.473 million; while secured or guaranteed loans and borrowings amounted to approximately RMB109.174 million and unsecured borrowings amounted to approximately RMB316.986 million, of which, approximately RMB191.924 million were fixed-rate loans and borrowings and approximately RMB234.236 million were floating-rate loans and borrowings.

## 7. Other debts of the Group

Except for the Group's loans and borrowings as disclosed in this Interim Report, the Group has lease liability of approximately RMB1.609 million.

## 8. Charges and pledges on the Group's assets

As of June 30, 2023, the gas supply facilities, equipments and related parts held by the Company at a value of RMB28.422 million was used as collateral for the financial lease with balance of RMB18.750 million as of June 30, 2023, and the 45% equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB29.250 million as of June 30, 2023.

## 9. Capital structure

The H Shares of the Company were listed on the Main Board of the Stock Exchange on April 27, 2018. Upon completion of the H Share "full circulation" programme of the Company on July 29, 2020, all domestic shares of the Company had been converted into H Shares and became listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the capital structure of the Company consists of H Shares only.

## 10. Share scheme

As of June 30, 2023, the Company had not implemented any share scheme.

## 11. Foreign exchange and exchange rate risk

The Group mainly operates in China, and the Group's transactions are denominated and settled in RMB. Other than bank deposits denominated in foreign currencies (including bank deposits in Hong Kong dollars), the Group is not exposed to material foreign exchange rate risk. The Directors expect that fluctuation in the exchange rate of RMB will not have a material adverse effect on the operation of the Group. Accordingly, the Group did not enter into any hedging arrangement for reducing the risk of fluctuation in exchange rates during the Reporting Period.

## **BUSINESS OUTLOOK FOR THE SECOND HALF OF 2023**

### **1. Accelerating the expansion of new energy business**

The Group will speed up the construction of existing new energy projects, promote the conversion of reserve projects with mature conditions, closely track potential merger and acquisition targets, and increase the Group's installed capacity of new energy through a combination of self-building and acquisition. The Group will continue to explore potential new energy investment opportunities in the Tianjin Port Free Trade Zone (Seaport) and closely track projects outside the area, with a view to reaching cooperation agreements with more enterprises and public institutions.

### **2. Advancing the power generation of gas distributed energy station projects**

The Group will complete the commissioning of the gas turbine units and the grid-connected power generation of gas distributed energy station projects in the second half of the year. The Group will increase the revenue from gas distributed energy station projects. In terms of financing, gas distributed energy station projects are partially financed by bank loans.

### **3. Progress in the exploration of SOE reform**

The Group's SOE reform will be explored in depth using Lingang Thermal Power as an example. In the second half of the year, the Group will strive to make progress in the optimization of the equity structure of Lingang Thermal Power.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high standard of corporate governance. The Board believes that high standard of corporate governance is essential for the Company to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has applied the principles set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Directors consider that the Company has complied with all code provisions as set out in the Part II of the Corporate Governance Code during the Reporting Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors, Supervisors and relevant employees of the Company. Upon making specific enquiries to all of the Directors, Supervisors and relevant employees of the Company, all Directors, Supervisors and relevant employees confirmed that during the Reporting Period, each of the Directors, Supervisors, and relevant employees has strictly complied with the required standards set out in the Model Code. The Company is not aware of any incident of non-compliance with the Model Code committed by any Director, Supervisor or relevant employee during the Reporting Period.

## PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders of the Company did not pledge any of their Shares in the Group to secure the Group's debts or to secure guarantees or other support of the Company's debts during the Reporting Period.

## CHARGES AND PLEDGES ON THE GROUP'S ASSETS

As of June 30, 2023, the gas supply facilities, equipment and related parts held by the Company at a value of RMB28.422 million was used as collateral for the financial lease with balance of RMB18.750 million as of June 30, 2023, and the 45% equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB29.250 million as of June 30, 2023.

## LOAN ARRANGEMENTS GRANTED BY THE GROUP TO ENTITIES

During the Reporting Period, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 of the Listing Rules.

## LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE GROUP

The Group has no affiliated companies and also did not provide any financial assistance nor guarantee to its affiliated companies during the Reporting Period, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Group did not enter into any loan agreement with covenants relating to specific responsibility of its Controlling Shareholders nor breach the terms of any loan agreements during the same Reporting Period.

## AUDIT COMMITTEE

The audit committee comprises three non-executive Directors, namely Mr. Chan Wai Dune (chairperson), Ms. Yang Ying and Ms. Dong Guangpei, with the majority being independent non-executive Directors (including one independent non-executive Director with accounting expertise). None of the members of the audit committee is a former partner of the Company's existing auditor. The primary responsibilities of the audit committee are to review and supervise the Group's financial reporting process, risk management and internal control system. The terms of reference of the audit committee are available on the Stock Exchange's website and the Company's website.

The audit committee of the Company has reviewed the Group's unaudited interim results and this Interim Report for the six months ended June 30, 2023.

# Corporate Governance and Other Information

## SHARE CAPITAL

As at June 30, 2023, the total share capital of the Company was 159,920,907 H Shares, with par value of RMB1.00 each. Since the listing of the Shares on the Main Board of the Stock Exchange, the Company had not issue any new Shares in exchange for cash.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, no Director, Supervisor or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests or short positions in accordance with such provisions of the SFO), or which were required, pursuant to Section 336 and Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at June 30, 2023, to the knowledge of the Directors, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the Shares or underlying Shares 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 as recorded in the register required to be kept under Section 336 of the SFO were as follows:

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of H Shares/ underlying H Shares held (Share) (Note 2)</b>	<b>Percentage of total share capital (%) (Note 3)</b>
Tianbao Holdings (Note 1)	Beneficial owner	109,606,538 (L)	68.54
TFIHC (Note 1)	Interest of a controlled corporation	115,600,907 (L)	72.29
Yuan Andy Yun Nan	Beneficial owner	12,880,000 (L)	8.05

Notes:

1. Tianbao Holdings is interested in 109,606,538 H Shares, and Tianbao Investment is interested in 5,994,369 H Shares. Since Tianbao Holdings and Tianbao Investment are wholly-owned subsidiaries of TFIHC, TFIHC is deemed to be interested in the H Shares held by Tianbao Holdings and Tianbao Investment by virtue of the SFO.
2. The letter "L" denotes the relevant person's long position in such Shares.
3. The calculation is based on 159,920,907 H Shares in issue as at June 30, 2023.

# Corporate Governance and Other Information

## NON-COMPETITION DEED FROM THE CONTROLLING SHAREHOLDERS

The Group entered into a non-competition deed with the Company's Controlling Shareholders, Tianbao Holdings and TFIHC, on April 4, 2018 in favour of the Company, pursuant to which each of our Controlling Shareholders has given certain non-competition undertakings to the Group (for itself and for the benefits of other members of the Group), to the effect that, it shall not, and it shall procure that its associates (other than any member of the Group) do not and shall not, directly or indirectly, whether on its own or through any entities, carry on, participate, be interested or engaged or otherwise be involved, whether for profit, reward, other benefit or otherwise, in any business or activity that is in competition with, or is likely to be in competition with, the business carried on by any member of the Group from time to time during the period when the non-competition deed remains valid and effective and will grant the Company options for new business opportunities and acquisitions, as well as pre-emptive rights and the right to acquire the Konggang Thermal Plant business. The independent non-executive Directors of the Company are solely responsible for reviewing, considering and deciding whether to exercise the options for acquisitions and pre-emptive rights and are responsible for reviewing, considering and deciding whether to exercise the right to acquire the Konggang Thermal Plant business.

During the Reporting Period, the Company's independent non-executive Directors have reviewed the implementation of the non-competition deed and confirmed that the Controlling Shareholders have fully observed the non-competition deed without any case of violation.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities or redeemable securities during the six months ended June 30, 2023.

## MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any material legal proceedings or arbitrations in which any member of the Group was a defendant. So far as the Directors are aware, no material legal proceedings or claims in which any member of the Group might become a defendant are pending or threatened against the Group.

## CONTRACT OF SIGNIFICANCE

Save as disclosed in this Interim Report and the Prospectus, at no time during the Reporting Period had the Company or its subsidiaries entered into any contract of significance with the Controlling Shareholders or any of their subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholders or any of their subsidiaries to the Company or its subsidiaries.

## INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended June 30, 2023.

## CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

On January 17, 2023, the third session of the Board was formed, Mr. ZHOU Shanzhong, Mr. WANG Geng, Mr. MAO Yongming and Mr. YAO Shen were reappointed as the executive Directors, Mr. WANG Xiaotong and Ms. DONG Guangpei were reappointed as the non-executive Directors, and Mr. CHAN Wai Dune, Mr. YOU Shijun and Ms. YANG Ying were reappointed as the independent non-executive Directors.

# Corporate Governance and Other Information

On the same day, the third session of the Supervisory Board was also formed, Mr. LI Yingjie and Mr. SHAO Guoyong were reappointed as the shareholder representative Supervisors. Ms. JIAO Dongxu was reappointed as the employee representative Supervisor in the Supervisory Board.

Mr. CHAN Wai Dune, an independent non-executive Director of the Company, has become a member of the Chartered Accountants Australia and New Zealand in June 2023.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Company amended and adjusted the Articles of Association in relation to the term of independent non-executive Directors in light of the particular conditions of the Company and subject to compliance with the provisions of the relevant laws and regulations and the Listing Rules. Such amendment was approved by the shareholders at the first extraordinary general meeting of the Company for 2023 held on January 17, 2023. Details of the amendment are set out in the circular of the general meeting of the Company dated December 23, 2022.

An amendment was made to the Company's Articles of Association in relation to the core shareholders protection standards in accordance with the relevant requirements of Appendix 3 to the Listing Rules. Such amendment was approved by the shareholders at the annual general meeting of the Company for 2022 held on June 12, 2023. Details of the amendment are set out in the circular of the general meeting of the Company dated May 19, 2023.

The latest version of the Articles of Association is available on the Company's website and the website of the Stock Exchange.

## DIRECTORS' REPORTING RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the six months ended June 30, 2023 to give a true and fair view of the production and operation condition of the Group and the business performance and cash flow of the Company.

The management of the Group has provided the Board with the necessary explanations and data to facilitate the review and approval of the Company's financial statements by the Board. The Company provided all members of the Board with monthly updates on the Group's financial position.

The Directors are not aware of any material uncertainties relating to events or conditions that may significantly affect the Group's ability to operate on a going concern.

## SUBSEQUENT EVENTS

Events subsequent to the Reporting Period are set out in note 19 to the unaudited Interim Financial Report in this Interim Report.



SHINewing (HK) CPA Limited  
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311 Gloucester Road,  
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司  
香港銅鑼灣告士打道311號  
皇室大廈安達人壽大樓17樓

## **TO THE BOARD OF DIRECTORS OF TIANJIN TIANBAO ENERGY CO., LTD.**

*(Incorporated in the People's Republic of China with limited liability)*

### **INTRODUCTION**

We have reviewed the condensed consolidated financial statements of Tianjin Tianbao Energy Co., Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 20 to 38 which comprise the consolidated statement of financial position as at 30 June 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and for such internal control as directors of the Company determine is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements (“HKSRE”) 2400 (Revised), “Engagements to Review Historical Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that caused us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

## OTHER MATTER

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2022 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for the six-month period ended 30 June 2022 reviewed by another auditor who expressed an unmodified conclusion on that interim financial information on 31 August 2022.

The comparative consolidated statement of financial position as at 31 December 2022 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 December 2022 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 27 March 2023.

## **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong

22 August 2023

# Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>383,402</b>	323,938
Cost of sales		<b>(365,012)</b>	(315,036)
<b>Gross profit</b>		<b>18,390</b>	8,902
Other net income		<b>1,272</b>	1,201
Administrative expenses		<b>(11,252)</b>	(11,805)
<b>Profit/(loss) from operations</b>		<b>8,410</b>	(1,702)
Finance income		<b>344</b>	220
Finance costs	5	<b>(6,141)</b>	(6,941)
<b>Profit/(loss) before taxation</b>	5	<b>2,613</b>	(8,423)
Income tax	6	<b>(548)</b>	2,106
<b>Profit/(loss) and total comprehensive income/(expense) for the period</b>		<b>2,065</b>	(6,317)
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>704</b>	(9,152)
Non-controlling interest		<b>1,361</b>	2,835
		<b>2,065</b>	(6,317)
<b>Earnings/(loss) per share attributable to ordinary equity holders of the parent</b>			
Basic (Cents)	7	<b>0.44</b>	(5.72)
Diluted (Cents)		<b>0.44</b>	(5.72)

# Unaudited Consolidated Statement of Financial Position

At 30 June 2023

	<i>Notes</i>	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	669,950	658,221
Right-of-use assets for properties	8	69,441	70,325
Intangible assets		5,511	6,086
Deferred tax assets		6,585	6,375
Other receivables and assets	11	1,250	1,250
Goodwill	9	537	537
		<b>753,274</b>	742,794
<b>Current assets</b>			
Inventories		6,778	8,652
Trade and bill receivables	10	104,063	97,950
Other receivables and assets	11	67,290	55,098
Bank balances and cash	12	122,704	153,314
Restricted deposits		12,144	6,600
		<b>312,979</b>	321,614
<b>Current liabilities</b>			
Dividends payable		2,774	–
Trade and other payables	13	94,886	186,498
Loans and borrowings	14	254,687	226,655
Contract liabilities		4,686	8,200
Salary and welfare payables		7,455	7,904
Tax payable		7,096	8,524
Lease liabilities		241	240
		<b>371,825</b>	438,021
<b>Net current liabilities</b>		<b>(58,846)</b>	(116,407)
<b>Total assets less current liabilities</b>		<b>694,428</b>	626,387

# Unaudited Consolidated Statement of Financial Position

At 30 June 2023

	<i>Notes</i>	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Loans and borrowings	14	<b>171,473</b>	100,672
Lease liabilities		<b>1,368</b>	1,334
Deferred income		<b>47,049</b>	48,003
Contract liabilities		<b>5,466</b>	5,466
Deferred tax liabilities		<b>5,388</b>	5,455
		<b>230,744</b>	160,930
<b>NET ASSETS</b>			
		<b>463,684</b>	465,457
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>159,921</b>	159,921
Reserves		<b>152,340</b>	155,474
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>312,261</b>	315,395
<b>Non-controlling interest</b>			
		<b>151,423</b>	150,062
<b>TOTAL EQUITY</b>			
		<b>463,684</b>	465,457

# Unaudited Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

		Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Statutory surplus reserves	Retained profits	Total	Non-controlling interests	Total equity
<i>Notes</i>		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		<u>159,921</u>	<u>79,530</u>	<u>13,574</u>	<u>62,370</u>	<u>315,395</u>	<u>150,062</u>	<u>465,457</u>
Profit for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>704</u>	<u>704</u>	<u>1,361</u>	<u>2,065</u>
Total comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>704</u>	<u>704</u>	<u>1,361</u>	<u>2,065</u>
Dividends approved in respect of the previous year	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,838)</u>	<u>(3,838)</u>	<u>-</u>	<u>(3,838)</u>
Balance at 30 June 2023 (Unaudited)		<u>159,921</u>	<u>79,530</u>	<u>13,574</u>	<u>59,236</u>	<u>312,261</u>	<u>151,423</u>	<u>463,684</u>
At 1 January 2022		<u>159,921</u>	<u>79,137</u>	<u>13,574</u>	<u>54,485</u>	<u>307,117</u>	<u>105,106</u>	<u>412,223</u>
(Loss)/profit for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,152)</u>	<u>(9,152)</u>	<u>2,835</u>	<u>(6,317)</u>
Total comprehensive (expense)/income		<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,152)</u>	<u>(9,152)</u>	<u>2,835</u>	<u>(6,317)</u>
Balance at 30 June 2022 (Unaudited)		<u>159,921</u>	<u>79,137</u>	<u>13,574</u>	<u>45,333</u>	<u>297,965</u>	<u>107,941</u>	<u>405,906</u>

# Unaudited Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Operating activities</b>			
Cash (used in)/generated from operations		(62,636)	22,596
Income tax paid		(2,253)	(3,029)
<b>Net cash (used in)/generated from operating activities</b>		<b>(64,889)</b>	<b>19,567</b>
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment and intangible assets		(52,184)	(30,580)
<b>Net cash used in investing activities</b>		<b>(52,184)</b>	<b>(30,580)</b>
<b>Financing activities</b>			
Dividends paid to shareholders of the company		(1,064)	–
Proceeds from bank loans		189,705	43,274
Repayment of bank loans		(93,794)	(94,362)
Repayment of other borrowings		(2,622)	(2,083)
Interest paid		(5,762)	(6,717)
Other cash flows arising from financing activities		–	(5,991)
<b>Net cash from/(used in) financing activities</b>		<b>86,463</b>	<b>(65,879)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(30,610)</b>	<b>(76,892)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>153,314</b>	<b>186,141</b>
<b>Effect of foreign exchange rates changes</b>		<b>–</b>	<b>592</b>
<b>Cash and cash equivalents at 30 June</b>	12	<b>122,704</b>	<b>109,841</b>

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 1 CORPORATE AND GROUP INFORMATION

Tianjin Tianbao Energy Co Ltd (the “Company”) was incorporated in the People’s Republic of China (“the PRC”) and is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is 40th Floor, Dah Sing Financial Centre, No.248 Queen’s Road East, Wanchai, Hong Kong. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in co-generation of steam, electricity, heating and cooling.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (**IAS**) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (**IASB**). It was authorised for issue on 22 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Tianjin Tianbao Energy Co., Ltd. and its subsidiaries (together, the “**Group**”) since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by SHINEWING (HK) CPA Limited (“**SHINEWING**”) in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements, issued by the HKICPA. SHINEWING’s independent review report to the Board of Directors is included.

In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the Group could continue in operational existence for the foreseeable future.

The liquidity of the Group is dependent on its ability to maintain adequate cash flow from operations to meet its debt obligations as and when they fall due, and its ability to obtain adequate external financing to meet its committed future capital expenditures.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 2 BASIS OF PREPARATION *(Continued)*

As at 30 June 2023, the Group had net current liabilities of RMB58.85 million. Notwithstanding the net current liabilities as at 30 June 2023, the Directors do not consider that material uncertainties related to events or conditions exist which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, in light of the below circumstances:

- (i) the Group had available unutilised bank facilities of RMB313.70 million at 30 June 2023, respectively.

Consequently, the Directors are of the opinion that it is appropriate to prepare the Group's financial statements for the six months ended 30 June 2023 on a going concern basis.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") which are effective for the Group's financial year beginning 1 January 2023:

IFRS 17 and related amendments	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Return-Pillar Two Model Rules

The application of the amendments to IFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING

Revenue represents revenue arising on electricity dispatch and sale, power generation and supply and contraction and operation maintenance of industrial facilities. The following is an analysis of the Group's revenue for the year:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers within the scope of IFRS 15		
Electricity dispatch and sale	97,138	90,525
Power generation and supply	276,519	220,648
Others	9,745	12,765
	<b>383,402</b>	<b>323,938</b>

Disaggregation of revenue from contracts with customers by timing of recognition

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Time of revenue recognition		
At a point in time	373,727	311,233
Over time	9,675	12,705
Total revenue from contracts with customers	<b>383,402</b>	<b>323,938</b>

Since all the revenue from customers is derived from the customers located in Tianjin and the non-current assets are located in Tianjin, there is no information separated by different geographical locations provided to the Group's management.

An analysis of the Group's revenue by segments is set out below.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING (Continued)

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Electricity dispatch and sale business: selling electricity purchased from the local branch of State Grid to end-users in various industries in Tianjin Port Free Trade Zone (Seaport) and relevant service fee.
- Power generation and supply business: selling electricity to the local branch of State Grid, and providing steam, heating and cooling, and photovoltaic power generation and sales of electricity to the industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport), and providing steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang).
- Others: construction and operation maintenance of industrial facilities.

The following table present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2023 and 2022, respectively.

<b>Six months ended 30 June 2023 (unaudited)</b>	<b>Electricity dispatch and sales RMB'000</b>	<b>Power generation and supply RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
Revenue				
External sales	97,138	276,519	9,745	383,402
Inter-segment	-	333	7,244	7,577
Segment revenue				390,979
Elimination				(7,577)
Group revenue				383,402
Results				
Segments profit (adjusted EBITDA)	5,488	31,442	4,310	41,240
Other net income				318
Interest income				344
Finance costs				(6,141)
Depreciation and amortisation				(23,956)
Other unallocated head office and corporate expenses				(9,192)
Profit before tax				2,613
At 30 June 2023				
Reportable segment assets	102,419	684,663	62,273	849,355
Reportable segment liabilities	20,708	137,741	7,568	166,017

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT REPORTING (Continued)

Six months ended 30 June 2022 (unaudited)	Electricity dispatch and sales RMB'000	Power generation and supply RMB'000	Others RMB'000	Total RMB'000
Revenue				
External sales	90,525	220,648	12,765	323,938
Inter-segment	1,114	-	-	1,114
Segment revenue				325,052
Elimination				(1,114)
Group revenue				323,938
Results				
Segments profit (adjusted EBITDA)	8,511	19,316	3,457	31,284
Other net income				246
Interest income				220
Finance costs				(6,941)
Depreciation and amortisation				(21,838)
Other unallocated head office and corporate expenses				(11,394)
Profit before tax				(8,423)
At 31 December 2022				
Reportable segment assets	80,652	760,171	39,264	880,087
Reportable segment liabilities	31,758	241,720	28,270	301,748

The measure used for reporting segment profit is "EBITDA" representing for earnings before interest, taxes, depreciation and amortisation.

## 5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Finance costs on bank loans and other borrowings	6,030	6,653
Interest on lease liabilities	34	37
Other financial costs	77	251
	6,141	6,941
Amortisation of right-of-use assets for properties	853	885
Amortisation intangible assets	575	385
Depreciation	22,527	20,568
Purchase of electricity	87,648	81,997
Fuel	207,256	148,052
Outsourcing operation	21,140	20,923

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 6 INCOME TAX

The major components of income tax expense in the condensed consolidated statements of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Provision for the period	825	1,929
<b>Deferred taxation</b>		
Reversal of temporary differences	(277)	(4,035)
Income tax expense	548	(2,106)

## 7 EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share attributable to the shareholders of the Company is based on the following data:

### Earnings

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to shareholders of the Company	704	(9,152)

### Numbers of shares

	Six months ended 30 June	
	2023	2022
	Number of shares 000	Number of shares 000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	159,921	159,921

The basic earnings per share and the diluted earnings per share are the same as there were no potential dilutive ordinary shares in issue during both periods.

## 8 RIGHT-OF-USE ASSETS FOR PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

### (a) Property, plant and equipment:

During the six months ended 30 June 2023, the Group acquired items of plant, machinery and construction in progress with a cost of RMB34,256,000.00 (six months ended 30 June 2022: RMB47,639,000.00). There is no disposal of property, plant and equipment during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

### (b) Right-of-use assets for properties

Right-of-use assets for properties of the Group mainly represent the prepayments for the land use premium held under operating leases.

### (c) Assessing impairment

Electricity dispatch and sale business in Seaport, power generation and supply business in Seaport and power generation and supply business in Tianjin Tianbao Lingang Thermal Power Co., Ltd. have been identified as three separate cash-generating units (“CGUs”) for impairment assessment purpose. For those CGUs where an indicator of impairment was identified, management compares the carrying amounts of the property, plant and equipment and right-of-use assets for properties allocated to each CGU with the respective recoverable amounts, which are estimated by calculating their value in use based on a discounted cash flow forecasts, to determine the amount of impairment loss, if any. The management are of the view that there is nil impairment loss amount for the property, plant and equipment and right-of-use assets for properties as at 30 June 2023 (2022: nil).

As of 30 June 2023, as the fuel prices remained high, reducing the profitability of power generation and supply business in Seaport and Lingang Thermal Power, management has performed impairment assessments on the above CGUs. Management assessed the recoverable amounts of those CGUs and as a result, management is of the view that there is no impairment loss provision for the property, plant and equipment and right-of-use assets for properties as at 30 June 2023 (2022: nil).

For the power generation and supply business in Seaport and Lingang Thermal Power, the estimates of recoverable amount was based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 0% (2022: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 9.51% (2022: 9.51%). The discount rate used is pre-tax and reflect specific risks relating to the relevant segment.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 9 GOODWILL

Reconciliation of carrying amount of goodwill:

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
<b>Cost</b>		
Balance at 1 January	<u>537</u>	<u>537</u>
Balance at 30 June/31 December	<u>537</u>	<u>537</u>
<b>Impairment losses</b>		
Balance at 1 January	-	-
Impairment losses	<u>-</u>	<u>-</u>
Balance at 30 June/31 December	<u>-</u>	<u>-</u>
<b>Carrying amounts</b>		
Balance at 1 January	<u>537</u>	<u>537</u>
Balance at 30 June/31 December	<u>537</u>	<u>537</u>

### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's power generation and supply – Tianjin Tianbao Lingang Thermal Power Co., Ltd. (refer to as "Lingang Thermal Power") cash generation unit (CGU) identified according to operating segment.

The recoverable amounts of the CGU are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 0% (2022: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 9.51% (2022: 9.51%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 10 TRADE AND BILLS RECEIVABLES

Included in the trade and bills receivables are trade receivables (net of allowance for the credit losses) with the following ageing analysis presented based on the invoice date, which approximates the respective revenue recognition date:

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Within 3 months	82,048	91,409
4 to 6 months	3,833	2,105
7 to 9 months	14,901	2,287
10 to 12 months	1	379
Over 12 months	3,280	1,770
	<b>104,063</b>	<b>97,950</b>

The Group allows an average credit period of 30-90 days to its trade customers.

## 11 OTHER RECEIVABLES AND ASSETS

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
<b>Current</b>		
Price subsidy	41,889	41,889
Value added tax recoverable	6,051	1,325
Corporation income tax recoverable	-	44
Deposits with third parties	31	22
Advance to suppliers	19,319	11,818
	<b>67,290</b>	<b>55,098</b>
<b>Non-current</b>		
Deposits with third parties	1,250	1,250

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 12 BANK BALANCES AND CASH

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Cash at bank	<b>122,704</b>	153,314

## 13 TRADE AND OTHER PAYABLES

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Trade payable to third parties	<b>26,431</b>	86,732
Bills payable	<b>3,000</b>	34,591
Deposit received	<b>1,491</b>	1,936
Payables for value added tax and other taxes	<b>3,225</b>	2,503
Payables for purchase of property, plant and equipment	<b>41,559</b>	59,487
Others	<b>19,180</b>	1,249
	<b>94,886</b>	186,498

All of the trade and other payables of the Group are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Within 3 months	<b>15,623</b>	84,674
4 to 6 months	<b>6,572</b>	29,559
7 to 12 months	<b>7,236</b>	4,788
Over 12 months	<b>–</b>	2,302
	<b>29,431</b>	121,323

The balance of trade payables that are over 1 year mainly represent quality guarantee deposit for construction.

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 14 LOANS AND BORROWINGS

(a) The analysis of the repayment schedule of loans and borrowings is as follows:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
<b>Bank loans</b>		
Within 1 year or on demand	249,609	221,467
After 1 year but within 2 years	31,291	11,473
After 2 years but within 5 years	44,784	29,556
After 5 years	81,552	43,805
	<u>157,627</u>	<u>84,834</u>
	<u>407,236</u>	<u>306,301</u>
<b>Other borrowings</b>		
Within 1 year or on demand	5,078	5,188
After 1 year but within 2 years	4,856	4,967
After 2 years but within 5 years	8,990	10,871
	<u>13,846</u>	<u>15,838</u>
	<u>18,924</u>	<u>21,026</u>
	<u>426,160</u>	<u>327,327</u>

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 14 LOANS AND BORROWINGS *(continued)*

### (b) Assets pledged as security for loans and borrowings

At 30 June 2023, the loans and borrowings were secured as follows:

	<b>At 30 June 2023 RMB'000 (Unaudited)</b>	At 31 December 2022 RMB'000 (Audited)
Bank loans		
– secured	<b>29,250</b>	33,400
– guaranteed by subsidiary of the Company	<b>10,000</b>	10,000
– guaranteed by the Company	<b>51,000</b>	51,805
– unsecured	<b>316,986</b>	211,096
Other borrowings		
– secured	<b>18,924</b>	21,026
	<b>426,160</b>	327,327

At 30 June 2023, the secured bank loans were pledged by the shares of Lingang Thermal Power held by the Group with an aggregate carrying value of RMB51,000,000 (2022: RMB51,000,000).

At 30 June 2023, the secured other borrowings represent borrowing balance from SPDB Financial Leasing Co., Ltd., which were pledged by the gas supply facilities, equipment and related parts of the Group with an aggregate carrying value of RMB28,422,000 (2022: RMB29,469,000).

### (c) Bank loan agreements with covenants relating to requirements of specific financial performance, indicators

As at 30 June 2023, the Group has certain bank loan agreements that include covenants relating to requirements of specific financial performance indicators on the borrowers, such as debt-to-asset ratio, liquidity ratio and net profit for each fiscal year. Failure to achieve the requirements may cause the lenders to demand immediate repayment of the loans.

The aggregate amount of bank loan balances which include such covenants is RMB256,534,238 having maturity dates from 1 year to 5 years as of 30 June 2023 (2022: RMB131,004,611 having maturity dates from 1 year to 5 years).

There was no non-compliance with loan covenants for the six months ended 30 June 2023 (2022: nil).

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 15 DIVIDENDS

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.024 per ordinary share (six months ended 30 June 2022: nil)	3,838	–

## 16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 30 June 2023 and 31 December 2022, the carrying amounts of trade and bills receivables, other receivables and assets, trade and other payables were not materially different from their fair values.

## 17 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report:

	At 30 June	At 31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted for	48,090	24,091
Authorised but not contracted for	–	–
	<b>48,090</b>	<b>24,091</b>

## 18 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Related party balances

(i) *Trade and bill receivables and other receivables and assets comprised the following balances due from related parties:*

	At 30 June	At 31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Due from related parties outside Tianbao Group	11,788	10,368
Advance to a subsidiary of the equity owner of a subsidiary	315	352
Due from Tianbao Group and its subsidiaries	<b>1,463</b>	<b>5,366</b>

# Notes to the Unaudited Interim Financial Report

for the six months ended 30 June 2023

## 18 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (a) Related party balances (Continued)

(ii) **Other payables and liabilities comprised the following balances due to related parties:**

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Advance received from Tianbao Group's subsidiaries	129	177
	<b>129</b>	<b>177</b>

### (b) Related party transactions

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Sales of goods to</b>		
Subsidiaries of Tianbao Group	2,140	2,703
Equity owner of a subsidiary	–	1,104
<b>Purchase of goods from</b>		
A company controlled by the same ultimate controller of the equity owner of a subsidiary	134,634	–
<b>Services provided to</b>		
Subsidiaries of Tianbao Group	407	617
Equity owner of a subsidiary	–	1,608
A subsidiary of the equity owner of a subsidiary	2,253	–
<b>Guarantee given by</b>		
Equity owner of a subsidiary	49,000	49,000

## 19 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have occurred since 30 June 2023.

“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Company”, “our Company”, “we” or “us”	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in this Report refers to Tianbao Holdings and TFIHC
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	the ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board, and International Accounting Standards and Interpretations issued by the International Accounting Standards Board
“Interim Report” or “Report”	the Group’s interim report for the six months ended June 30, 2023
“Konggang Thermal Plant”	the power plant located in Tianjin Airport Economic Zone which is currently held by Tianbao Holdings, one of the Controlling Shareholders of the Company, which operates energy production and supply business
“Latest Practicable Date”	22 August 2023, being the latest practicable date prior to the printing of this Interim Report for ascertaining certain information contained herein
“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 our Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

# Definitions

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC” or “China”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated on April 16, 2018
“Reporting Period”	from January 1, 2023 to June 30, 2023, being the financial report period of this Interim Report
“RMB”	the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Board”	the board of Supervisors of the Company
“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 limited liability company established in the PRC on December 17, 2008 and a non-wholly owned controlling company of the Finance Bureau of Tianjin Port Free Trade Zone* (天津港保稅區財政局), one of our Controlling Shareholders
“Tianbao Holdings”	Tianjin Tianbao Holdings Limited* (天津天保控股有限公司), a limited liability company established in the PRC on January 28, 1999 and a wholly-owned subsidiary of TFIHC, one of our Controlling Shareholders
“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

\* for identification purpose only