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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

FINANCIAL HIGHLIGHTS

- In 2018, the Company and its subsidiary recorded consolidated operating income of RMB431.1131 million, representing a slight decrease as compared to the same period of the previous year of RMB452.4674 million.
- The profit before tax decreased by 12.92% from RMB40.3683 million in 2017 to RMB35.1519 million in 2018.
- In 2018, basic and diluted earnings per Share was RMB0.18.
- The Board recommended a distribution of final cash dividend of RMB0.08 per Share (tax inclusive).

OPERATION HIGHLIGHTS

The board (the "**Board**") of directors (the "**Directors**") of Tianjin Tianbao Energy Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiary (collectively, the "**Group**" or "**we**") for the year ended December 31, 2018 (the "**Reporting Period**"), prepared in accordance with the International Financial Reporting Standards ("**IFRS**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

		For the year ended December 31,	
	Note	**2018** *RMB'000* **(Audited)**	2017 *(Note)* *RMB'000*
Revenue	*2*	**431,113**	452,467
Cost of sales		**(389,572)**	(393,788)
Gross profit		**41,541**	58,679
Other net income	*3*	**21,297**	6,616
Administrative expenses		**(18,718)**	(14,990)
Profit from operations		**44,120**	50,305
Interest income		**985**	1,410
Interest expense		**(9,953)**	(11,346)
Profit before tax	*4*	**35,152**	40,369
Income tax	*5*	**(8,805)**	(10,097)
Profit for the year		**26,347**	30,272
Attributable to:			
Equity Shareholders of the Company		**26,347**	30,272
Profit for the year		**26,347**	30,272
Earnings per share	*6*		
Basic (RMB)		**0.18**	0.26
Diluted (RMB)		**0.18**	0.26

	Note	For the year ended December 31, 2018 RMB'000 (Audited)	2017 (Note) RMB'000
Profit for the year		**26,347**	30,272
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**26,347**	30,272
Attributable to:			
Equity Shareholders of the Company		**26,347**	30,272
Total comprehensive income for the year		**26,347**	30,272

Note: The Group has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated. See note 1(c).

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2018

	Note	**At December 31, 2018 *RMB'000* (Audited)**	At December 31, 2017 *(Note)* *RMB'000*
Non-current assets			
Property, plant and equipment	*7*	**352,504**	351,583
Lease prepayment		**15,320**	15,651
Intangible assets		**1,931**	1,434
		369,755	368,668
Current assets			
Inventories		**5,181**	6,363
Trade and bill receivables	*8*	**34,575**	41,910
Contract assets		**304**	–
Other receivables and assets	*9*	**976**	22,191
Cash and cash equivalents	*10*	**140,400**	116,071
		181,436	186,535
Current liabilities			
Trade and other payables	*11*	**42,925**	44,258
Receipt in advance		**–**	22,185
Contract liabilities (current portion)		**25,305**	-
Salary and welfare payables		**2,129**	2,431
Current taxation		**1,852**	2,633
Current portion of other non-current liabilities	*13*	**–**	72,490
		72,211	143,997
Net current assets		**109,225**	42,538
Total assets less current liabilities		**478,980**	411,206

	Note	At December 31, 2018 RMB'000 (Audited)	At December 31, 2017 (Note) RMB'000
Non-current liabilities			
Deferred income		**11,431**	17,848
Contract liabilities (non-current portion)		**7,411**	–
Deferred tax liabilities		**3,990**	6,762
Other non-current liabilities	*13*	**151,713**	141,791
		174,545	166,401
NET ASSETS		**304,435**	244,805
CAPITAL AND RESERVES			
Share capital		**159,921**	115,601
Reserves		**144,514**	129,204
TOTAL EQUITY		**304,435**	244,805

Note: The Group has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated. See note 1(c).

NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended December 31, 2018
(Expressed in RMB unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2018 comprise the Company and its subsidiary (together referred to as the "**Group**").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Non-current assets is stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, Prepayment features with negative compensation which have been adopted at the same time as IFRS 9.

(i) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has applied IFRS 9 retrospectively to items that existed at January 1, 2018 in accordance with the transition requirements. The Group has recognized the cumulative effect of initial application as an adjustment to the opening equity at January 1, 2018. Therefore, comparative information continues to be reported under IAS 39.

a. Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortized cost, at FVOCI and at fair value through profit or loss (FVPL).

These supersede IAS 39's categories of held-to maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The measurement categories for all financial assets and liabilities of the Group remain the same. The carrying amounts for all financial assets and liabilities at January 1, 2018 have not been impacted by the initial application of IFRS 9.

b. *Credit losses*

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognizes ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables, loans to related parties and other financial assets).

Opening balance adjustment

Based on an assessment, this change in accounting policy does not have a significant impact on accumulated losses as compared with that recognized under IAS 39 and no additional ECLs has been recognized by the Group at January 1, 2018.

c. *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except if, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognized for that financial instrument.

(ii) IFRS 15, Revenue from contracts with customers

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 15 as an adjustment to the opening balance of equity at January 1, 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 15:

	At December 31, 2017 *RMB'000*	**Impact on initial application of IFRS 15** ***RMB'000***	**At January 1, 2018** ***RMB'000***
Trade and bill receivables	41,910	**(4,747)**	**37,163**
Contract assets	–	**4,747**	**4,747**
Total current assets	41,910	**–**	**41,910**
Receipts in advance	22,185	**(22,185)**	**–**
Contract liabilities (current portion)	–	**22,185**	**22,185**
Total current liabilities	22,185	**–**	**22,185**
Net current assets	19,725	**–**	**19,725**
Deferred income	17,848	**(7,898)**	**9,950**
Contract liabilities (non-current portion)	–	**7,898**	**7,898**
Total non-current liabilities	17,848	**–**	**17,848**
Net assets	1,877	**–**	**1,877**
Total equity	1,877	**–**	**1,877**

Further details of these changes are set out in sub-sections (b) of this note.

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at January 1, 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before January 1, 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "trade and bill receivables", the advance payment from customers for non-cancellable contracts of goods and services were presented in the statement of financial position under "receipts in advance" or "deferred income".

To reflect these changes in presentation, the Group has made the following adjustments at January 1, 2018, as a result of the adoption of IFRS 15:

a. "Gross amounts due from customers for construction and maintenance contract work" amounting to RMB4,747,000 which were previously included in trade and bill receivables are now included under contract assets.

b. "Advances received" amounting to RMB22,185,000 which were previously included in receipts in advance are now included under contract liabilities.

c. "Prepaid facility usage fees" amounting to RMB7,898,000 which were previously included in deferred income are now included under contract liabilities.

(ii) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

2 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by segments, which are organized 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 presented the following 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).

– Power generation and supply business: selling electricity to the local branch of State Grid, and providing steam, heating and cooling to the industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport).

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

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the year ended December 31,	
	2018	2017 *(Note)*
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Electricity dispatch and sale	**202,817**	207,812
– Power generation and supply	**185,946**	185,461
– Others	**42,350**	59,194
	431,113	452,467

Note: The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (see note 1(c)).

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 2(b).

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources among segments, the Group's senior executive management monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible and current assets. Segment liabilities include trade and other payables, contract liabilities, salary and welfare payables and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's subsidiary. However, other than reporting inter-segment sales of electricity dispatch and sale.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, Directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, the Group's share of the joint venture's profit, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue form contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended December 31, 2018 and 2017 is set out below:

For the year ended December 31,	Electricity dispatch and sale 2018 *RMB'000*	2017 *RMB'000*	Power generation and supply 2018 *RMB'000*	2017 *RMB'000*	Others 2018 *RMB'000*	2017 *RMB'000*	Total 2018 *RMB'000*	2017 *RMB'000*
Disaggregated by timing of revenue recognition								
Point in time	**202,817**	207,812	**185,946**	185,461	**32,056**	40,287	**420,819**	433,560
Over time	**–**	–	**–**	–	**10,294**	18,907	**10,294**	18,907
Revenue from external customers	**202,817**	207,812	**185,946**	185,461	**42,350**	59,194	**431,113**	452,467
Inter-segment revenue	**2,530**	1,877	**–**	–	**–**	–	**2,530**	1,877
Reportable segment revenue	**205,347**	209,689	**185,946**	185,461	**42,350**	59,194	**433,643**	454,344
Reportable segment profit (adjusted EBITDA)	**15,940**	22,507	**44,333**	51,649	**5,284**	8,412	**65,557**	82,568
Depreciation and amortisation for the year	**5,868**	5,925	**18,080**	17,842	**68**	122	**24,016**	23,889
Reportable segment assets	**57,581**	64,074	**333,862**	328,487	**17,960**	23,627	**409,403**	416,188
Additions to non-current segment assets during the year	**471**	499	**24,717**	6,085	**6**	193	**25,194**	6,777
Reportable segment liabilities	**32,002**	30,702	**30, 339**	28,877	**24,822**	16,620	**87,163**	76,199

(c) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	For the year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**433,643**	454,344
Elimination of inter-segment revenue	**(2,530)**	(1,877)
Consolidated revenue	**431,113**	452,467

	For the year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**65,557**	82,568
Other net income	**21,297**	6,616
Interest income	**985**	1,410
Finance expenses	**(9,953)**	(11,346)
Depreciation and amortisation	**(24,290)**	(24,140)
Unallocated head office and corporate expenses	**(18,444)**	(14,739)
Consolidated profit before tax	**35,152**	40,369

	At December 31, 2018	At December 31, 2017
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**409,403**	416,188
Unallocated head office and corporate assets	**141,788**	139,015
Consolidated total assets	**551,191**	555,203

	At December 31, 2018	At December 31, 2017
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**87,163**	76,199
Unallocated head office and corporate liabilities	**159,593**	234,199
Consolidated total liabilities	**246,756**	310,398

(d) Geographic information

Since all the revenue from customers is derived from the customers located in Tianjin and the non-current assets are located in Tianjin, there is no information separated by different geographical locations provided to the Group's management.

3 OTHER NET INCOME

	For the year ended December 31, 2018	2017
	RMB'000	*RMB'000*
Government grants	**15,807**	6,518
Net foreign exchange gains	**5,284**	–
Others	**206**	98
	21,297	6,616

4 PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

		For the year ended December 31,	
		2018	2017
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Deemed interest expense on payables due to shareholders	**9,922**	10,647
	Interest expense on bank loans	**–**	673
	Other interest expense	**31**	26
		9,953	11,346
(b)	**Staff costs**		
	Contributions to defined contribution retirement plan	**2,625**	2,448
	Salaries, wages and other benefits	**17,006**	17,097
		19,631	19,545
(c)	**Other items**		
	Amortisation		
	– land lease premium	**331**	331
	– intangible assets	**290**	292
		621	623
	Depreciation	**23,669**	23,515
	Operating lease charges	**509**	583
	Auditor's remuneration	**1,024**	252
	Purchase of electricity	**180,358**	176,408
	Fuel	**87,158**	81,990
	Outsourcing operation	**17,707**	16,605
	Net foreign exchange gains	**(5,284)**	–

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	For the year ended December 31, 2018 *RMB'000*	2017 *RMB'000*
Current tax		
Provision for the year	**11, 577**	12,942
Deferred tax		
Reversal of temporary differences	**(2,772)**	(2,845)
	8,805	10,097

The Group was subject to the statutory income tax rate of 25% for the year ended December 31, 2018 (2017:25%).

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the year ended December 31, 2018 *RMB'000*	2017 *RMB'000*
Profit before tax	35,152	40,369
Notional tax on profit before tax	8,788	10,092
Tax effect of non-deductible expenses	17	5
Actual tax expenses	8,805	10,097

6 EARNINGS PER SHARE

The calculation of basic earnings per Share is based on the profit attributable to ordinary equity Shareholders of the Company for the year ended December 31, 2018 of RMB26,347,000 (2017: RMB30,272,000) and the weighted average of 147,417,000 ordinary shares (2017: 115,600,907) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	For the year ended December 31, 2018 *'000*	2017 *'000*
Issued ordinary shares at January 1	**115,601**	115,601
Weighted effect of H shares issued under initial public offering	**31,816**	–
Weighted average number of ordinary shares at December 31,	**147,417**	115,601

There was no difference between basic and diluted earnings per share as there were no potential dilutive shares during the period.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structure *RMB'000*	Power generation plant and electric utility in service *RMB'000*	Motor vehicles *RMB'000*	Others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At January 1, 2017	16,733	599,702	488	22,761	–	639,684
Additions	–	4,839	–	701	962	6,502
Disposals	–	–	–	(51)	–	(51)
At December 31, 2017	16,733	604,541	488	23,411	962	646,135
Additions	–	2,235	–	2,059	20,296	24,590
Transfer from CIP	–	11,458	–	–	(11,458)	–
At December 31, 2018	16,733	618,234	488	25,470	9,800	670,725
Accumulated depreciation:						
At January 1, 2017	(5,723)	(255,912)	(346)	(9,103)	–	(271,084)
Charge for the year	(454)	(21,727)	(17)	(1,317)	–	(23,515)
Written back on disposal	–	–	–	47	–	47
At December 31, 2017	(6,177)	(277,639)	(363)	(10,373)	–	(294,552)
Charge for the year	(454)	(21,905)	(17)	(1,293)	–	(23,669)
At December 31, 2018	(6,631)	(299,544)	(380)	(11,666)	–	(318,221)
Net book value:						
At December 31, 2018	10,102	318,690	108	13,804	9,800	352,504
At December 31, 2017	10,556	326,902	125	13,038	962	351,583

8 TRADE AND BILL RECEIVABLES

	At December 31, 2018 ***RMB'000***	**At January 1, 2018** ***RMB'000***	At December 31, 2017 *RMB'000*
Accounts receivable, net loss allowance	**32,975**	**37,163**	41,910
Bills receivable	**1,600**	**–**	–
	34,575	**37,163**	41,910

Notes:

(i) Upon the adoption of IFRS 9, due to the insignificant amount, no opening adjustments were made on January 1, 2018 to recognize the additional expected credit losses on trade receivables and bills receivable.

(ii) Upon the adoption of IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

As of the end of the Reporting Period, the ageing analysis of trade debtors and bills receivable, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**31,976**	36,157
4 to 6 months	**2,394**	5,080
7 to 9 months	**71**	17
10 to 12 months	**–**	–
Over 12 months	**134**	656
	34,575	41,910

Trade receivables are generally due within 30 – 90 days from the invoice date.

9 OTHER RECEIVABLES AND ASSETS

	At December 31, 2018	At December 31, 2017
	RMB'000	*RMB'000*
Deposits with third parties	**846**	676
Advance to suppliers	**130**	276
Listing expenses prepayments	**–**	21,239
	976	22,191

10 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At December 31, 2018	At December 31, 2017
	RMB'000	*RMB'000*
Cash at bank	**140,400**	116,071

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Loans and borrowings *RMB'000*	**Dividends payable** *RMB'000*	**Interest payables** *RMB'000*	**Listing expenses prepayments / Payables for listing expenses** *RMB'000*	**Payment to shareholders for capital reduction** *RMB'000*
At December 31, 2016	24,000	21,000	–	–	203,634
Cash flows	(24,000)	(21,000)	(673)	(15,054)	–
Non-cash changes					
Interest incurred	–	–	673	–	10,647
Listing expenses prepayments and accruals (net)	–	–	–	1,783	–
At December 31, 2017	–	–	–	(13,271)	214,281
Cash flows	–	–	–	(21,039)	(72,490)
Non-cash changes					
Interest incurred	–	–	–	–	9,922
Listing expenses deducted from capital reserve and charged to profit and loss	–	–	–	34,310	–
At December 31, 2018	–	–	–	–	**151,713**

11 TRADE AND OTHER PAYABLES

	At December 31, 2018 ***RMB'000***	At December 31, 2017 *RMB'000*
Trade payable to third parties	**36,547**	33,078
Deposit received	**1,045**	900
Payables for value added tax and other taxes	**539**	1,730
Payables for purchase of property, plant and equipment	**4,087**	537
Payables for listing expenses	**–**	7,968
Others	**707**	45
	42,925	44,258

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	For the year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**40,821**	42,712
4 to 6 months	**675**	801
7 to 12 months	**789**	121
Over 12 months	**640**	624
	42,925	44,258

The balance of trade payables that over 1 year mainly represent of quality guarantee deposit for construction.

12 DIVIDENDS

Dividends payable to equity Shareholders of the Company attributable to the year:

	For the year ended December 31,	
	2018	2017
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.08 per ordinary share	**12,794**	–
	12,794	–

The final dividend proposed after the end of the reporting year has not been recognised as a liability at the end of the reporting year.

13 OTHER NON-CURRENT LIABILITIES

In October 2016, the Company reduced its equity by RMB240,874,000 and recorded the capital to be returned as non-current payables to Tianjin Tianbao Holdings Limited and Tianjin Free Trade Zone Investment Company Limited (the "**Shareholders**") of RMB228,384,000 and RMB12,490,000, respectively.

According to the supplementary agreement between the Company and the Shareholders entered into in December 2016, the Group scheduled the payment terms as follows: (1) payment to Tianjin Free Trade Zone Investment Company Limited of RMB12,490,000 before June 2018; (2) payment to Tianjin Tianbao Holdings Limited of RMB60,000,000 before December 2018; (3) payment to Tianjin Tianbao Holdings Limited of RMB80,000,000 before December 2020; (4) payment to Tianjin Tianbao Holdings Limited of RMB88,384,000 before December 2021. The payables to Shareholders are interest-free.

The difference between the amount of total payments and their present value (net of income tax) amounted to RMB27,903,000 was recorded in capital reserve as capital contribution from Shareholders for the year ended December 31, 2016.

During the year ended December 31, 2018, the Company paid to Tianjin Free Trade Zone Investment Company Limited of RMB12,490,000, and Tianjin Tianbao Holdings Limited of RMB60,000,000. As of December 31, 2018, the total undiscounted payable to the Shareholders was RMB168,384,000 (2017: RMB240,874,000), and the corresponding present value of the payments was RMB151,713,000 (2017: RMB214,281,000), including Nil (2017: RMB72,490,000) was recorded as current portion of other non-current liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2018, the world economy continued to grow moderately, with obvious differentiation of growth, inflation and monetary policy in major economies. In the current global economic environment, China further promoted supply-side structural reforms for the economy, attached great importance to economic quality and sustainability, and implemented macro-control in terms, of economic growth rate. The national economy has changed from "speed" to "quality" and entered a continuous and stable economic development status. In 2018, the GDP reached RMB90,030.9 billion, representing a year-on-year increase of 6.6%.

In 2018, China continued to promote reform in the energy sector. With the new round of electric power system reform, coupled with the rapid development of related energy technology innovations such as big data, energy getting more in-depth internet, Internet of Things, smart energy, blockchain technology and artificial intelligence, the business models and energy consumption patterns have been further optimized. In 2018, the national electricity consumption amounted to 6,844.9 billion kilowatt-hours, representing a year-on-year growth of 8.5%, representing the highest growth rate since 2012, of which the electricity consumption of the primary industry amounted to 72.8 billion kilowatt-hours, representing a year-on-year increase of 9.8%; that of the secondary industry amounted to 4,723.5 billion kilowatt-hours, representing a year-on-year growth of 7.2%; that of the tertiary industry amounted to 1,080.1 billion kilowatt-hours, representing a year-on-year growth of 12.7%, and that of urban and rural residents amounted to 968.5 billion kilowatt-hours, representing a year-on-year growth of 10.4%. The full caliber generating equipment capacity amounted to 1.89967 billion kilowatts, representing a year-on-year growth of 6.5%, of which thermal power, hydropower, nuclear power, on-grid wind power and on-grid solar power generations increased by 3.0%, 2.5%, 24.7%, 12.4% and 33.9% year-on-year, respectively. During the year, China's National Development and Reform Commission successively approved the transmission prices of the five regional power grids in North China, Northeast China, East China, Central China and Northwest China, as well as the transmission prices of 24 trans-provincial and trans-regional special projects. Three batches of incremental power distribution business pilot reforms were launched, and pilot projects totaled to 320, providing diversified choices and services for power consumers and effectively stimulating the market.

During the Reporting Period, with the theme of "reducing cost and increasing efficiency", the Company comprehensively implemented the corporate objectives of "advanced management, excellent service, safety and reliability, outstanding benefits, and harmonious development", focused on economic benefits, strengthened cost management and process control, and benefited from management, thus continuing to maintain a good development trend of steady progress.

BUSINESS REVIEW FOR THE YEAR OF 2018

1 Advance the reformation of electric power system

Under the background of our country's more in-depth new round of electric power system reform, the Company actively promoted the electricity sale business. During the year, the Company completed the registration of independent electricity sales company with Tianjin Power Trading Platform, and is now working on the digital certificate processing and binding, submission of paper materials and signing of market entry agreement as an electricity sales company. Next, the Company will push the application to Beijing Power Exchange Center and Northern Hebei Power Exchange Center for registration, so as to participate in the power trading of Beijing-Tianjin-Tangshan Power Grid and truly take substantial steps in the electricity sale market.

2 Research and promote photovoltaic power generation projects

To speed up the adjustment of the Company's energy structure, explore new business models and respond to the call of our country to develop a green, low-carbon and circular economy, the Company has conducted in-depth research and promotion of photovoltaic power generation projects during the year. Based on the research and analysis of solar energy resources in Tianjin, and roof area of buildings and plants in the Seaport Free Trade Zone, the Company planned to use the roofs of buildings and plants of the Company and other companies in the Seaport Free Trade Zone for the first phase of construction. The feasibility study of the project has been completed and preliminary cooperation consensus with some companies in the Seaport Free Trade Zone has been reached.

3 Accelerate the construction of information technology infrastructure

The Company has completed the adjustment of the three-year information technology plan during the year. The Company carried out information technology related projects this year in accordance to the plan. Firstly, the Company realized the acquisition and analysis of electricity consumption, local recharge of CPU cards and meter end prepayment by developing smart meter management system and adopting advanced computer, communication, system integration and data collection technologies, thus improving the accuracy and timeliness of meter reading and clearing. Secondly, based on the analysis of power business, the Company upgraded the power marketing customer service system, increased and expanded approval process modules, and performed price structure adjustment and multiple upgrades of price adjustment modules on the system. Thirdly, the Company completed the development and operation of material management system, realizing the management and control of the whole process of material planning, procurement, inventory and delivery.

4 Put emphasis on both safety and environmental protection to ensure the stable operation of the Company

The Company strictly adheres to its safe production responsibilities. In 2018, the Company held 18 safe production meetings, invested safety funds of RMB873,000, organized safety trainings 15 times, discovered and eliminated 327 safety hazards, organized emergency drills 17 times, and carried out extensive safety activities on special nodes such as "Safety Day", "Safety Month" and "Fire Safety Publicity and Education Day" to create a strong safety culture. It also strictly implemented the requirements of the national environmental protection policy, and based on the stable operation of the ultra-low smoke emission renovation project, scientifically perfected the environmental protection assessment system and strengthened operational management, thus ensuring that the pollutant discharge data of Haigang Thermal Plant meets the ultra-low emission standards consistently. In addition, during the construction, dust pollution was reduced by spraying, covering and fog guns. The Company did not receive any criticism in terms of environmental emission and environmental pollution throughout the year.

OPERATING RESULTS AND ANALYSIS

According to the Company's statistics, in 2018, sales of steam amounted to 786,400 tons, representing a decrease of 1.55% from 798,800 tons over the corresponding period of the previous year, mainly due to the fact that Haigang Thermal Plant consumed more surplus steam for electricity generation for its own usage during this year to increase the percentage of electricity generated in-house and reduce the costs of electricity purchased for its own usage under the principle of cost-effectiveness. Sales of electricity amounted to 271.0057 million kilowatt-hours, representing an increase of 2.48% from 264.4404 million kilowatt-hours over the corresponding period of the previous year, mainly due to the increase in business volume of one of the Group's major customers this year. On-grid power generation amounted to 63.4446 million kilowatt-hours, representing a decrease of 6.30% from 67.7137 million kilowatt-hours over the corresponding period of the previous year.

Taking into account the changing trend of operating income and profit before tax in 2018 and 2017, we are analyzing the indicators significantly affecting operating income and profit before tax of the Company in 2018, which is as follows:

1 Operating income

In 2018, the Company and its subsidiary recorded consolidated operating income of RMB431.1131 million, representing a slight decrease from RMB452.4674 million over the corresponding period of the previous year, mainly due to decreased income from the electricity dispatch and sale segment and other segments.

Electricity dispatch and sale segment

The income from our electricity dispatch and sale segment decreased by 2.4% from RMB207.8124 million for the whole year of 2017 to RMB202.8166 million for the whole year of 2018, mainly due to the need to cancel the charges on certain consumers since July 1, 2018 according to the electricity price document issued by the pricing bureau.

Power generation and supply segment

The income from our power generation and supply segment increased by 0.26% from RMB185.4609 million for the whole year of 2017 to RMB185.9471 million for the whole year of 2018, mainly due to the increase in heating and cooling this year.

Other segments

The income from other segments decreased by 28.46% from RMB59.1941 million for the whole year of 2017 to RMB42.3495 million for the whole year of 2018, mainly due to the reduction in sales of electrical switches under market influences and the real estate project in Tianjin undertaken by one of the Company's major customers having passed the peak purchasing period.

2 Other net income

In 2018, the Group recorded other net income of RMB21.2966 million, representing an increase of 221.93% as compared with the corresponding period of the previous year of RMB6.6153 million, which was primarily due to the exchange net income of about RMB5.2839 million obtained from the Group's balance of HK$69.69 million in one of the banks as at December 31, 2018 being converted into RMB at the end of the period under the influence of continuous increase in the exchange rate of Hong Kong dollars against RMB and the increase of RMB9.2884 million in government grants.

3 Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment increased by 0.79% from RMB191.2312 million for the whole year of 2017 to RMB192.7455 million for the whole year of 2018, mainly due to the increase in electricity consumption of our consumers which led to the increase in electricity purchase and electricity purchase cost.

Power generation and supply segment

The costs of our power generation and supply segment increased by 5.3% from RMB151.6531 million for the whole year of 2017 to RMB159.6935 million for the whole year of 2018, mainly due to the continuous increase in coal prices in 2018.

Other segments

The costs of other segments decreased by 27.05% from RMB50.9035 million for the whole year of 2017 to RMB37.1330 million for the whole year of 2018, mainly due to the decrease in cost of sales as a result of the reduction in sales of electrical switches under market influences.

4 **Segment gross profit**

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment decreased by 39.26% from RMB16.5812 million for the whole year of 2017 to RMB10.0711 million for the whole year of 2018, mainly due to the need to cancel the charges on certain consumers since July 1, 2018 according to the electricity price document issued by the pricing bureau.

Power generation and supply segment

The gross profit from our power generation and supply segment decreased by 22.34% from RMB33.8078 million for the whole year of 2017 to RMB26.2536 million for the whole year of 2018, mainly due to the continuous increase in coal prices in 2018.

Other segments

The gross profit from other segments decreased by 37.08% from RMB8.2906 million for the whole year of 2017 to RMB5.2165 million for the whole year of 2018, mainly due to the year-on-year decrease in income and costs as a result of the reduction in sales of electrical switches under market influences.

5 **Finance costs**

In 2018, the Company and its subsidiary recorded finance costs of RMB9.9534 million, representing a decrease of 12.27% as compared with the corresponding period of the previous year of RMB11.3457 million, which was primarily due to the repayment of bank loans of RMB24.00 million by the Company in 2017 and the coming of the maturity date of the remaining capital reduction amount due to certain Shareholders, thereby reducing the interest expenses in this year.

6 **Fuel costs**

In 2018, the Company and its subsidiary recorded fuel costs of RMB87.1581 million, representing an increase of 6.30% as compared with the corresponding period of the previous year of RMB81.9904 million, which was primarily due to the increase in cost of coal as a result of the continuous increase in coal prices arising from the macro-control in 2018 and the slight increase in coal consumption in 2018 compared with the previous year.

7 **Profit before tax**

The profit before tax decreased by 12.92% from RMB40.3683 million for the whole year of 2017 to RMB35.1519 million for the whole year of 2018.

8 **Income tax expenses**

In 2018, the Group recorded income tax expenses of RMB8.8051 million, representing a decrease of 12.79% as compared with the corresponding period of the previous year of RMB10.0967 million, which was primarily due to the decrease in profit in 2018.

9 Profit for the year

Profit for the year decreased by 12.97% from RMB30.2715 million for the whole year of 2017 to RMB26.3468 million for the whole year of 2018.

FINANCIAL POSITION

1 Assets and liabilities

Total assets decreased by 0.72% from RMB555.2030 million as at the end of 2017 to RMB551.1902 million as at the end of 2018, mainly due to the accounting of the prepaid and estimated initial public offering expenses after the successful listing of the Group on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in April 2018. Total liabilities decreased by 20.50% from RMB310.3984 million as at the end of 2017 to RMB246.7548 million as at the end of 2018, mainly due to the repayment of capital reduction payment of RMB72.4900 million to certain Shareholders by the Group this year. Total equity attributable to Shareholders increased by 24.36% from RMB244.8050 million as at the end of 2017 to RMB304.4354 million as at the end of 2018.

As at the end of 2018, our current assets amounted to RMB181.4360 million, representing a decrease of 2.73% as compared with the end of 2017 of RMB186.5350 million, mainly due to the accounting of the prepaid and estimated initial public offering expenses after the successful listing of the Group on the Hong Kong Stock Exchange in April 2018, of which cash and cash equivalents amounted to RMB140.4000 million (end of 2017: RMB116.0709 million), trade and bill receivables amounted to RMB34.5746 million (end of 2017: RMB41.9098 million), which was mainly receivables of steam revenue. Our current liabilities amounted to RMB72.2098 million (end of 2017: RMB143.9976 million), of which trade and other payables amounted to RMB42.9249 million (end of 2017: RMB44.2581 million), and non-current liabilities amounted to RMB174.5450 million (end of 2017: RMB166.4008 million).

2 Cash and cash equivalents

As at the end of 2018, the Group recorded cash and cash equivalents of RMB140.4000 million, representing an increase of 20.96% as compared with the end of the previous year of RMB116.0709 million, which was primarily due to business generation and the issue of new Shares by the Company. Taking into account the capital requirements of the Company's daily operating activities and the higher expected capital expenditures, the Company adopted a conservative cash management strategy.

3 Gearing ratio

The gearing ratio is calculated as the balance of liabilities as at the end of the Reporting Period divided by the balance of Shareholders' equity as at the end of the Reporting Period.

At the end of 2018, the Group recorded a gearing ratio of 0.81, representing a decrease as compared with the corresponding period of the previous year of 1.27, which was primarily due to repayment of amount due to certain Shareholder, leading to decrease in liabilities and the increase in Shareholders' equity resulting from the issue of new Shares by the Company.

Overview of Human Resources

As of December 31, 2018, the Company has 70 employees. The table below shows the number of employees in each of the business section as of December 31, 2018.

Role	Number of employees	Percentage
Management, administration, finance	18	25.7%
Marketing	11	15.7%
Procurement	4	5.7%
Engineering and technology	37	52.9%
In total	70	100%

To cope with its development, the Company, on the basis of position-oriented accountability system, has established performance indicators covering all employees to assess employees quarterly. Objective performance evaluations enable employees to focus on the main tasks when performing their duties, and to identify unsatisfactory aspects of their works, so as to improve themselves continuously.

Employees' remuneration includes basic salary and performance-related salary, which are related to both the performance evaluation of the Company and that of the respective employees.

Employee training is a focal point of the Company's effort to build its talents team. By combining both internal and external trainings with online education of information technology and training employees based on features of their positions to boost expertise, the Company intends to improve employees' comprehensive qualities.

The Company strictly complies with the Labor Law, the Employment Contract Law and the Social Insurance Law by paying social insurance, housing provident fund as well as enterprise annuity to reinforce employees' sense of belonging and happiness.

OTHER SIGNIFICANT EVENTS

1 Capital raising

The Company completed the initial public offering and was listed on the Main Board of the Hong Kong Stock Exchange on April 27, 2018. The net proceeds from the initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the initial public offering, amounted to approximately HK$41.1800 million.

2 Capital expenditure

In 2018, capital expenditure of the Group was RMB21.6780 million, of which expenses of procurement of machinery and equipment amounted to RMB4.9100 million, expenses of upgrading the dust removal system amounted to RMB6.8100 million, expenses of Free Trade Zone (Seaport) thermal pipes underground renovation project amounted to RMB5.4700 million, expenses of upgrading no. 1 and 2 switching stations in Tianjin Port Free Trade Zone amounted to RMB4.3300 million and expenses of purchasing automatic license plate number identification and weighting system was RMB0.1600 million.

3 Liquidity and financial resources

As at December 31, 2018, the Group had no bank borrowings or other borrowings. There were no financial instruments entered into by the Group for hedging purpose. In addition, the Group had no investments in foreign currency.

4 Material acquisitions and disposals

As of December 31, 2018, the Group did not have material acquisitions and disposals.

5 Significant investments

As of December 31, 2018, the Group did not have significant investments.

6 Contingent liabilities

As of December 31, 2018, the Group did not have contingent liabilities.

7 Bank borrowings of the Group

As of December 31, 2018, the Group did not have bank borrowings.

8 Other debts of the Group

Except for the capital reduction amounts of RMB168.38 million due to Shareholders of the Company, the Group did not have other interest-bearing debts.

9 Charges on Group's assets

As of December 31, 2018, the Group had no charge on its assets.

10 Capital structure

The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on April 27, 2018. The capital structure of the Company consists of Domestic Shares and H Shares.

11 Share option scheme

As of December 31, 2018, the Company had not implemented any share option scheme.

12 Foreign exchange and exchange rate risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currencies (including bank deposits in Hong Kong dollars and US 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.

RISK FACTORS AND RISK MANAGEMENT

Currently, the operation and development of the Group are not exposed to any significant risk factors. From the results of the Group's annual risk assessment, the top three important risks are material procurement management risk, equipment operation management risk and performance appraisal management risk.

1 Material procurement management risk

For example, due to the adjustment of national policies and industrial restructuring, the supply-demand relationship changes, leading to price fluctuations and affecting the schedule and procurement costs. Or due to external factors such as weather or emergencies, the purchased materials failing to be delivered in time, thus affecting the normal production and operation activities of the Company. Or because the procurement plan is not submitted in a timely and accurate manner, causing its mismatched with the actual procurement demand.

The Company completed the launch of the material management system in 2017, realizing the information management of material requisition, acceptance warehousing and ex-warehouse, reducing the proportion of manual control and improving the Company's supervision on the material procurement activities. Meanwhile, the procurement plan and budget were executed in strict accordance with approval procedures, and the annual material procurement plan and budget were prepared according to the production and operation needs to avoid excessive procurement.

During the Reporting Period, the Company purchased coals from limited suppliers, and the coals consumed were purchased from about 5 suppliers respectively. The purchase from the largest coal supplier accounted for 46% of the total volume of fuel purchased during the year. The Company has implemented appropriate management measures to lower the relevant material procurement risk, such as the coal supply agreement with a period of two to three months entered into with coal suppliers upon bidding process, to secure continuous and stable coal supply for the Company.

2 Equipment operation management risk

For example, due to the lack of operation training and safety education, and inexperience of the operators or failure to follow the equipment operating procedures, equipment operation errors occur, affecting the efficiency of production and operation, and even causing casualties. Or due to insufficient equipment protections and operators failing to wear necessary protective equipment, effective safety protection is not provided to the operator when the equipment malfunctions. Or due to excess noise and temperature under the operating environment, the mental state of the operator or the normal operation of the equipment is affected, thus leading to operational errors or equipment failure. Or due to relaxed acceptance inspection of purchased equipment, unreasonable layout of construction site, non-standard equipment installation, poor daily maintenance and improper raw material input, equipment failure occurs, even causing accidents.

The Company customized targeted training programs for different types of equipment operators and regularly organized relevant trainings to enhance the professional skills of the operators. The Company adopted "two cards" and other means to regulate equipment operations. The electric regulators work in shifts. The on-duty personnel worn work cards, performed necessary equipment operations, monitored the operation of the equipment, and timely handled equipment accidents to ensure the safe operation of the equipment. The equipment was provided with necessary protections, and the operators were checked for their personal safety protection equipment before operation with timely correction made if necessary. The Company strictly supervised daily patrol inspections and strengthened the routine inspection of equipment appearance. The Company formulated equipment emergency disposal procedures to standardize emergency operations. The Company deployed necessary environmental protection facilities and fire prevention facilities at the construction site. In addition to meeting the requirements of relevant laws and regulations, the Company provided basic safety guarantees for constructors and machinery at the construction site.

3 Performance appraisal management risk

For example, due to unscientific and unreasonable setting of performance appraisal indicators, and failure of the appraisal content to cover the main production and operation activities of each function, the appraisal results cannot truly reflect the production and operation of the enterprise. Or due to lengthy appraisal cycle, untimely appraisal or biases of appraisers, the halo effect, primacy effect, recency effect, central tendency, seniority or position tendency appear, affecting the impartiality of the appraisal results.

The Company strictly implemented the Performance Appraisal Management System, defined performance goals by breaking down the strategic objectives and annual key projects, and formulated performance appraisal indicators according to different functions and post settings to regularly examine and appraise the employees at different levels from different functions. The Company adopted the method of monthly monitoring and quarterly appraisal to appraise each function and employee every quarter. After the completion of performance appraisal, the appraisers interviewed the appraisees in time to give feedback on the appraisal results.

SUBSEQUENT EVENTS

As at March 26, 2019, based on the provisions and relevant requirements in laws and regulations, including, among others, the Company Law of the People's Republic of China, and the changes of economic environment, the Board, after referring to other listed companies and combining with actual situation of the Company and its operation and development needs, made a relevant recommendation on amendment to relevant terms of articles of association of the Company ("**Articles of Association**") and in accordance with principles of prudence, suitability and necessity. The proposed amendment to Articles of Association is subject to approval by a special resolution of the Shareholders at the 2018 annual general meeting (the "**AGM**"). Please refer to the announcement of the Company dated March 26, 2019 for details. Besides, subsequent to the Reporting Period to the date of this announcement, the Group had no significant subsequent events.

BUSINESS OUTLOOK FOR 2019

In 2019, guided by Xi Jinping's direction on socialism with Chinese characteristics for a new era, the Company will take full advantages of its capital operation advantages as a listed company, further enhance its scientific management level on the basis of consolidating its traditional energy business, strengthen the market competition awareness, risk prevention and control awareness and pioneering and innovative consciousness to gather its development strength on new business development, explore new profit growth points, continuously improve its core competitiveness, expand business scale and break new ground for the harmonious, stable and healthy development of the Company.

In 2019, the Company will strive to accomplish the following tasks:

1. Accelerate the development of new businesses

Firstly, the Company will keep a close eye on the reform of Tianjin electric power system, cooperate and negotiate with major power usage customers timely to reach a purchase intention, and enter the electricity sales market to conduct transactions. Secondly, it will carry out the pilot construction of photovoltaic power generation projects. Starting from the Seaport Free Trade Zone, it will gradually accumulate management experience and technical data regarding photovoltaic projects in this region to lay a solid foundation for expanding into the photovoltaic project market in the future.

Relying on the advantages of the listing platform, the Company will make full use of the capital market to look into other energy companies for investment, M&A and acquisitions, so as to facilitate the upgrade forwards market standards of the Company's control mechanism, incentive mechanism and employment mechanism, which would enable the Company to grow in size and renew its vitality.

2. *Organizational structure adjustment and building of the talent team*

According to its top-level design of human resources consulting projects, the Company will promote the implementation of the results and constantly perfect the system in the operation process to form an organizational structure system with scientific organization, distinctive rights and responsibilities, standardized process and efficient operation. It will also enhance the performance appraisal mechanism, formulate separate key appraisal indicators according to the characteristics of different business posts, and motivate employees by putting pressure to tap their potential. According to business needs, talent introduction will be carried out, and key positions will be replenished to provide inexhaustible power for the sustained and strong development of the Group.

3. *Carry out industry benchmarking thoroughly*

Taking the leading enterprises in the industry as the benchmark in terms of plant business and power business, the Company will define a comprehensive solution for its scientific management from the aspects of macro objectives, process control and micro details, by finding out the gap through comparison with the benchmark, checking the implementation against relevant tables and raising questions against the standards, so as to promote the qualitative improvement of its management and control level through in-depth analysis and improvement.

4. *Accelerate the construction of information technology infrastructure*

Firstly, focusing on the management and maintenance and equipment, the Company will advance the construction of the production management system of Haigang Thermal Plant to realize the fine control over the whole process of equipment management, work order management, defect management, operation index management and patrol management. Secondly, the construction of the Company's data center and integrated portal will be launched, in which the various data mining and analysis capabilities will be strengthened and a unified portal platform will be established based on the existing systems of each business, to connect the information of each system and realize the unified collection, unified analysis, unified display of key data, thus providing support to the Company's decision-making.

5. *Improve the energy-saving technology for Haigang Thermal Plant*

Firstly, the boiler feed pumps will be maintained and the interstage seals will be repaired to improve the efficiency of equipment operation. Meanwhile, the minimum flow valves of the boiler feed pumps will be technically transformed to reduce leakage and save energy. Secondly, the high energy consuming motors in the plant will be replaced gradually to reduce power consumption. Thirdly, the chemical water workshops will be provided with first-stage concentrated water reverse osmosis devices to increase the recovery efficiency from 50% to 75% and save costs. Fourthly, the refrigerators at heat exchange stations No. 1 and No. 4 will be inspected and maintained to improve the refrigerating efficiency.

6. Strengthen the operation and improvement of management system

Firstly, the internal control system will be optimized and perfected continuously, and the risk control of the Company's key business links will be strengthened from the aspects of system and process to ensure the Company's legal compliance and healthy and stable operation. Secondly, the production management procedures will be optimized constantly at the technical and management levels according to the Company's energy management system certification requirements, to further save energy and reduce consumption. Thirdly, the new quality management system will be implemented strictly and great attention will be paid to process control to further improve the work quality in all aspects of business.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company always strives to maintain a high level of corporate governance and complies with code provisions as set out in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the period between April 27, 2018 and December 31, 2018.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 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 period between April 27, 2018 and December 31, 2018, 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 of the Model Code has been committed by any Directors, supervisors or relevant employees during the period between April 27, 2018 and December 31, 2018.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDERS

The controlling shareholders of the Company did not pledge any of their Shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended December 31, 2018.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company has no affiliated companies and the Company did not provide any financial assistance nor guarantee to its affiliated companies for the year ended December 31, 2018, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company 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 for the year ended December 31, 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has formulated terms of reference in written form in accordance with the requirements of the Listing Rules. It comprises three members, namely, Mr. Lau Tsz Bun (independent non-executive Director), Mr. Wu Tao (non-executive Director) and Ms. Yang Ying (independent non-executive Director). Mr. Lau Tsz Bun currently serves as the chairperson of the Audit Committee.

The audit committee of the Company has reviewed the Group's 2018 annual results and the audited financial statements for the year ended December 31, 2018 prepared in accordance with the IFRSs.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiary purchased, sold or redeemed any of the Company's listed securities or redeemable securities during the year ended December 31, 2018.

FINAL DIVIDEND

The Board recommended a distribution of final cash dividend of RMB0.08 per Share (tax inclusive) for the year ended December 31, 2018 to Shareholders as of the record date for payment of dividend. The ratio of final dividend distribution for the year is based on the various factors such as business performance of the Company in 2018. All dividends for 2018 will be paid on or around August 2, 2019 upon approval by Shareholders at the annual general meeting of the Company to be held on June 10, 2019.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2018 final dividends, the H Share register of members of the Company will be closed from May 11, 2019 to June 10, 2019 (both days inclusive) and from June 14, 2019 to June 19, 2019 (both days inclusive) respectively, during such periods no transfer of Shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on May 10, 2019.

In order to qualify for receiving the proposed 2018 final dividends (subject to the approval by Shareholders at the forthcoming AGM), holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on June 13, 2019.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Company amended the Articles of Association on August 22, 2018 and November 5, 2018, respectively. The details of such amendments are included in the circulars to Shareholders dated July 6, 2018 and September 17, 2018, respectively. The latest version of the Articles of Association also sets out on the website of the Company and the website of the Hong Kong Stock Exchange.

SCOPE OF WORK OF KPMG

The Group's independent auditor (KPMG) has audited the figures of the consolidated financial statements of the Company for the year ended December 31, 2018, prepared in accordance with the International Financial Reporting Standards and relevant notes.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tjtbny.com). The Company's 2018 annual report containing all the information required under the Listing Rules will be despatched to the Shareholders and will be available on the websites of the Company and the Hong Kong Stock Exchange in due course.

By Order of the Board
Tianjin Tianbao Energy Co., Ltd.*
Gao Hongxin
Chairman

Tianjin, the People's Republic of China, March 26, 2019

As of the date of this announcement, the Board comprises Mr. Gao Hongxin, Mr. Xing Cheng and Mr. Peng Chong as executive directors; Mr. Yu Yang and Mr. Wu Tao as non-executive directors; and Mr. Lau Tsz Bun, Mr. Han Xiaoping and Ms. Yang Ying as independent non-executive directors.

* *For identification purpose only*