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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)

DISCLOSEABLE TRANSACTION
PROCUREMENT OF GAS BOILERS

I. PRINCIPAL TERMS OF THE GAS BOILERS PROCUREMENT AGREEMENT

The Board announces that, on January 31, 2022, Lingang Thermal Power (a non-wholly owned subsidiary of the Company) entered into the Gas Boilers Procurement Agreement with the Vendor, pursuant to which Lingang Thermal Power has conditionally agreed to purchase from the Vendor, and the Vendor has agreed to sell the Gas Boilers at an aggregate Consideration of RMB18.2 million. The principal terms of the Gas Boilers Procurement Agreement are set out as follows:

Date : January 31, 2022

Parties : **Purchaser** : Lingang Thermal Power

Vendor : Taiyuan Boiler Group Co., Ltd.* (太原鍋爐集團有限公司)

Assets to be acquired : The Gas Boilers, being five gas boilers with output of 40 tons/hour each and their respective ancillary equipment

Consideration : The Consideration payable under the Gas Boilers Procurement Agreement is RMB18.2 million and shall be payable by Lingang Thermal Power to the Vendor as follows:

- (1) RMB3.64 million, being 20% of the Consideration, within 15 days upon execution of the Gas Boilers Procurement Agreement, and the Vendor shall provide Lingang Thermal Power with a letter of guarantee of equivalent amount which expiration date shall be 15 July 2022;
- (2) RMB9.1 million, being 50% of the Consideration, within 15 days upon delivery of the Gas Boilers;

- (3) RMB3.64 million, being 20% of the Consideration, (i) within 30 days upon completion of the testing, tuning (if required) and acceptance of the Gas Boilers; or (ii) if no tuning and acceptance could be completed within 200 days after delivery due to reasons of Lingang Thermal Power, 30 business days after the earlier of the 201st day after delivery or 180 days after installation; and
- (4) RMB1.82 million, being the remainder 10% of the Consideration, within 30 days after the expiration of the Warranty Period.

Delivery : The Vendor shall commence delivering the Gas Boilers to Lingang Thermal Power within 90 days after payment of the initial 20% of Consideration in accordance with the relevant delivery procedures pursuant to the Gas Boilers Procurement Agreement.

Warranty Period : The Vendor shall provide a Warranty Period of 12 months from the completion of testing and acceptance date of the Gas Boilers, which shall be extended for 12 months from the date of acceptance of any repairs made during the initial Warranty Period.

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

II. INFORMATION OF THE GAS BOILERS

The primary function of the Gas Boilers is to generate steam which will be used in various other industrial heating applications. The new Gas Boilers will be able to generate more steam with the same amount of fuel calorific value as compared to the Group's existing coal boilers, at the same time reducing the emission of nitrogen oxides, carbon dioxide, dust and other pollutants.

III. INFORMATION OF THE PARTIES

The Company

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

Lingang Thermal Power

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

The Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in the research and development, design, manufacturing and installation of different types of boilers and their ancillary equipment. It is ultimately controlled by the State-Owned Assets Supervision and Administration Commission of Taiyuan. To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are independent of and not connected with the Company and its connected persons.

IV. REASONS FOR AND BENEFITS OF THE PROCUREMENT OF GAS BOILERS

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

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

Accordingly, the Group intends to engage in the Gas Distributed Energy Station Project, which will involve establishing a gas and steam production system at the existing production site of Lingang Thermal Power and replacing the existing coal and steam production system. Upon completion of the project, the steam production of Lingang Thermal Power will be solely fueled by natural gas and the production capacity of Lingang Thermal Power will also increase. The Gas Distributed Energy Station Project is an important project for the transformation and upgrading of the Group. The Gas Boilers procured under the Gas Boilers Procurement Agreement are necessary production equipment for the functioning of the Gas Distributed Energy Station Project and are inherently essential machineries for the production of heat. It is expected that with the new Gas Boilers, Lingang Thermal Power will be able to enhance its production and operational efficiency by generating more steam with the same amount of fuel calorific value as compared to its existing boilers.

Based on the above, the Directors (including independent non-executive Directors) believe that the entering into of the Gas Boilers Procurement Agreement and the transactions contemplated thereunder are in the Company's ordinary and usual course of business on normal commercial terms which are fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Gas Boilers Procurement Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirement under the Listing Rules.

VI. 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
“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
“Consideration”	RMB18.2 million, being the total consideration payable by Lingang Thermal Power to the Vendor for the Gas Boilers pursuant to the Gas Boilers Procurement Agreement
“Director(s)”	the director(s) of the Company
“Gas Boilers”	five gas boilers with output of 40 tons/hour each and their respective ancillary equipment to be acquired by Lingang Thermal Power pursuant to the Gas Boilers Procurement Agreement
“Gas Boilers Procurement Agreement”	the gas boilers procurement agreement dated January 31, 2022 entered into between Lingang Thermal Power and the Vendor in relation to the procurement of the Gas Boilers

“Gas Distributed Energy Station Project”	the gas distributed energy station project in Tianjin Lingang Grain and Oil Processing Zone, details of which are stated in the paragraph headed “Reasons for and Benefits of the Gas Boilers Procurement” in this announcement
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Stock Exchange
“Lingang Thermal Power”	Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司) (formerly known as Tianjin Jinneng Lingang Thermal Power Co., Ltd.* (天津津能臨港熱電有限公司)), a limited liability company established in the PRC on May 8, 2009, a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Taiyuan Boiler Group Co., Ltd.* (太原鍋爐集團有限公司), a limited liability company established in the PRC
“Warranty Period”	The warranty period for the Gas Boilers to be provided by the Vendor to Lingang Thermal Power pursuant to the Gas Boilers Procurement Agreement
“%”	per cent

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

Tianjin, the People’s Republic of China, January 31, 2022

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

* For identification purpose only