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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)**

**CONTINUING CONNECTED TRANSACTION – PROCUREMENT OF  
NATURAL GAS**

**NATURAL GAS SUPPLY AND CONSUMPTION CONTRACT**

On May 24, 2024, Lingang Thermal Power, a subsidiary of the Company, entered into the Natural Gas Supply and Consumption Contract with the Natural Gas Supplier, pursuant to which Lingang Thermal Power shall procure natural gas from the Natural Gas Supplier.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Lingang Thermal Power is held as to 45.0%, 40.0% and 15.0% by the Company, 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) and the LTP Investor, respectively. As each of the Natural Gas Supplier and the LTP Investor is an indirect holding company of Supplier Holdco, according to the Listing Rules, the Natural Gas Supplier is therefore a connected person of the Company at subsidiary level, and the transactions conducted under the Natural Gas Supply and Consumption Contract constitute continuing connected transactions of the Company. Therefore, the Natural Gas Supply and Consumption Contract is subject to the applicable requirements on reporting, annual review and disclosure under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated April 1, 2024 in relation to the Previous Natural Gas Sale and Purchase Contract entered into between Lingang Thermal Power and PetroChina Natural Gas Sales Company Tianjin Branch\* (中國石油天然氣股份有限公司天然氣銷售天津分公司). As PetroChina Natural Gas Sales Company Tianjin Branch\* (中國石油天然氣股份有限公司天然氣銷售天津分公司) is a branch of Supplier Holdco while Supplier Holdco is an indirect holding shareholder of the Natural Gas Supplier, the transactions contemplated under the Natural Gas Supply and Consumption Contract shall be aggregated with the transactions under the Previous Natural Gas Sale and Purchase Contract pursuant to Rule 14.22 of the Listing Rules.

As (i) according to the Listing Rules, the Natural Gas Supplier is a connected person of the Company at subsidiary level; (ii) one or more of the applicable percentage ratios (other than the profits ratio) in respect of the annual caps of the natural gas to be procured by Lingang Thermal Power from the Natural Gas Supplier under the Natural Gas Supply and Consumption Contract exceeds 1.0% on a stand-alone basis or aggregated with the transactions under the Previous Natural Gas Sale and Purchase Contract; (iii) the Natural Gas Supply and Consumption Contract has been confirmed and approved by the Board; and (iv) the Directors (including the independent non-executive Directors) are of the view that the terms of the Natural Gas Supply and Consumption Contract are entered into in the ordinary and usual course of business of the Group, the terms of the Natural Gas Supply and Consumption Contract are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Therefore, the continuing connected transactions contemplated under the Natural Gas Supply and Consumption Contract are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

The Board is pleased to announce that on May 24, 2024, Lingang Thermal Power, a subsidiary of the Company, entered into the Natural Gas Supply and Consumption Contract with the Natural Gas Supplier, pursuant to which Lingang Thermal Power shall procure natural gas from the Natural Gas Supplier. The principal terms of the contract are as follows:

## **NATURAL GAS SUPPLY AND CONSUMPTION CONTRACT**

**Date:** May 24, 2024

**Parties:** Lingang Thermal Power and the Natural Gas Supplier

**Duration of the Contract:** May 24, 2024 to March 31, 2025

### **Principal Terms**

Pursuant to the Natural Gas Supply and Consumption Contract, Lingang Thermal Power shall procure natural gas from the Natural Gas Supplier, and the natural gas shall be supplied by pipeline.

### **Pricing Policy**

As determined by Lingang Thermal Power and the Natural Gas Supplier through arm's length negotiation with reference to the general commercial terms and prices in the public market which is no less favourable than similar transactions conducted between the Company and Independent Third Parties, the price for supply of natural gas is not higher than the general industrial, commercial and other gas sales price in effect for the current month as announced by the pricing authority. Payment shall be made before delivery and the sale and purchase price of natural gas shall be settled in the middle of the month and at the end of the month separately based on planned gas consumption volume. The difference will be settled in the following month based on actual gas consumption volume and gas mix. If the consumption volume of natural gas exceeds the contracted volume for that month, the price of the excess consumption volume shall be based on the market price for that month, and reasonable revenue will be added on top of the procurement cost of the Natural Gas Supplier, and a supplemental agreement shall be signed separately.

Pursuant to the Natural Gas Supply and Consumption Contract, if the competent national government authorities introduce new natural gas pricing policies, the natural gas supply prices shall be implemented in accordance with the new policies or mechanisms from the date on which such new policies and mechanisms come into force.

### **Proposed Annual Caps**

The total procurement cost under the Natural Gas Supply and Consumption Contract is estimated based on the abovementioned pricing policy and the anticipated procurement volume. During the period of execution of the Natural Gas Supply and Consumption Contract, it is expected that the total maximum transaction amount will be RMB30 million, of which the proposed total maximum transaction amounts for the period from the date of signing of the Natural Gas Supply and Consumption Contract to December 31, 2024 and the three months ending March 31, 2025 shall not exceed RMB20 million and RMB10 million, respectively. In determining the annual caps under the Natural Gas Supply and Consumption Contract, the Company has considered a number of assumptions and factors, including (i) the volume of natural gas supply procured by Lingang Thermal Power (please refer to the announcement of the Company dated April 1, 2024 in relation to the Previous Natural Gas Sale and Purchase Contract); (ii) the estimated production volume of industrial steam based on the production plans and demand for steam of enterprise in Tianjin Port Free Trade Zone (Lingang); (iii) the estimated consumption of natural gas for future capacity expansion based on the preliminary operation of the gas distributed energy station project; and (iv) the potential increases and changes in natural gas price estimated by the Company after taking into account the future changes in the supply and demand of natural gas and the range of historical transaction prices, and price fluctuations caused by various factors such as government policies and international supply and demand.

### **REASONS AND BENEFITS FOR THE NATURAL GAS SUPPLY AND CONSUMPTION CONTRACT**

In the second half of 2023, the power generation part of the gas distributed energy station project of Lingang Thermal Power was successfully put into commercial operation and Lingang Thermal Power uses natural gas instead of coal as fuel. The gas distributed energy station project is an important project for the transformation and upgrading of the Group, which will improve the production capacity of Lingang Thermal Power.

Natural gas is an essential fuel for the gas distributed energy station project. To ensure the daily operation of the gas distributed energy station project and to make up for the potential shortfall in the supply of natural gas, Lingang Thermal Power should ensure the procurement of high quality and sufficient volume of natural gas to promote and meet the demand of its production capacity. Entering into the Natural Gas Supply and Consumption Contract upon consideration of the Previous Natural Gas Sale and Purchase Contract is particularly important to achieve this. The entering into of the Natural Gas Supply and Consumption Contract with benefit of the stable supply of natural gas for the gas distributed energy station project will promote the long-term development of Lingang Thermal Power by integrating the upstream and downstream resources of shareholders of Lingang Thermal Power to generate a polymerization effect.

Based on the above, the Directors (including independent non-executive Directors) consider that the continuing connected transactions set forth in this announcement are entered into in the ordinary and usual course of business of the Company on normal or better commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The proposed annual caps on the continuing connected transactions are also fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

The Company has adopted the following internal control and corporate governance measures to ensure that the Natural Gas Supply and Consumption Contract will comply with the requirements of the Listing Rules going forward:

- (i) as part of the Group's internal control measures, the implementation of the Natural Gas Supply and Consumption Contract and the actual number and amount of materials, products and services will be monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with Independent Third Parties;
- (ii) the relevant operational divisions of the Group will report regularly to senior management with respect to the actual performance of the transactions with the Natural Gas Supplier;
- (iii) pursuant to the Corporate Governance Code set out in Appendix C1 of the Listing Rules, the Directors, including the independent non-executive Directors, will be able to seek independent professional advice in respect of the relevant transactions from external parties in appropriate circumstances;
- (iv) the Group will engage auditors to review the continuing connected transactions between the Company and the Natural Gas Supplier during the annual audit process to ensure that the transactions contemplated under the Natural Gas Supply and Consumption Contract have been conducted in accordance with the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and
- (v) the Company will duly disclose in its annual reports and accounts the transactions with the Natural Gas Supplier during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors on whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interest of the Shareholders as a whole.

In addition, the Company continuously (i) review and update its connected transaction management rules and list of connected persons, and distribute them to the Company and its subsidiaries and their respective personnel/senior management for observance; (ii) reiterate the importance of compliance with the Listing Rules to the personnel/senior management of its subsidiaries, and requested reporting of any potential connected transaction(s) to the Company in advance in order to ascertain whether there will be any implications under the Listing Rules; and (iii) monitor, review and tighten its internal control procedures to ensure timely compliance with the Listing Rules.

## **INFORMATION ON 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 are listed on the Main Board of the Stock Exchange (stock code: 1671). The Company is mainly responsible for the power supply and service guarantee of electricity and heating for the Tianjin Port Free Trade Zone (Seaport) and the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang).

### **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 incorporated in the PRC on May 8, 2009, is a non-wholly owned subsidiary of the Company. It is engaged in steam production and supply and electricity generation business for the production process of the enterprises in the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang).

### **The Natural Gas Supplier**

The Natural Gas Supplier is a limited liability company incorporated in the PRC on August 18, 2010 and is an indirect holding company of Supplier Holdco. It is mainly engaged in petroleum and natural gas pipeline storage and transportation; operation of gas; installation and maintenance of gas-burning appliances; sales of petroleum products; petroleum and natural gas technical services, etc.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Lingang Thermal Power is held as to 45.0%, 40.0% and 15.0% by the Company, 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) and the LTP Investor, respectively. As each of the Natural Gas Supplier and the LTP Investor is an indirect holding company of Supplier Holdco, according to the Listing Rules, the Natural Gas Supplier is therefore a connected person of the Company at subsidiary level, and the transactions conducted under the Natural Gas Supply and Consumption Contract constitute continuing connected transactions of the Company.

Therefore, the Natural Gas Supply and Consumption Contract is subject to the applicable requirements on reporting, annual review and disclosure under Chapter 14A of the Listing Rules.

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As at the date of this announcement, there is no Director who has a material interest in the transactions contemplated under the Natural Gas Supply and Consumption Contract, therefore no Director is required to abstain from voting on the relevant Board resolution(s).

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司), a joint stock company with limited liability incorporated in the PRC, and 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
“Director(s)”	director(s) of the Company
“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
“Independent Third Party”	the person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons
“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, as amended, supplemented or otherwise modified from time to time
“LTP Investor”	PetroChina Kunlun Gas Co., Ltd.* (中石油昆侖燃氣有限公司), a shareholder of Lingang Thermal Power directly holding 15% of its equity interests
“Natural Gas Supplier”	PetroChina Tianjin Natural Gas Pipeline Co., Ltd.* (中石油天津天然氣管道有限公司), an indirect holding company of Supplier Holdco
“Natural Gas Supply and Consumption Contract”	the Natural Gas Supply and Consumption Contract dated May 24, 2024 entered into between Lingang Thermal Power and the Natural Gas Supplier

“PRC”	the People’s Republic of China
“Previous Natural Gas Sale and Purchase Contract”	the 2024-2025 Natural Gas Sale and Purchase Contract dated April 1, 2024 entered into between Lingang Thermal Power and PetroChina Natural Gas Sales Company Tianjin Branch* (中國石油天然氣股份有限公司天然氣銷售天津分公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier Holdco”	PetroChina Company Limited* (中國石油天然氣股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601857) and the Stock Exchange (stock code: 857)
“%”	per cent

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

Tianjin, the PRC  
May 24, 2024

*As at the date of this announcement, the Board comprises Mr. ZHOU Shanzhong, Mr. WANG Geng, Mr. MAO Yongming and Mr. YAO Shen as executive Directors; Mr. WANG Xiaotong and Ms. DONG Guangpei as non-executive Directors; and Mr. CHAN Wai Dune, Mr. YOU Shijun and Ms. YANG Ying as independent non-executive Directors.*

\* *For identification purpose only*