



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 2024

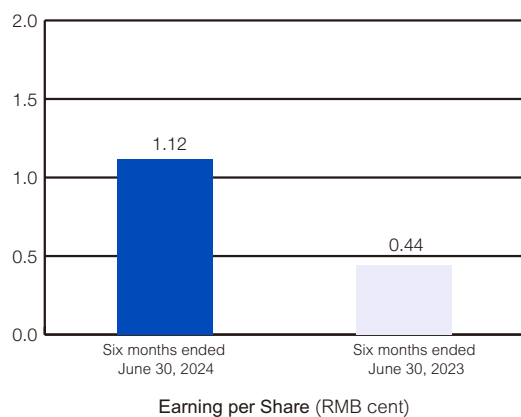
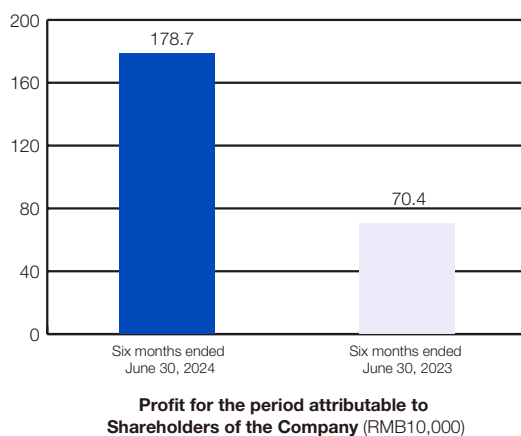
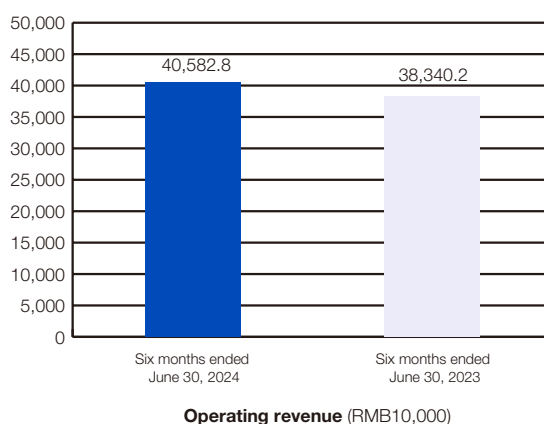


Contents

	Page
Financial Highlights	2
Corporate Information	4
Management Discussion and Analysis	6
Corporate Governance and Other Information	14
Review Report	18
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Condensed Consolidated Statement of Financial Position	21
Condensed Consolidated Statement of Changes in Equity	23
Condensed Consolidated Cash Flow Statement	24
Notes to the Condensed Interim Financial Report	25
Definitions	43

Financial Highlights

The Board of Directors of Tianjin Tianbao Energy Co., Ltd. announces the unaudited operating results for the six months ended June 30, 2024 and a comparison with the unaudited operating results for the corresponding period of the previous year. For the six months ended June 30, 2024, the Group recorded a consolidated operating revenue of approximately RMB405.828 million, which had increased by approximately 5.8% as compared with the corresponding period of the previous year. The profit for the period attributable to equity shareholders of the Company was approximately RMB1.787 million, which had increased by 153.8% as compared with the corresponding period of the previous year. Earnings per share were RMB1.12 cents, which had increased by 154.5% as compared with the corresponding period of the previous year.



Financial Highlights

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	405,828	383,402
Profit before taxation	7,119	2,613
Income tax	(2,145)	(548)
Profit and total comprehensive income for the period	4,974	2,065
Attributable to:		
Equity shareholders of the Company	1,787	704
Non-controlling interest	3,187	1,361
Earnings per share attributable to ordinary equity holders of the parent		
Basic (Cents)	1.12	0.44
Diluted (Cents)	1.12	0.44
	At 30 June	At 31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Total assets	1,076,270	1,089,093
Non-current assets	757,627	738,032
Current assets	318,643	351,061
Total liabilities	611,699	630,302
Current liabilities	374,779	392,149
Non-current liabilities	236,920	238,153
Net assets	464,571	458,791
Total equity attributable to equity shareholders of the Company	313,602	311,815
Non-controlling interest	150,969	146,976
Total equity	464,571	458,791

Corporate Information

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. WU Guoqi (武國旗) (*Appointed on July 29, 2024*)
Ms. SHI Wei (史瑋) (*Appointed on August 6, 2024*)
Mr. WANG Xiaotong (王小潼) (*Retired on June 26, 2024*)
Ms. DONG Guangpei (董光沛)
(*Resigned on August 6, 2024*)

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. SHI Wei (史瑋) (*Appointed on August 6, 2024*)
Ms. DONG Guangpei (董光沛)
(*Resigned on August 6, 2024*)

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 Haibinju Road
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*
17/F, Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

HONG KONG LEGAL ADVISER

King & Wood Mallesons
13/F, Gloucester Tower
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PRC LEGAL ADVISER

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Floor 16, No.1 Vanke TIMES Center
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Nankai District, Tianjin City, the PRC

H SHARE REGISTRAR

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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

www.tjtbny.com

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Management Discussion and Analysis

SUMMARY OF BUSINESS REVIEW FOR THE FIRST HALF OF 2024

In the first half of 2024, China's gross domestic product (GDP) amounted to RMB61,683.6 billion, representing an increase of 5.0% year on year. China's economy saw steady progress on the whole, with new driving forces witnessing accelerated growth, which has made possible new strides in high-quality development. In the first half of 2024, the Chinese energy industry was generally stable. Specifically, the foundation of energy supply was further consolidated, which drove the rapid development of the new energy industry. Furthermore, the energy consumption of the wider civil society remained on the increase. This has further defined the trend of greening and cleaning of energy, accelerating green and low-carbon transformation.

The Group's gross profit margin for industrial steam remained stable in the first half of 2024. The Group worked to improve the corporate operating efficiency by lowering its production costs through technological transformation, biomass fuel-blended combustion and other means, successful operating of power generation part of gas distributed energy station project of Lingang Thermal Power, wrapping up the equity acquisition project of Yangzhou Qingchang and expanding industrial and commercial distributed photovoltaic power plant projects.

THE GROUP'S MEASURES TO IMPLEMENT KEY TASKS IN THE FIRST HALF OF 2024

1. Reducing costs and increasing efficiency through various forms

The Group established a cost control system coordinated with its operating objectives and matched with its organizational structure to continuously improve the quality and efficiency of its business.

The Group kept a close eye on production and operation across the board. As a result, the Group significantly reduced its coal and water consumption in steam production and further lowered its steam pipe loss rate as compared to the same period of last year by strengthening coal quality sampling and testing, boiler low-load renovation, deep recycling of wastewater, and maintenance of pipeline network facilities.

The Group communicated with downstream customers on steam demand frequently and adjusted its steam production plan in time according to the customers' steam consumption to match the natural gas consumption with the contracted volume, which has controlled the cost of natural gas procurement.

The Group reformed the boiler combustion technology, topped off a number of biomass fuel-blended combustion tests, and the implementation will be initiated in due course based on the Group's overall arrangement at a later stage.

2. The equity acquisition project of Yangzhou Qingchang was a great success and the expansion of the new energy industry recorded strides

In March 2024, the Group completed the industrial and commercial registration changes of Yangzhou Qingchang and the equity acquisition project of Yangzhou Qingchang recorded a great success, which, as the first outbound project of the Group, meant a lot to the Group going out of Tianjin to cover more service areas and implementing the "14th Five-Year Plan".

In the first half of 2024, the Group completed the grid connection and started the operation of distributed photovoltaic power generation projects such as Yangzhou Qingchang Kaixiang Phase II and Tianjin Konggang Xijiudao Road, completed the main construction of projects such as Tianjin Konggang Xiqidao Road and promoted the establishment of a number of projects, confirmation of the intention to cooperate and modification of investment and construction plans.

In the first half of 2024, the Group added 11.56MW of installed capacity of distributed photovoltaic power generation, bringing the total installed capacity to 18.8MW, and the installed capacity of new energy power generation has reached 62.7% of the installed capacity of coal power generation.

3. Making great efforts in production safety

In the first half of 2024, the Group continued to standardize its efforts in production safety. To make it happen, the Group worked to improve the production safety management system to step up the management of hazardous operations such as fire-related work, work at height, and temporary electricity work. It offered safety training and education programs in fire, traffic and electricity. It organized 504 inspections of safety risks and eliminated 375 hidden dangers. It launched emergency drills, which included those for flood control, chemical leakage disposal, emergency evacuation and more to improve emergency response capabilities.

OPERATING RESULTS AND ANALYSIS

According to the Group's data, in the first half of 2024, sales of steam amounted to approximately 792,000 tons, representing a decrease of approximately 7.7% from approximately 858,000 tons over the corresponding period of the previous year; sales of electricity amounted to approximately 139.457 million kilowatt-hours, representing an increase of approximately 21.2% from approximately 115.083 million kilowatt-hours over the corresponding period of the previous year; and on-grid power generation amounted to approximately 118.178 million kilowatt-hours, representing an increase of approximately 455.8% from approximately 21.261 million kilowatt-hours over the corresponding period of the previous year.

1. Operating revenue

In the first half of 2024, the Group recorded consolidated operating revenue of approximately RMB405.828 million, representing an increase of approximately 5.8% from approximately RMB383.402 million for the first half of 2023, mainly attributable to the smooth commercial operation of the power generation part on the basis that the gas distributed energy station project has been put into operation for heating, and the successful operation of the project has improved the operating revenue of the Group. The acquisition of 95% of the equity interest in Yangzhou Qingchang, which holds approximately 10.44MW of industrial and commercial distributed roof photovoltaic projects, improved the Group's operating revenue.

Electricity dispatch and sale segment

In the first half of 2024, the Group recorded revenue from our electricity dispatch and sale segment of approximately RMB103.731 million, representing an increase of approximately 6.8% from approximately RMB97.138 million for the first half of 2023, mainly attributable to the increase in electricity consumption of enterprises in the park compared with the same period last year.

Power generation and supply segment

In the first half of 2024, the Group recorded revenue from our power generation and supply segment of approximately RMB284.996 million, representing an increase of approximately 3.1% from approximately RMB276.519 million for the first half of 2023, because of the operation of power generation part of gas distributed energy station project of Lingang Thermal Power commenced in the second half of 2023, resulting in a corresponding increase in revenue.

Others segment

In the first half of 2024, the Group recorded revenue from the others segment of approximately RMB17.101 million, representing an increase of approximately 75.5% from approximately RMB9.745 million for the first half of 2023, due to the increase of agent maintenance and engineering business compared with the same period last year.

Management Discussion and Analysis

2. Other net income

In the first half of 2024, the Group recorded other net income of approximately RMB1.678 million, representing an increase of approximately 31.9% from approximately RMB1.272 million for the first half of 2023, mainly attributable to the fact that the deferred revenue of gas distributed energy station project began to be recognized as income monthly after the project was converted to a fixed asset.

3. Segment costs

Electricity dispatch and sale segment

In the first half of 2024, the costs of our electricity dispatch and sale segment amounted to approximately RMB100.688 million, representing an increase of approximately 7.0% from approximately RMB94.058 million for the first half of 2023, mainly because of the increase in electricity purchase costs due to the increase in electricity consumption of enterprises in the park compared with last year.

Power generation and supply segment

In the first half of 2024, the costs of our power generation and supply segment amounted to approximately RMB266.044 million, representing an increase of approximately 0.2% from approximately RMB265.519 million for the first half of 2023.

Others segment

In the first half of 2024, the costs of others segment amounted to approximately RMB12.197 million, representing an increase of approximately 124.4% from approximately RMB5.435 million for the first half of 2023, due to the increase of agent maintenance and engineering business, resulting in a corresponding increase in costs.

4. Segment gross profit

Electricity dispatch and sale segment

In the first half of 2024, the gross profit from our electricity dispatch and sale segment amounted to approximately RMB3.043 million, representing a decrease of approximately 1.2% from approximately RMB3.080 million for the first half of 2023, which was primarily due to the smooth implementation of the power transmission and distribution price reform policy and the relatively stable profit of electricity dispatch and sale.

Power generation and supply segment

In the first half of 2024, the gross profit from our power generation and supply segment amounted to approximately RMB18.952 million, representing an increase of approximately 72.3% from approximately RMB11.000 million for the first half of 2023, which was mainly because of the improvement in the linkage between power generation and industrial steam of Lingang Thermal Power.

Others segment

In the first half of 2024, the gross profit from others segment amounted to approximately RMB4.904 million, representing an increase of approximately 13.8% from approximately RMB4.310 million for the first half of 2023, which was primarily due to the increase in gross profit of the agent maintenance and engineering business.

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

In the first half of 2024, the earnings before interest, taxes, depreciation and amortization of segments amounted to approximately RMB53.294 million, representing an increase of approximately 29.2% from approximately RMB41.240 million for the first half of 2023, which was primarily due to the increase in gross profit of power generation and supply segment.

6. Finance costs

In the first half of 2024, the Group recorded finance costs of approximately RMB8.595 million, representing an increase of approximately 40.0% as compared with approximately RMB6.141 million for the first half of 2023, which was primarily because of the conversion of interest from capitalization to expense of the distributed energy station project of Lingang Thermal Power.

7. Fuel costs

In the first half of 2024, the Group recorded fuel costs of approximately RMB195.652 million, representing a decrease of approximately 5.6% as compared with approximately RMB207.256 million for the first half of 2023, which was primarily due to the decrease in procurement costs of coal and natural gas compared with last year.

8. Profit before tax

Profit before tax amounted to approximately RMB7.119 million for the first half of 2024, representing an increase of approximately 172.4% as compared with approximately RMB2.613 million for the first half of 2023, which was mainly because of the Company's acquisition of 95% equity interest in Yangzhou Qingchang, energy production and supply, and the increase in profits of agent maintenance and engineering business compared with last year.

9. Income tax expenses

In the first half of 2024, the Group recorded income tax expenses of approximately RMB2.145 million, representing an increase of approximately 291.4% as compared with approximately RMB0.548 million for the first half of 2023, which was primarily because of the increase in profit before tax.

10. Profit for the period attributable to the parent company

In the first half of 2024, the profit for the period attributable to the parent company amounted to approximately RMB1.787 million, representing an increase of approximately 153.8% from approximately RMB0.704 million for the first half of 2023 due to the fact that the profit for the period attributable to the parent company increased due to the incorporation of energy production and supply segment, agent maintenance business and Yangzhou Qingchang into the consolidated financial statements.

FINANCIAL POSITION

1. Assets and liabilities

Total assets decreased by approximately 1.2% from approximately RMB1,089.093 million as at the end of 2023 to approximately RMB1,076.270 million as at the end of June 2024. Total liabilities decreased by approximately 3.0% from approximately RMB630.302 million as at the end of 2023 to approximately RMB611.699 million as at the end of June 2024. Total equity attributable to ordinary Shareholders of the Company increased by approximately 0.6% from approximately RMB311.815 million as at the end of 2023 to approximately RMB313.602 million as at the end of June 2024.

As of the end of June 2024, our current assets amounted to approximately RMB318.643 million, representing a decrease of approximately 9.2% from approximately RMB351.061 million as at the end of 2023, of which bank balances and cash amounted to approximately RMB134.171 million (end of 2023: approximately RMB144.307 million), trade receivables amounted to approximately RMB106.757 million (end of 2023: approximately RMB113.329 million). Our current liabilities amounted to approximately RMB374.779 million (end of 2023: approximately RMB392.149 million), of which trade and other payables amounted to approximately RMB89.988 million (end of 2023: approximately RMB103.310 million); and non-current liabilities amounted to approximately RMB236.920 million (end of 2023: approximately RMB238.153 million).

Management Discussion and Analysis

2. Bank balances and cash

As at the end of June 2024, the Group recorded bank balances and cash of approximately RMB134.171 million, representing a decrease of approximately 7.0% as compared with the end of the previous year of approximately RMB144.307 million, mainly due to the payment for the acquisition of 95% equity interest in Yangzhou Qingchang.

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 2024, the Group recorded a gearing ratio of 1.32, representing a slight decrease as compared with the end of the previous year of 1.37, which was due to repayment of funds payable for gas distributed energy station project of Lingang Thermal Power.

FINANCIAL POLICIES

For the six months ended June 30, 2024, the Company primarily conducts daily settlements through the basic account at SPD Bank to meet the needs of production and operations. 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, 2024, we had 71 employees. The following table sets forth the number of employees for each of our areas of operations as of June 30, 2024.

Function	Number of Employees	Percentage of Total
Management, administration and finance	24	33.8%
Marketing	7	9.9%
Procurement	5	7.0%
Engineering and technology	35	49.3%
Total	71	100.0%

For the six months ended June 30, 2024, we incurred staff costs (including salaries, benefits and allowances) of approximately RMB11.09 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 June 30, 2024, there is no forfeited contributions that may be used by the Company and its subsidiaries to reduce the existing level of contribution.

Management Discussion and Analysis

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, 2024, the Group has completed 24 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 2024, the total capital expenditure of the Group was approximately RMB26.044 million, mainly applicable to funds payable for gas distributed energy station project of Lingang Thermal Power.

On June 30, 2024, the Group's provision for capital commitment was approximately RMB12.502 million, mainly applicable to funds payable for the construction of the Yangzhou Qingchang Phase II distributed photovoltaic power generation project and for the gas distributed energy station project of Lingang Thermal Power.

As of June 30, 2024, save as disclosed in "Business Outlook for the Second Half of 2024" 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, 2024, the Group had bank balances and cash amounting to approximately RMB134.171 million in aggregate; loans and borrowings of approximately RMB447.84 million which includes short-term borrowings of approximately RMB265.928 million and long-term borrowings of approximately RMB181.912 million, while secured or guaranteed loans and borrowings amounted to approximately RMB174.323 million and unsecured borrowings amounted to approximately RMB273.517 million, of which, approximately RMB288.460 million were fixed-rate loans and borrowings and approximately RMB159.380 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

On December 28, 2023, the Company entered into the Equity Transfer Agreement with Tianjin Yuanhai Jinfeng New Energy Co., Ltd.* (天津遠海金風新能源有限公司) to acquire 95% equity interest in Yangzhou Qingchang held by it at a consideration of approximately RMB15.372 million. The equity acquisition was completed and the industrial and commercial registration change was completed in March 2024. Yangzhou Qingchang is mainly engaged in the development, design and construction of solar photovoltaic power generation projects, and currently operates an industrial and commercial distributed photovoltaic project of approximately 10.44MW.

For the six months ended June 30, 2024, the Company did not receive any dividends from Yangzhou Qingchang and the profit from additional business generated by Yangzhou Qingchang is set out in note 19 to the condensed interim financial report of this interim report.

Save as disclosed above, for the six months ended June 30, 2024, 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, 2024, the Group did not have significant investments.

5. Contingent liabilities

As at June 30, 2024, the Group did not have contingent liabilities.

6. Bank borrowings of the Group

As at June 30, 2024, the Group had loans and borrowings of approximately RMB447.84 million which includes short-term borrowings of approximately RMB265.928 million and long-term borrowings of approximately RMB181.912 million; while secured or guaranteed loans and borrowings amounted to approximately RMB174.323 million and unsecured borrowings amounted to approximately RMB273.517 million, of which, approximately RMB288.460 million were fixed-rate loans and borrowings and approximately RMB159.380 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 RMB1.07 million.

8. Charges and pledges on the Group's assets

As of June 30, 2024, the steam supply facilities, equipment and related parts held by the Company at a value of RMB26.328 million was used as collateral for the financial lease with balance of RMB14.584 million as of June 30, 2024, and the 45% equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB20.95 million as of June 30, 2024.

As at June 30, 2024, the secured bank loans of RMB9.539 million were pledged by all receivables for electricity charges and all related rights acquired by the relevant contracts held by the Group within the pledged period. As at June 30, 2024, the aggregate carrying amount of the receivables related to the relevant contracts was RMB1.425 million (December 31, 2023: RMB1.648 million).

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 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, 2024, 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 2024

1. Expand increment in new energy business

In terms of increment in business, the Group will expand our business around key directions such as expanding comprehensive energy services in the park, contract energy management, wind power, photovoltaics, hydrogen energy, energy storage and biomass power generation, focus on the Company’s differentiated development direction, improve product quality and added value, and enhance innovation and transformation capabilities.

In the second half of 2024, the Group will accelerate the promotion of distributed photovoltaic and contractual energy management reserve projects and track them to be implemented as soon as possible to generate revenue. At the same time, we will tap into the business within the Tianjin Port Free Trade Zone and seek investment opportunities outside the Zone with the help of social resources, improve operational efficiency and the level of the Group’s return on assets to reserve for future development.

2. Improving the quality and efficiency of existing business

In the existing business, the Group actively introduce new quality productivity, establish a cost control system coordinated with operating objectives, and reduce the proportion of cost in operating revenue year by year, so as to improve the level of refined management.

In the second half of 2024, in terms of existing business, the Group will actively introduce new quality productivity to reduce operating costs, and increase its visits to downstream steam users to understand their needs and help them fix problems in energy consumption to make possible their steady increases in production. The Group will rationalize its maintenance efforts to ensure a stable energy supply. The Group will accelerate the implementation of projects such as pilot unattended heat exchange stations, waste steam and waste heat recovery renovation and pipe network insulation and repair to reduce production costs.

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 C1 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 C3 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.

PLEDGE 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, 2024, the steam supply facilities, equipment and related parts held by the Company at a value of RMB26.328 million was used as collateral for the financial lease with balance of RMB14.584 million as of June 30, 2024, and the 45% equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB20.95 million as of June 30, 2024.

As at June 30, 2024, the secured bank loans of RMB9.539 million were pledged by all receivables for electricity charges and all related rights acquired by the relevant contracts held by the Group within the pledged period. As at June 30, 2024, the aggregate carrying amount of the receivables related to the relevant contracts was RMB1.425 million (December 31, 2023: RMB1.648 million).

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 performance of its Controlling Shareholders nor breach the terms of any loan agreements during the same Reporting Period.

Corporate Governance and Other Information

AUDIT COMMITTEE

The audit committee comprises three non-executive Directors, namely Mr. Chan Wai Dune (chairperson), Ms. Yang Ying and Ms. Shi Wei, 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, 2024.

SHARE CAPITAL

As at June 30, 2024, 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, 2024, 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, 2024, 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:

Name of Shareholders	Capacity	Number of H Shares/ underlying H Shares held (Share) (Note 2)	Percentage of total share capital (%) (Note 3)
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

Corporate Governance and Other Information

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, 2024.

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 (including disposal of treasury shares (as defined in the Listing Rules)) or redeemable securities during the six months ended June 30, 2024. As of the end of the Reporting Period, the Company did not hold any treasury shares.

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, 2024.

Corporate Governance and Other Information

CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

On June 26, 2024, Mr. WANG Xiaotong retired as a non-executive Director. On July 29, 2024, as resolved at the first extraordinary general meeting of 2024 of the Company, Mr. WU Guoqi was appointed as a non-executive Director for the third session of the Board. His term of office became effective on July 29, 2024 and will last until the expiry of the term of the third session of the Board. Therefore, during the period from the retirement of Mr. WANG Xiaotong until the date when the appointment of Mr. WU Guoqi was approved by the Shareholders, the Company failed to meet the provisions set out in Article 116 of the Articles of Association that the Board shall consist of nine Directors, but has not resulted in the number of members of the Board falling below the statutory quorum as required under the Companies Law of the PRC and had not affected the operation of the Board in compliance with the applicable rules and regulations of the PRC.

Reference is made to the announcement of the Company dated July 16, 2024 in relation to the resignation of Ms. DONG Guangpei as a non-executive Director, with effect from the approval of the appointment of a new non-executive Director by the shareholders of the Company. On August 6, 2024, as resolved at the second extraordinary general meeting of 2024 of the Company, Ms. SHI Wei was appointed as a non-executive Director for the third session of the Board. Her term of office became effective on August 6, 2024 and will last until the expiry of the term of the third session of the Board.

Mr. ZHOU Shanzhong, an executive Director of the Company, has concurrently served as assistant to the general manager of Tianjin Binhai New Area Construction & Investment Group Co., Ltd. * (天津濱海新區建設投資集團有限公司) since August 2024.

Mr. YOU Shijun, an independent non-executive Director of the Company, has been the chairman of Tianjin Heating Association* (天津市供熱協會) since April 2024.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, in accordance with the Trial Measures of Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) issued by the China Securities Regulatory Commission and the relevant requirements of the Listing Rules, the Company amended the Articles of Association with reference to the Guidance on the Articles of Association of Listed Companies and the actual situation of the Company. Such amendment was approved by the shareholders at the 2023 annual general meeting of the Company held on June 7, 2024. Details of the amendment are set out in the circular of the general meeting of the Company dated April 30, 2024.

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, 2024 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 20 to the condensed Interim Financial Report in this Interim Report.



SHINEWING (HK) CPA Limited
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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 (together, the “**Group**”) set out on pages 20 to 41 that comprise the condensed consolidated statement of financial position as 30 June 2024 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, 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. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on all 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 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. 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 causes 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”.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong

22 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	405,828	383,402
Cost of sales		(378,928)	(365,012)
Gross profit		26,900	18,390
Other net income		1,678	1,272
Administrative expenses		(13,148)	(11,252)
Profit from operations		15,430	8,410
Finance income		284	344
Finance costs	5	(8,595)	(6,141)
Profit before taxation	5	7,119	2,613
Income tax	6	(2,145)	(548)
Profit and total comprehensive income for the period		4,974	2,065
Attributable to:			
Equity shareholders of the Company		1,787	704
Non-controlling interest		3,187	1,361
		4,974	2,065
Earnings per share	7		
Basic (Cents)		1.12	0.44
Diluted (Cents)		1.12	0.44

Condensed Consolidated Statement of Financial Position

at 30 June 2024

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	672,902	655,372
Right-of-use assets for properties	8	67,671	68,556
Intangible assets		4,676	5,079
Deferred tax assets		7,091	7,238
Other receivables and assets	11	1,250	1,250
Goodwill	9	4,037	537
		757,627	738,032
Current assets			
Inventories		1,271	5,423
Trade receivables	10	106,757	113,329
Other receivables and assets	11	72,244	79,802
Bank balances and cash	12	134,171	144,307
Restricted deposits		4,200	8,200
		318,643	351,061
Current liabilities			
Trade and other payables	13	89,988	103,310
Loans and borrowings	14	265,928	269,412
Contract liabilities		4,151	7,409
Salary and welfare payables		8,625	5,961
Tax payable		5,883	5,913
Lease liabilities		204	144
		374,779	392,149
Net current liabilities		(56,136)	(41,088)
Total assets less current liabilities		701,491	696,944

Condensed Consolidated Statement of Financial Position

at 30 June 2024

	<i>Notes</i>	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Loans and borrowings	14	181,912	180,955
Lease liabilities		866	1,192
Deferred income		44,140	45,694
Contract liabilities		4,736	4,979
Deferred tax liabilities		5,266	5,333
		236,920	238,153
NET ASSETS			
		464,571	458,791
CAPITAL AND RESERVES			
Share capital		159,921	159,921
Reserves		153,681	151,894
Total equity attributable to equity shareholders of the Company			
		313,602	311,815
Non-controlling interests			
		150,969	146,976
TOTAL EQUITY			
		464,571	458,791

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	Notes	Attributable to equity shareholders of the Company						Total equity RMB'000
		Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2024		<u>159,921</u>	<u>79,530</u>	<u>13,786</u>	<u>58,578</u>	<u>311,815</u>	<u>146,976</u>	<u>458,791</u>
Profit for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,787</u>	<u>1,787</u>	<u>3,187</u>	<u>4,974</u>
Total comprehensive income		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,787</u>	<u>1,787</u>	<u>3,187</u>	<u>4,974</u>
Addition through acquisition of a subsidiary	19	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>622</u>	<u>622</u>
Capital injection by a non-controlling shareholder of a subsidiary		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>184</u>	<u>184</u>
Balance at 30 June 2024 (Unaudited)		<u>159,921</u>	<u>79,530</u>	<u>13,786</u>	<u>60,365</u>	<u>313,602</u>	<u>150,969</u>	<u>464,571</u>
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>

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Operating activities			
Cash generated from/(used in) operations		42,811	(62,636)
Income tax paid		(2,576)	(2,253)
Income tax refund		481	—
Net cash generated from/(used in) operating activities		40,716	(64,889)
Investing activities			
Net cash outflow on acquisition of subsidiary		(13,888)	—
Payment for the purchase of property, plant and equipment and intangible assets		(26,044)	(52,184)
Net cash used in investing activities		(39,932)	(52,184)
Financing activities			
Dividends paid to shareholders of the company		—	(1,064)
Capital injection by a non-controlling shareholder of a subsidiary		184	—
Proceeds from bank loans		124,216	189,705
Repayment of bank loans		(124,660)	(93,794)
Repayment of other borrowings		(2,083)	(2,622)
Interest paid		(8,577)	(5,762)
Net cash (used in)/from financing activities		(10,920)	86,463
Net decrease in cash and cash equivalents		(10,136)	(30,610)
Cash and cash equivalents at 1 January		144,307	153,314
Cash and cash equivalents at 30 June	12	134,171	122,704

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

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, Wan Chai, 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 22 August 2024.

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.

As at 30 June 2024, the Group had net current liabilities of RMB56.14 million. Notwithstanding the net current liabilities as at 30 June 2024, 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 circumstance:

- (i) the Group had available unutilised bank facilities of RMB235.68 million at 30 June 2024.

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 2024 on a going concern basis.

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

3. PRINCIPAL ACCOUNTING POLICIES

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 2023 except as described below.

Application of amendments to International Financial Reporting Standards (“IFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by IASB which are effective for the Group's financial year beginning 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement

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.

Accounting policies newly adopted by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 Income Taxes;
- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 Employee Benefits;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Accounting policies newly adopted by the Group **(Continued)**

Business combinations *(Continued)*

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. The provisional amounts recognised at the acquisition date are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). 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, providing steam, heating, cooling and photovoltaic power generation and selling to the industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport), providing steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang), photovoltaic power generation and selling to customers in Yangzhou.

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)

- Others: construction and operation maintenance of industrial facilities and trading of electronic components.

Disaggregation of revenue from contracts with customers by major products or services lines is as following:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contract with customers within the scope of IFRS 15		
Electricity dispatch and sale	103,731	97,138
Power generation and supply	284,996	276,519
Others	17,101	9,745
	405,828	383,402

Disaggregation of revenue from contracts with customers by timing of recognition

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Time of revenue recognition		
At a point in time	389,239	373,727
Over time	16,589	9,675
Total revenue from contracts with customers	405,828	383,402

Since all the revenue from customers is derived from the customers located in PRC and the non-current assets are located in PRC, there is no information about 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 Condensed Interim Financial Report

for the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)

The following table present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2024 and 2023, respectively.

Six months ended 30 June 2024 (unaudited)	Electricity dispatch and sales RMB'000	Power generation and supply RMB'000	Others RMB'000	Total RMB'000
Revenue				
External sales	103,731	284,996	17,101	405,828
Inter-segment	1,655	—	—	1,655
Segment revenue				407,483
Elimination				(1,655)
Group revenue				405,828
Results				
Segments profit (adjusted EBITDA)	7,711	39,718	5,865	53,294
Other net income				123
Interest income				284
Finance costs				(8,595)
Depreciation and amortisation				(25,939)
Other unallocated head office and corporate expenses				(12,048)
Profit before tax				7,119
At 30 June 2024				
Reportable segment assets	60,918	805,313	50,571	916,802
Reportable segment liabilities	25,634	201,651	15,914	243,199

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)

Six months ended 30 June 2023 (unaudited)	Electricity dispatch and sales RMB'000	Power generation and supply RMB'000	Others RMB'000	Total RMB'000
Revenue				
External sales	97,138	276,519	9,745	383,402
Inter-segment	<u>2,063</u>	<u>—</u>	<u>—</u>	<u>2,063</u>
Segment revenue				385,465
Elimination				<u>(2,063)</u>
Group revenue				383,402
Results				
Segments profit (adjusted EBITDA)	<u>5,488</u>	<u>31,442</u>	<u>4,310</u>	<u>41,240</u>
Other net income				318
Interest income				344
Finance costs				(6,141)
Depreciation and amortisation				(23,956)
Other unallocated head office and corporate expenses				<u>(9,192)</u>
Profit before tax				<u>2,613</u>
At 30 June 2023				
Reportable segment assets	102,419	684,663	62,273	849,355
Reportable segment liabilities	<u>20,708</u>	<u>137,741</u>	<u>7,568</u>	<u>166,017</u>

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

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance costs on bank loans and other borrowings	8,555	6,030
Interest on lease liabilities	22	34
Other financial costs	18	77
	8,595	6,141
Amortisation of right-of-use assets for properties	885	853
Amortisation of intangible assets	423	575
Gain on early termination of lease	(165)	—
Depreciation	24,631	22,527
Purchase of electricity	98,354	87,648
Fuel	195,652	207,256
Outsourcing operation	20,954	21,140

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

6. INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for the period	2,065	825
Deferred taxation		
Provision (reversal) of temporary differences	80	(277)
Income tax expense	2,145	548

7. EARNINGS PER SHARE

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

Earnings

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity shareholders of the Company	1,787	704

Numbers of shares

	Six months ended 30 June	
	2024	2023
	Number of shares	Number of shares
	000	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.

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

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

(a) Property, plant and equipment:

During the six months ended 30 June 2024, the Group acquired a subsidiary resulting in additions of property, plant and equipment with the fair value as of the acquisition day of RMB27,120,000, as set out in note 19. Besides, the Group acquired items of plant, machinery and construction in progress with a cost of RMB15,206,000 (six months ended 30 June 2023: RMB34,256,000). During the six months ended 30 June 2024, there is an early termination of a lease in respect of buildings and structure with a carrying value of RMB165,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: 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 right in the PRC.

9. GOODWILL

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Cost	4,037	537
Impairment losses	—	—
Carrying amounts	4,037	537

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to two cash generation units (CGU) included in Group's power generation and supply segment — Tianjin Tianbao Lingang Thermal Power Co., Ltd. (refer to as "**Lingang Thermal Power**") and Yangzhou Qingchang Solar Energy Technology Co., Ltd. (refer to as "**Yangzhou Qingchang**"). The increase in goodwill in 2024 was relating to the acquisition of a subsidiary, Yangzhou Qingchang, which is determined on a provisional basis.

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% (2023:0%). 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 10.37% (2023: 10.37%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

10. TRADE RECEIVABLES

As the end of reporting period, the ageing analysis of trade receivables (net of allowance for the credit losses) presented based on the invoice date, is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 3 months	103,821	112,088
4 to 6 months	1,652	879
7 to 9 months	1,246	169
10 to 12 months	38	193
	106,757	113,329

The Group allows credit period of 90 days to its trade customers.

11. OTHER RECEIVABLES AND ASSETS

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current		
Price subsidy	41,889	41,889
Value added tax and other tax recoverable	1,222	3,533
Advance to suppliers	29,111	34,265
Others	22	115
	72,244	79,802
Non-current		
Deposits with third parties	1,250	1,250

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

12. BANK BALANCES AND CASH

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Cash at bank	134,171	144,307

13. TRADE AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade payable to third parties	64,768	54,221
Bills payable	500	3,500
Retention payable	5,575	14,832
Payables for value added tax and other taxes	2,154	3,086
Payables for purchase of property, plant and equipment	16,669	27,487
Others	322	184
	89,988	103,310

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:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 3 months	56,250	46,957
4 to 6 months	1,842	2,188
7 to 12 months	7,176	8,576
	65,268	57,721

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

14. LOANS AND BORROWINGS

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans		
Within 1 year or on demand	261,761	264,445
After 1 year but within 2 years	41,722	39,953
After 2 years but within 5 years	25,460	38,785
After 5 years	104,313	90,517
	171,495	169,255
	433,256	433,700
Other borrowings		
Within 1 year or on demand	4,167	4,967
After 1 year but within 2 years	4,167	4,168
After 2 years but within 5 years	6,250	7,532
	10,417	11,700
	14,584	16,667
	447,840	450,367

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

14. LOANS AND BORROWINGS *(Continued)*

(b) Assets pledged as security for loans and borrowings

At 30 June 2024, the loans and borrowings were secured as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans		
– secured	30,489	31,866
– guaranteed by a subsidiary of the Company	10,000	7,200
– guaranteed by the Company	119,250	101,480
– unsecured	273,517	293,154
Other borrowings		
– secured	14,584	16,667
	447,840	450,367

At 30 June 2024, the secured bank loans were pledged with the 45% (2023: 45%) of the total paid up capital of a non-wholly owned subsidiary, Lingang Thermal Power, which represent the equity interest of Lingang Thermal Power held by the Group.

At 30 June 2024, the secured other borrowings represent borrowing balance from SPDB Financial Leasing Co., Ltd., which were pledged by the steam supply facilities, equipment and related parts in respect of property, plant and equipment of the Group with an aggregate carrying value of RMB26,328,000 (2023: RMB27,374,000).

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

As at 30 June 2024, 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.

As at 30 June 2024, the aggregate amount of bank loan balances with such covenants is RMB254,924,000 which will mature over the next 5 years (2023: RMB251,204,000 which will mature over the next 5 years).

There was no non-compliance with loan covenants for the six months ended 30 June 2024 (2023: nil).

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

15. DIVIDENDS

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved during the following interim period, of RMBnil per ordinary share (six months ended 30 June 2023: RMB0.024 per ordinary share)	—	3,838

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade 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 2024 not provided for in the interim financial report:

	At 30 June	At 31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment and construction in progress contracted	12,502	26,080

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Related party balances

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Advance payment for gas to related parties outside Tianbao Group	24,894	20,271
Advance payment for service to a subsidiary of the equity owner of a non-wholly owned subsidiary	561	568
Due from Tianbao Group and its subsidiaries	915	958

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

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Advance received from subsidiaries of Tianbao Group	130	192

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

18. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Sales of goods to		
Subsidiaries of Tianbao Group	906	2,140
Purchase of goods from		
A company controlled by the same ultimate controller of the equity owner of a non-wholly owned subsidiary	124,770	134,634
Services provided to		
Subsidiaries of Tianbao Group	825	407
Services received from		
Subsidiaries of Tianbao Group	501	542
A subsidiary of the equity owner of a non-wholly owned subsidiary	2,662	2,253
Guarantee given by		
Equity owner of a non-wholly owned subsidiary	49,000	49,000

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

19. ACQUISITION OF A SUBSIDIARY

On 28 December 2023, the Company entered into an equity transfer agreement to acquire 95% equity interest in Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公司) (“**Yangzhou Qingchang**”) from an independent third party at a consideration of approximately RMB15.37 million. The amount of goodwill arising as a result of the acquisition was approximately RMB3.5 million. The principal activities of the Yangzhou Qingchang is photovoltaic power generation and selling. The Yangzhou Qingchang was acquired as to continue the expansion the Group’s photovoltaic power generation and selling business. The transaction was completed in March 2024.

Consideration transferred

	RMB'000
Total Consideration	15,372

Acquisition-related costs of approximately RMB351,800 have been excluded from the consideration transferred and have been recognised as administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed recognised at the date of acquisition were determined on a provisional basis as follows:

	RMB'000
Property, plant and equipment	27,120
Trade receivables	1,034
Other receivables	581
Cash and cash equivalents	1,484
Trade and other payables	(17,725)
	12,494

The fair value of trade receivables at the date of acquisition amounted to approximately RMB1,034,000. The gross contractual amounts of those trade receivables acquired amounted to approximately RMB1,034,000 at the date of acquisition.

Notes to the Condensed Interim Financial Report

for the six months ended 30 June 2024

19. ACQUISITION OF A SUBSIDIARY (Continued)

Goodwill arising on acquisition (determined on a provisional basis):

	RMB'000
Consideration transferred	15,372
Plus: provisional amount of non-controlling interests (5% in Yangzhou Qingchang)	622
Less: provisional fair values of identifiable net assets acquired	<u>(12,494)</u>
Provisional goodwill arising on acquisition	<u>3,500</u>

The goodwill on a provisional basis arose in the acquisition of the Yangzhou Qingchang because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the Yangzhou Qingchang. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Yangzhou Qingchang

	RMB'000
Cash consideration paid	15,372
Less: cash and cash equivalent balances acquired	<u>(1,484)</u>
	<u>13,888</u>

Included in the profit for the six months ended 30 June 2024, is RMB829,000 attributable to the additional business generated by Yangzhou Qingchang. Revenue for the six months ended 30 June 2024 includes RMB2,326,000 generated from Yangzhou Qingchang.

Had the acquisition been completed on 1 January 2024, total revenue of the Group for the period ended 30 June 2024 would have been approximately RMB406,536,000, and profit for the period ended 30 June 2024 would have been approximately RMB5,444,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

20. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have occurred since 30 June 2024.

“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, 2024
“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”	August 23, 2024, 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 and 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, 2024 to June 30, 2024, 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 the 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 holding 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
“Yangzhou Qingchang”	Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公 司), a limited liability company established in the PRC on July 16, 2019 and a non-wholly owned subsidiary of the Company

* for identification purpose only