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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 –  
LANDSCAPE LIGHTING EQUIPMENT MAINTENANCE AND  
MANAGEMENT AGREEMENT**

**LANDSCAPE LIGHTING EQUIPMENT MAINTENANCE AND MANAGEMENT  
AGREEMENT**

The Board announces that the Company has recently participated in the public tender initiated by TFEI for the 2021 maintenance and management of landscape lighting equipment in Tianjin Port Free Trade Zone and has received the tender result confirming the Company as the successful bidder. Accordingly, the Company entered into the Landscape Lighting Equipment Maintenance and Management Agreement with TFEI on July 15, 2021, pursuant to which the Company shall provide maintenance and management services on the landscape lighting equipment in certain areas of Tianjin Port Free Trade Zone to TFEI for a term from July 15, 2021 to December 31, 2021.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company and TFEI holds 51.0% and 49.0% equity interest in Lingang Thermal Power, respectively. As a result, TFEI is a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As (i) TFEI is a connected person of the Company at the subsidiary level under the Listing Rules; (ii) one or more of the applicable percentage ratios (other than the profits ratio) of the annual cap in respect of the maintenance and management services to be provided by the Company to TFEI under the Landscape Lighting Equipment Maintenance and Management Agreement are more than 1.0%; (iii) the Landscape Lighting Equipment Maintenance and Management Agreement has been approved by the Board; and (iv) the Directors (including the independent non-executive Directors) are of the view that the terms of the Landscape Lighting Equipment Maintenance and Management Agreement was entered into in the ordinary and usual course of business of the Company and the terms of the Landscape Lighting Equipment Maintenance and Management Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore the continuing connected transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

## **BACKGROUND**

The Board announces that the Company has recently participated in the public tender initiated by TFEI for the 2021 maintenance and management of landscape lighting equipment in Tianjin Port Free Trade Zone and has received the tender result confirming the Company as the successful bidder. Accordingly, the Company entered into the Landscape Lighting Equipment Maintenance and Management Agreement with TFEI on July 15, 2021, pursuant to which the Company shall provide maintenance and management services on the landscape lighting equipment in certain areas of Tianjin Port Free Trade Zone to TFEI for a term from July 15, 2021 to December 31, 2021. The principal terms of the Landscape Lighting Equipment Maintenance and Management Agreement are as follows:

### **Landscape Lighting Equipment Maintenance and Management Agreement**

**Date:** July 15, 2021  
**Parties:** The Company and TFEI  
**Term:** July 15, 2021 to December 31, 2021

#### **Principal terms**

Pursuant to the Landscape Lighting Equipment Maintenance and Management Agreement, the Company shall provide inspection, maintenance and management services on landscape lighting equipment and related systems to TFEI, including the routine inspection, repair and maintenance of landscape lighting equipment and intelligent monitoring terminals and the decoration of festive lighting equipment in Tianjin Port Free Trade Zone (Seaport) and certain areas of Tianjin Port Free Trade Zone Airport Economic Zone, and the layout arrangement of festive lighting equipment in Tianjin Port Free Trade Zone (Lingang).

#### **Pricing Policy**

The Company has taken into account the normal commercial terms, operational efficiency of the Company and estimated workload when participating in the relevant public tender and proposed competitive service unit price. The Company won public the tender and the tender price was finalized as the service fee upon consideration and approval of the comprehensive tender proposal and competitive service unit price by TFEI. The service fee is determined on normal commercial terms with reference to fees in the open market, which shall be no less favourable than the price for similar transactions between the Company and independent third parties.

Payments shall be made by TFEI to the Company based on the actual costs and expenses incurred by the Company, in which 75% of the sum shall be paid on a quarterly basis based on actual workload with the remaining 25% of the sum to be retained and settled upon expiration of the term of the Landscape Lighting Equipment Maintenance and Management Agreement and confirmations of the quality of services. TFEI may also suspend payments if there are issues with the services provided by the Company and resume payments upon the such issues are rectified with normal provision of services resumed.

#### **Proposed annual cap**

The overall service fee of the Landscape Lighting Equipment Maintenance and Management Agreement is determined based on the fixed unit price, in which the service unit price is fixed, and the maximum aggregate transaction amount for the term of the agreement, being from July 15, 2021 to December 31, 2021, shall not exceed approximately RMB6.52 million.

In determining the above annual cap, the Directors have considered, among other factors, (i) the estimated needs of such services from TFEI based on the proposed scope of work and amount of landscape lighting and festive lighting equipment in the service area; (ii) the historic transaction amount, costs and expenses of the Company in providing similar services to other customers; (iii) the maximum amount of service fee set by TFEI during the public tender process for enlisting the service providers to procure the relevant services; and (iv) the competitive fee quote proposed by the Company in the public tender process to attract TFEI as a new customer of the Group.

### **Other terms**

TFEI shall be responsible for the supervision and inspection of the Company's safe construction and environmental protection work, and the quality supervision, inspection, assessment, acceptance and assessment of the Company's maintenance and management work.

The Company shall be responsible for all liabilities and costs incurred for accidents due to the fault of the Company and compensate TFEI for any related economic loss. In the event of a safety or casualty incident, the Company shall actively take remedial measures and report to TFEI immediately in accordance with the relevant regulations on reporting of safety incidents promulgated by the state, local and administrative authorities and bear the expenses incurred in the handling of such safety incidents, casualties and accidents.

### **Termination**

The Landscape Lighting Equipment Maintenance and Management Agreement may be terminated by TFEI if (i) the Company fails to satisfy the project content, technical requirements, rights and obligations and service assurance stated in the Landscape Lighting Equipment Maintenance and Management Agreement or the public tender documents; (ii) the occurrence of material safety incident or casualty which is caused by the Company and led to substantial impact or economic loss to TFEI; or (iii) the Company fails to pass the annual review of TFEI.

## **REASONS AND BENEFITS FOR THE LANDSCAPE LIGHTING EQUIPMENT MAINTENANCE AND MANAGEMENT AGREEMENT**

The Group is an integrated power operator in Tianjin Port Free Trade Zone and has formed a diversified industrial structure with the supply of electricity, steam, heating and other power as the mainstay, supplemented by value-added services such as the development and operation of distributed photovoltaic power stations, electricity commission maintenance. As set forth in the 14th Five-Year Strategic Development Plan of the Group, the Group intends to, whilst continually maintain its position as an integrated energy service provider in the industrial park, also rigorously develop clean energy business, actively develop integrated energy service business, and expand its service areas. On the premise of serving existing customers, the Group will also accumulate experience in projects of integrated energy services while expanding new customer groups.

The provision of the maintenance and management services to TFEI pursuant to the Landscape Lighting Equipment Maintenance and Management Agreement complements the overall business and development plan of the Group as (i) the Group has long been providing maintenance and management services on landscape lighting equipment to other customers as part of its integrated energy services, and therefore has accumulated the requisite and sufficient experience and expertise in the relevant scope of work; (ii) the provision of services to TFEI and the entering into of the Landscape Lighting Equipment Maintenance and Management Agreement expands the customer base of the Group and generates revenue for the Group; (iii) the Company had won the tender by proposing competitive price quotes in which the price is no less favourable than those offered by the Group to other independent third parties, taking into account the service quality, price, knowledge of each other's business needs and operational requirements, familiarity with each other's available projects and value-added contributions.

Based on the above, the Directors (including independent non-executive Directors) believe that the continuing connected transaction set out in this announcement has been entered into in the Company's ordinary and usual course of business on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the proposed annual cap in respect of such continuing connected transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL MEASURES**

The Company has adopted the following internal control and corporate governance measures to ensure that the Landscape Lighting Equipment Maintenance and Management Agreement will comply with the requirements of the Listing Rules going forward:

- (i) as part of the Company's internal control measures, the implementation of the Landscape Lighting Equipment Maintenance and Management Agreement 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 Company will report regularly to senior management with respect to the actual performance of the transactions with TFEI;
- (iii) pursuant to the Corporate Governance Code and Corporate Governance Report in accordance with Appendix 14 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 Company will engage auditors to review the continuing connected transactions between the Company and TFEI to ensure that the transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement 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 TFEI during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interest of the Shareholders as a whole.

## **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 of which are listed on the Main Board of the Stock Exchange (stock code: 1671). It is the sole power operator in Tianjin Port Free Trade Zone (Seaport) and is engaged in cogeneration of steam together with electricity, heating and cooling. The Company is the first state-owned power operator in Tianjin engaging in cogeneration of steam, electricity, heating and cooling listed on the Main Board of the Stock Exchange.

### **TFEI**

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), a limited liability company established in the PRC on October 10, 2007 and an indirectly wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of Tianjin Binhai New Area People's Government\* (天津市濱海新區人民政府國有資產監督管理委員會). It is principally engaged in the business of construction, maintenance and management of municipal greening and sanitation, thermal power, oil and gas energy, telecommunications, environmental protection and water affairs and urban properties.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Company and TFEI holds 51.0% and 49.0% equity interest in Lingang Thermal Power, respectively. As a result, TFEI is a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As (i) TFEI is a connected person of the Company at the subsidiary level under the Listing Rules; (ii) one or more of the applicable percentage ratios (other than the profits ratio) of the annual cap in respect of the maintenance and management services to be provided by the Company to TFEI under the Landscape Lighting Equipment Maintenance and Management Agreement are more than 1.0%; (iii) the Landscape Lighting Equipment Maintenance and Management Agreement has been approved by the Board; and (iv) the Directors (including the independent non-executive Directors) are of the view that the terms of the Landscape Lighting Equipment Maintenance and Management Agreement was entered into in the ordinary and usual course of business of the Company and the terms of the Landscape Lighting Equipment Maintenance and Management Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore the continuing connected transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

As at the date of this announcement, there is no Director who has a material interest in the transactions contemplated under the Landscape Lighting Equipment Maintenance and Management Agreement and 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 limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the 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(ies)”	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 the 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
“Landscape Lighting Equipment Maintenance and Management Agreement”	the 2021 Tianjin Port Free Trade Zone landscape lighting equipment maintenance and management agreement dated July 15, 2021 entered into between the Company and TFEI
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	shares of RMB1.00 each in the capital of the Company
“Shareholders”	the holder(s) of the H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TFEI” 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), a limited liability company established on October 10, 2007 in the PRC and a direct shareholder of 49.0% equity interest in Lingang Thermal Power

“%” per cent

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

Tianjin, the People’s Republic of China, July 15, 2021

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

\* *For identification purpose only*