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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)

**UPDATE IN RELATION TO
THE POTENTIAL CAPITAL INCREASE IN A SUBSIDIARY**

Reference is made to (i) the announcements of Tianjin Tianbao Energy Co., Ltd.* (the “**Company**”) dated December 28, 2021, January 31, 2022 and March 1, 2022; and (ii) the circular of the Company dated March 8, 2022 (the “**Circular**”) in relation to, among other things, the Capital Increase Public Tender, the Potential Capital Increase, the Proposed Capital Increase Mandate, and the transactions contemplated thereunder. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that PetroChina Kunlun Gas Co., Ltd.* (中石油昆仑燃气有限公司) (“**PetroChina Kunlun**”) has been confirmed as the successful bidder of the Capital Increase Public Tender. Accordingly, on September 28, 2022, Lingang Thermal Power, TFEI, the Company and PetroChina Kunlun entered into the Capital Increase Agreement. The principal terms of the Capital Increase Agreement are set out as follows:

- Date: September 28, 2022
- Parties:
1. The Company
 2. TFEI
 3. Lingang Thermal Power
 4. PetroChina Kunlun

Subject matter: The Parties have agreed that the price for the Potential Capital Increase shall be RMB2.221712 per RMB1.0 registered capital of Lingang Thermal Power, representing the minimum bidding price of the Capital Increase Public Tender.

Accordingly, PetroChina Kunlun and the Company shall make a capital increase in the amount of RMB40.8240 million and RMB9.1646 million for the increase of registered capital of Lingang Thermal Power in the amount of RMB18.3750 million and RMB4.1250 million, respectively.

Shareholding structure of Lingang Thermal Power : The following table sets forth the shareholding structure of Lingang Thermal Power immediately prior to and upon completion of the Potential Capital Increase:

Shareholders	Immediately prior to completion of the Potential Capital Increase		Upon completion of the Potential Capital Increase	
	Registered capital (RMB'000)	Percentage of equity interest (%)	Registered capital (RMB'000)	Percentage of equity interest (%)
Company	51,000	51.00	55,125	45.00
TFEI	49,000	49.00	49,000	40.00
PetroChina Kunlun	–	–	18,375	15.00
Total	100,000	100.00	122,500	100.00

Payment terms: PetroChina Kunlun and the Company shall make the capital increase in the following manner:

- (1) within 10 business days from the day upon execution of the Capital Increase Agreement, the Company shall pay all its capital increase amount (being RMB9.1646 million) to the designated bank account of Lingang Thermal Power;
- (2) a deposit of RMB12.0000 million had already been paid by PetroChina Kunlun to TPPE to be held in escrow for Lingang Thermal Power. Within 10 business days from the day upon execution of the Capital Increase Agreement, PetroChina Kunlun shall pay the remainder amount of the capital increase (being RMB28.8240 million having excluded sum of the deposit) to the designated bank account of Lingang Thermal Power; and
- (3) upon provision of a copy of the confirmation receipt of the remainder amount of the capital increase by Lingang Thermal Power to TPPE, the deposit of PetroChina Kunlun to TPPE to be held in escrow for Lingang Thermal Power shall be transferred by TPPE to the designated bank account of Lingang Thermal Power.

Other rights: The board of directors of Lingang Thermal Power shall comprise of five directors upon completion of the Proposed Capital Increase. PetroChina Kunlun shall be entitled to nominate one director and deputy general manager of Lingang Thermal Power. The Company and TFEI shall be entitled to nominate three directors and one director, respectively. The chairman of the board of directors of Lingang Thermal Power shall be elected by its board of directors among representative directors of the Company while the general manager shall be recommended by the Company and nominated by the chairman of Lingang Thermal Power's board of directors.

Completion: Save as the issuance of a capital contribution certificate to the Company and PetroChina Kunlun by Lingang Thermal Power, all conditions precedent to the Capital Increase Agreement (as also disclosed in the Circular) has been fulfilled as at the date of this announcement.

INFORMATION ON PETROCHINA KUNLUN

PetroChina Kunlun is a company established under the Laws of the PRC with limited liability. Its principal businesses include urban gas pipeline network construction, urban gas transmission and distribution, sales and after sales services of natural gas and liquefied petroleum gas. PetroChina Kunlun is a wholly owned subsidiary of KunLun Energy Company Limited (listed on the Stock Exchange, stock code: 135). To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, PetroChina Kunlun and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

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

Tianjin, the PRC
September 28, 2022

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*