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Tianjin Tianbao Energy Co., Ltd.*

天津天保能源股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1671)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

FINANCIAL HIGHLIGHTS

- For the six months ended June 30, 2021, the Company and its subsidiaries recorded a consolidated operating income of approximately RMB281.749 million, which had increased by approximately 39.7% as compared with the corresponding period of the previous year of approximately RMB201.691 million.
- The profit for the period attributable to shareholders of the Company was approximately RMB1.094 million, representing a decrease of approximately 86.5% as compared with the corresponding period of the previous year of approximately RMB8.090 million.
- In the first half of 2021, basic and diluted earnings per Share were RMB0.68 cent, representing a decrease of approximately 86.6% as compared with the corresponding period of the previous year of RMB5.06 cents.

RESULTS HIGHLIGHTS

The Board of Directors of Tianjin Tianbao Energy Co., Ltd.* announces the unaudited consolidated results of the Company and its subsidiaries for the six months ended June 30, 2021 prepared in accordance with the IFRS.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended June 30, 2021 – unaudited (Expressed in RMB)*

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<i>3</i>	281,749	201,691
Cost of sales		<u>(261,120)</u>	<u>(169,347)</u>
Gross profit		20,629	32,344
Other net income	<i>4</i>	1,255	612
Administrative expenses		(11,338)	(13,271)
Impairment losses on trade receivables and contract assets		<u>–</u>	<u>21</u>
Profit from operations		10,546	19,706
Interest income		274	232
Interest expense	<i>5(a)</i>	<u>(6,095)</u>	<u>(4,705)</u>
Profit before taxation	<i>5</i>	4,725	15,233
Income tax	<i>6</i>	<u>(1,181)</u>	<u>(3,446)</u>
Profit for the period		<u>3,544</u>	<u>11,787</u>
Attributable to:			
Equity shareholders of the Company		1,094	8,090
Non-controlling interests		<u>2,450</u>	<u>3,697</u>
Profit for the period		<u>3,544</u>	<u>11,787</u>
Earnings per share	<i>7</i>		
Basic (Cents)		<u>0.68</u>	<u>5.06</u>
Diluted (Cents)		<u>0.68</u>	<u>5.06</u>

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2021 – unaudited (Expressed in RMB)

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	3,544	11,787
Other comprehensive income for the period	—	—
Total comprehensive income for the period	<u>3,544</u>	<u>11,787</u>
Attributable to:		
Equity shareholders of the Company	1,094	8,090
Non-controlling interests	<u>2,450</u>	<u>3,697</u>
Total comprehensive income for the period	<u>3,544</u>	<u>11,787</u>

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At June 30, 2021 – unaudited (Expressed in RMB)

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000 (Audited)
	Note		
Non-current assets			
Property, plant and equipment	8	535,688	553,325
Intangible assets		2,757	3,124
Goodwill	9	537	537
Right-of-use assets for properties	8	72,980	73,865
		<u>611,962</u>	<u>630,851</u>
Current assets			
Inventories		5,292	11,802
Contract assets		154	28
Trade and bill receivables	10	42,698	31,836
Other receivables and assets	11	6,730	7,880
Restricted deposits		1,000	1,000
Cash and cash equivalents	12	129,665	126,916
		<u>185,539</u>	<u>179,462</u>
Current liabilities			
Loans and borrowings	14	76,000	79,900
Trade and other payables	13	57,981	47,805
Contract liabilities		16,028	22,442
Salary and welfare payables		1,631	3,110
Lease liabilities		128	79
Current taxation		776	2,403
Dividends payable	16	7,996	–
Current portion of non-current liabilities	14	126,476	120,707
		<u>287,016</u>	<u>276,446</u>
Net current liabilities		<u>(101,477)</u>	<u>(96,984)</u>
Total assets less current liabilities		<u>510,485</u>	<u>533,867</u>

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000 (Audited)
	<i>Note</i>		
Non-current liabilities			
Loans and borrowings	14	62,737	80,099
Deferred income		20,867	21,821
Contract liabilities		6,195	6,438
Deferred tax liabilities		4,867	5,730
Lease liabilities		1,640	1,148
		<u>96,306</u>	<u>115,236</u>
NET ASSETS		<u>414,179</u>	<u>418,631</u>
CAPITAL AND RESERVES			
Share capital		159,921	159,921
Reserves		<u>147,859</u>	<u>154,761</u>
Total equity attributable to equity shareholders of the Company		307,780	314,682
Non-controlling interests		<u>106,399</u>	<u>103,949</u>
TOTAL EQUITY		<u>414,179</u>	<u>418,631</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Tianjin Tianbao Energy Co., Ltd. and its subsidiaries (together, the “**Group**”) since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included.

In determining the appropriate basis of preparation of financial statements, the Directors are required to consider whether the Group could continue in operational existence for the foreseeable future.

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 2021, the Group had net current liabilities of RMB101 million. Notwithstanding the net current liabilities as at 30 June 2021, 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. This is because:

- (i) the Group was profit making and generated net cash inflows from operating activities of approximately RMB27 million during the six months ended 30 June 2021 and expects to continue to improve its working capital management. Based on cash flow projection prepared by management covering a period for at least the twelve months from the end of the reporting period, the Group would have adequate funds to meet its liabilities as and when they fall due;
- (ii) the Group had available unutilised bank facilities of RMB70 million at 30 June 2021; and
- (iii) the Group has the ability to obtain new banking and other financing facilities and has the ability to renew or refinance the banking facilities upon maturity.

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 2021 on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs to this interim financial report for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”). The amendments do not have an impact on this interim financial report as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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, and providing steam, heating and cooling to the industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport) and steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang).
- Others: construction and operation maintenance of industrial facilities, trading of electronic components, photovoltaic power generation and selling.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Electricity dispatch and sale	84,778	75,300
– Power generation and supply	189,669	118,028
– Others	7,302	8,363
	<u>281,749</u>	<u>201,691</u>

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.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from 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 period is set out below.

For the six months ended 30 June	Electricity dispatch and sale		Power generation and supply		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition								
Point in time	84,778	75,300	189,669	118,028	301	1,064	274,748	194,392
Over time	—	—	—	—	7,001	7,299	7,001	7,299
Revenue from external customers	84,778	75,300	189,669	118,028	7,302	8,363	281,749	201,691
Inter-segment revenue	1,003	1,066	—	—	—	458	1,003	1,524
Reportable segment revenue	85,781	76,366	189,669	118,028	7,302	8,821	282,752	203,215
Reportable segment profit (EBITDA)	9,239	5,605	30,958	39,763	3,138	2,106	43,335	47,474
Depreciation and amortisation for the period	3,701	3,168	18,002	11,349	48	46	21,751	14,563
As at 30 June/31 December								
Reportable segment assets	68,265	70,370	568,942	579,745	7,266	7,029	644,473	657,144
Reportable segment liabilities	25,298	29,033	64,956	57,571	11,882	12,766	102,136	99,370

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

(c) **Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	282,752	203,215
Elimination of inter-segment revenue	(1,003)	(1,524)
Consolidated revenue	281,749	201,691
Profit		
Reportable segment profit	43,335	47,474
Other net income	300	45
Interest income	274	232
Interest expense	(6,095)	(4,705)
Depreciation and amortisation	(22,224)	(14,563)
Other unallocated head office and corporate expenses	(10,865)	(13,250)
Consolidated profit before taxation	4,725	15,233

4 OTHER NET INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	955	607
Others	300	5
	<u>1,255</u>	<u>612</u>

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs		
Interest on loans and borrowings	4,347	1,383
Interest expense on payables due to shareholders	1,661	3,307
Interest on lease liabilities	68	–
Other financial costs	19	15
	<u>6,095</u>	<u>4,705</u>
(b) Other items		
Amortisation		
– right-of-use assets for properties	885	405
– intangible assets	366	218
Depreciation	20,973	14,436
Purchase of electricity	74,843	66,779
Fuel	113,981	48,863
Outsourcing operation	19,491	13,447

6 INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
Provision for the period	2,044	4,370
Deferred taxation		
Reversal of temporary differences	(863)	(924)
	<u>1,181</u>	<u>3,446</u>

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit before taxation	4,725	15,233
Notional tax on profit before taxation (<i>Note (i)</i>)	1,181	3,808
Others	–	(362)
Actual tax expenses	<u>1,181</u>	<u>3,446</u>

- (i) The Group was subject to the statutory income tax rate of 25% for the six months ended 30 June 2020 and 2021.

7 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 six months ended 30 June 2021 of RMB1,094,000 (six months ended 30 June 2020: RMB8,090,000) and the weighted average of 159,921,000 ordinary shares (six months ended 30 June 2020: 159,921,000 shares) in issue. There was no difference between basic and diluted earnings per share as there were no potential dilutive shares during the period.

8 RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment:

During the six months ended 30 June 2021, the Group acquired items of plant, machinery and construction in progress with a cost of RMB2,501,000 (six months ended 30 June 2020: RMB9,142,000). There is no disposal of property, plant and equipment during the six months ended 30 June 2021 (six months ended 30 June 2020: 0).

(b) Right-of-use assets

All the lands located in the People's Republic of China (the "PRC") are leased from respective governments according to corresponding regulations applied across the country. Land use right was classified to "right-of-use assets for properties".

9 GOODWILL

Reconciliation of carrying amount of goodwill:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cost		
Balance at 1 January	537	–
Acquisition through business combination	<u>–</u>	<u>537</u>
Balance at 30 June/31 December	<u>537</u>	<u>537</u>
Impairment losses		
Balance at 1 January	–	–
Impairment losses	<u>–</u>	<u>–</u>
Balance at 30 June/31 December	<u>–</u>	<u>–</u>
Carrying amounts		
Balance at 1 January	<u>537</u>	<u>–</u>
Balance at 30 June/31 December	<u>537</u>	<u>537</u>

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's identified power generation and supply – Lingang Thermal Power cash generation unit (CGU) according to operating segment.

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% (2020: 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 9.42% (2020: 9.42%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Accounts receivable, net of loss allowance	40,708	30,507
Bills receivable	<u>1,990</u>	<u>1,329</u>
	<u>42,698</u>	<u>31,836</u>

Ageing analysis

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:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 3 months	42,663	29,336
4 to 6 months	35	2,500
	<u>42,698</u>	<u>31,836</u>

Trade debtors and bill receivables are generally due within 30-90 days from the date of billing.

11 OTHER RECEIVABLES AND ASSETS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Value added tax recoverable	4,357	7,379
Advance to suppliers	1,102	479
Prepaid income tax	1,042	—
Deposits with third parties	229	22
	<u>6,730</u>	<u>7,880</u>

12 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash at bank	<u>129,665</u>	<u>126,916</u>

13 TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade payable to third parties	49,086	39,819
Deposit received	6,724	6,376
Payables for purchase of property, plant and equipment	1,115	—
Payables for value added tax and other taxes	536	395
Others	520	1,215
	<u>57,981</u>	<u>47,805</u>

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 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 3 months	50,605	33,061
4 to 6 months	5,938	13,950
7 to 12 months	877	70
Over 12 months	561	724
	<u>57,981</u>	<u>47,805</u>

14 LOANS AND BORROWINGS

Current

At 30 June 2021, the bank loans were secured as follows:

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Bank loans		
– secured	–	–
– unsecured	76,000	79,900
	<u>76,000</u>	<u>79,900</u>

Non-current

At 30 June 2021, the bank loans were repayable as follows:

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year or on demand	39,717	35,609
After 1 year but within 2 years	23,785	35,724
After 2 years but within 5 years	33,228	32,927
After 5 years	5,724	11,448
	<u>62,737</u>	<u>80,099</u>
Total	<u>102,454</u>	<u>115,708</u>
Current portion of non-current bank loans	(39,717)	(35,609)
	<u>62,737</u>	<u>80,099</u>

At 30 June 2021, the total non-current bank loans were secured as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans		
– secured*	49,900	50,000
– unsecured	<u>52,554</u>	<u>65,708</u>
	<u>102,454</u>	<u>115,708</u>

* The company pledged its trade receivables as security for the outstanding bank loans.

Current portion of non-current liabilities

At 30 June 2021, the current portion of non-current liabilities were as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current portion of non-current bank loans	39,717	35,609
Current portion of other non-current liabilities	<u>86,759</u>	<u>85,098</u>
	<u>126,476</u>	<u>120,707</u>

15 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 31 December 2016.

As of 30 June 2021, the total undiscounted payable to the Shareholders was RMB88,384,000 (as at 31 December 2020: RMB88,384,000), and the corresponding present value of the payments was RMB86,759,000 (as at 31 December 2020: RMB85,098,000), which was recorded as current portion of non-current liabilities.

16 DIVIDENDS

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.05 per share (six months ended 30 June 2020: RMB0.03 per share)	<u>7,996</u>	<u>4,798</u>

17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 23 June 2021, the Board of Directors of the Company approved the distributed gas energy station project in Grain and Oil Processing Zone of Tianjin Port Free Trade Zone (Lingang) with the cost budget amounted to RMB236,590,000 (the “**Project**”). The Project was subsequently approved by the Board of Directors of Lingang Thermal on 16 July 2021. The Company will continue to seek relevant approval.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF BUSINESS REVIEW FOR THE FIRST HALF OF 2021

In the first half of 2021, the COVID-19 pandemic was under effective control in China. Industrial and commercial enterprises in the Group's service area resumed normal operations and their demand for the energy supply of the Group increased accordingly. In addition, the Group's sales volume of electricity and steam increased as compared with the corresponding period of the previous year as a result of the acquisition of 51% equity interest of Lingang Thermal Power in the first half of 2020. However, due to the limited domestic supply of coal, changes in the geopolitical and economic situation and other factors, the shortage of domestic coal supply has not eased and the coal price increased substantially in the first half of 2021. As a result, the Group's coal procurement costs increased significantly and its profitability decreased. The Group has taken a variety of measures to reduce the impact of the significant increase in coal prices on its business performance, including improving the quality of its coal suppliers and increasing researches on short-term trends in the coal market.

During the Reporting Period, the Group actively responded to the maximum extent, to the unfavorable situation of rising coal prices to make up for the adverse impact of persistent high coal prices on our profitability. We have formulated the "14th Five-Year Plan", which defines the direction of our future development, and carried out in-depth researches into new business models to constantly broaden our development path.

HIGHLIGHTS OF MAJOR INITIATIVES OF THE GROUP IN THE FIRST HALF OF 2021

1. Active response to the unfavorable situation of rising coal prices

In the first half of 2021, domestic coal prices remained high. As a result, the Group's operating costs increased significantly and its profitability decreased. Facing the unfavorable situation of high coal prices, the Group, on the premise of ensuring the supply of electricity and steam to customers, has reduced the impact of rising coal price on its costs to a certain extent by strengthening the analysis and understanding of short-term coal market conditions, studying and evaluating the trend of coal prices, and improving the quality of its coal suppliers.

In addition, the Group has effectively improved production efficiency through technical transformation and pipe network maintenance, and reduced operating expenses through strict budget management. The Group has actively taken various countermeasures to increase revenue and reduce expenditure, increased business development efforts in the new energy field, strived to obtain income in the fields of gas distributed energy stations and contractual energy management as early as possible, in order to make up for the adverse impact on our profitability as a result of the persistent high coal price to the maximum extent.

2. Development of the 14th Five-Year Plan of the Group

To accelerate the operational efficiency of the Group, improve the return on investment for Shareholders and clarify the future direction of development, we have formulated the “14th Five-Year” strategic development plan, which has been considered and approved by the Shareholders at the 2020 annual general meeting of our Company. In formulating the strategic development plan, we have carefully summarized the experience and lessons of development during the 13th Five-Year Plan period, fully considered the internal and external circumstantial factors that we may face in our development in the next five years as well as our business characteristics.

In the strategic development plan, we have identified the problems facing by the Group during its development, put forth the strategic positioning of the Group’s future development, defined the main tasks for the next five years, and identified measures to ensure the implementation of the plan.

3. In-depth research into new business models to broaden the development path

In order to achieve the deployment requirements of the “14th Five-Year Plan” and maintain the Group’s future market competitiveness, we have enhanced the researches and discussions on new business lines such as distributed energy stations, contractual energy management and photovoltaic power generations. The Group will actively seek for new business opportunities, implement the “14th Five-Year” strategic development plan, and constantly broaden its business development path.

OPERATING RESULTS AND ANALYSIS

According to the Group’s data, in the first half of 2021, sales of steam amounted to approximately 907,000 tons, representing an increase of approximately 71.8% from approximately 528,000 tons over the corresponding period of the previous year, mainly due to an increase in sales of steam after our acquisition of 51% equity interest of Lingang Thermal Power; sales of electricity amounted to approximately 130.023 million kilowatt-hours, representing an increase of approximately 22.5% from approximately 106.127 million kilowatt-hours over the corresponding period of the previous year, mainly because electricity demand had recovered and increased in the first half of 2021 as customers’ business resumed to normal, whereas the impact of COVID-19 resulted in a relatively low customers’ demand for electricity in the region during the same period of the previous year; and on-grid power generation amounted to approximately 25.814 million kilowatt-hours, representing a decrease of approximately 7.4% from approximately 27.889 million kilowatt-hours over the corresponding period of the previous year, mainly because the Group had increased the proportion of electricity consumption for its own use in the first half of the year as the costs of using the remaining output of steam power to generate electricity is lower than purchasing electricity from external sources, which helped to reduce operating costs.

1. Operating revenue

The consolidated operating revenue recorded by the Group increased by approximately 39.7% from approximately RMB201.691 million for the first half of 2020 to approximately RMB281.749 million for the first half of 2021.

Electricity dispatch and sale segment

The revenue from our electricity dispatch and sale segment increased by approximately 12.6% from approximately RMB75.300 million for the first half of 2020 to approximately RMB84.778 million for the first half of 2021, mainly due to the increase in electricity demand from customers in the region in the first half of 2021 as businesses of our customers resumed to normal, especially the significant business growth of customers in the container transportation industry, whereas COVID-19 had resulted in a relatively low customers' demand for electricity in the region during the same period of the previous year.

Power generation and supply segment

The revenue from our power generation and supply segment increased by approximately 60.7% from approximately RMB118.028 million for the first half of 2020 to approximately RMB189.669 million for the first half of 2021, mainly due to an increase in sales of steam as we obtained certain new major customers after completion of the acquisition of 51% equity interest in Lingang Thermal Power in 2020.

Others segment

The revenue from the others segment decreased by approximately 12.7% from approximately RMB8.363 million for the first half of 2020 to approximately RMB7.302 million for the first half of 2021, mainly due to a decrease in the revenue from the maintenance service business of the Group.

2. Other net income

In the first half of 2021, the Group recorded other net income of approximately RMB1.255 million, representing an increase of approximately 105.1% as compared with the corresponding period of the previous year of approximately RMB0.612 million, which was primarily due to an increase in the amortization of deferred income after acquisition of 51% equity interest in Lingang Thermal Power in 2020.

3. Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment increased by approximately 8.8% from approximately RMB72.863 million for the first half of 2020 to approximately RMB79.241 million for the first half of 2021, mainly due to the increase in costs for electricity purchase caused by the increase in electricity demand from the Group's customers.

Power generation and supply segment

The costs of our power generation and supply segment increased by approximately 97.0% from approximately RMB90.181 million for the first half of 2020 to approximately RMB177.668 million for the first half of 2021 due to an increase in sales of steam after acquisition of 51% equity interest in Lingang Thermal Power, and increase in fuel costs by approximately 133.3% when compared with the same period in the previous year as a result of the significant increase in coal price due to shortage in supply.

Others segment

The costs of others segment decreased by approximately 33.2% from approximately RMB6.303 million for the first half of 2020 to approximately RMB4.211 million for the first half of 2021, which was mainly due to a decrease in maintenance service business of the Group.

4. Segment gross profit

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment increased by approximately 127.2% from approximately RMB2.437 million for the first half of 2020 to approximately RMB5.538 million for the first half of 2021.

Power generation and supply segment

The gross profit from our power generation and supply segment decreased by approximately 56.9% from approximately RMB27.847 million for the first half of 2020 to approximately RMB12.001 million for the first half of 2021.

Others segment

The gross profit from others segment increased by approximately 50.0% from approximately RMB2.060 million for the first half of 2020 to approximately RMB3.090 million for the first half of 2021.

5. Earnings before interest, taxes, depreciation and amortization

Earnings before interest, taxes, depreciation and amortization decreased by approximately 8.7% from approximately RMB47.474 million in the first half of 2020 to approximately RMB43.335 million in the first half of 2021.

6. Finance costs

In the first half of 2021, the Group recorded finance costs of approximately RMB6.095 million, representing an increase of approximately 29.5% as compared with the corresponding period of the previous year of approximately RMB4.705 million, which was primarily due to an increase in interest costs for our long-term borrowings and short-term borrowings after acquisition of 51% equity interest in Lingang Thermal Power in 2020.

7. Fuel costs

In the first half of 2021, the Group recorded fuel costs of approximately RMB113.981 million, representing an increase of approximately 133.3% as compared with the corresponding period of the previous year of approximately RMB48.863 million, which was primarily due to a significant increase in purchase costs of coal arising from substantial increase in coal price in the first half of 2021 as a result of persistent shortage of domestic coal supply. Such increase is also in line with the increase in sales of steam after the acquisition of 51% equity interest in Lingang Thermal Power in 2020.

8. Profit before tax

The profit before tax decreased by approximately 69.0% from approximately RMB15.233 million for the first half of 2020 to approximately RMB4.725 million for the first half of 2021, which was mainly caused by a significant increase in fuel costs in the first half of 2021.

9. Income tax expenses

In the first half of 2021, the Group recorded income tax expenses of approximately RMB1.181 million, representing a decrease of approximately 65.7% as compared with the corresponding period of the previous year of approximately RMB3.446 million, which was primarily due to decrease in profit in the first half of 2021.

10. Profit for the period attributable to the parent company

Profit for the period attributable to the parent company decreased by approximately 86.5% from approximately RMB8.090 million for the first half of 2020 to approximately RMB1.094 million for the first half of 2021.

FINANCIAL POSITION

1. Assets and liabilities

Total assets decreased by approximately 1.6% from approximately RMB810.313 million as at the end of 2020 to approximately RMB797.501 million as at the end of June 2021. Total liabilities decreased by approximately 2.1% from approximately RMB391.682 million as at the end of 2020 to approximately RMB383.322 million as at the end of June 2021. Total equity attributable to ordinary Shareholders of the Company decreased by approximately 2.2% from approximately RMB314.682 million as at the end of 2020 to approximately RMB307.780 million as at the end of June 2021.

As of the end of June 2021, our current assets amounted to approximately RMB185.539 million, representing an increase of approximately 3.4% from approximately RMB179.462 million as at the end of 2020, of which cash and cash equivalents amounted to approximately RMB129.665 million (end of 2020: approximately RMB126.916 million), trade and bill receivables amounted to approximately RMB42.698 million (end of 2020: approximately RMB31.836 million), which was mainly steam sales income. Our current liabilities amounted to approximately RMB287.016 million (end of 2020: approximately RMB276.446 million), of which trade and other payables amounted to approximately RMB57.981 million (end of 2020: approximately RMB47.805 million); and non-current liabilities amounted to approximately RMB96.306 million (end of 2020: approximately RMB115.236 million).

2. Cash and cash equivalents

As at the end of June 2021, the Group recorded cash and cash equivalents of approximately RMB129.665 million, representing an increase of approximately 2.2% as compared with the end of the previous year of approximately RMB126.916 million. Taking into account the capital needs of the Group's daily operating activities and the higher expected capital expenditures, the Group 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 period divided by the balance of total equity as at the end of the period.

As at the end of June 2021, the Group recorded a gearing ratio of 0.93, representing a slight decrease as compared with the end of the previous year of 0.94, which was due to the decrease in liabilities.

HUMAN RESOURCES AND TRAINING

As of June 30, 2021, we had 68 employees. The following table sets forth the number of employees for each of our areas of operations as of June 30, 2021.

Function	Number of Employees	Percentage of Total
Management, administration and finance	25	36.8%
Marketing	7	10.3%
Procurement	4	5.9%
Engineering and technology	32	47.0%
Total	68	100.0%

As of June 30, 2021, we incurred staff costs (including salaries, benefits and allowances) of approximately RMB8.931 million.

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. The Directors believe that 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 intend 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 Group's competitiveness in the market.

As of June 30, 2021, the Company's human resources department finished a total of 13 trainings involving party affairs education, middle-level cadre management and professional skills, among which the trainings for professional skills were carried out by each department with contents including the Listing Rules, testing equipment usage and usage attention points, emergency response training for "three-remote" server hard drive failure, and continuing education courses for special operations personnel.

The Directors believe that we maintain a good working relationship with our personnel. Our employees are unionized in accordance with local labor laws.

OTHER SIGNIFICANT EVENTS

1. Capital raising

The Company completed the initial public offering and was listed on the Main Board of the Stock Exchange on April 27, 2018. The actual 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\$41.18 million.

2. Capital expenditure and capital commitment

In the first half of 2021, the total capital expenditure of the Group was approximately RMB2.501 million, including expenditure on phase 2 distributed photovoltaic power generation project of approximately RMB1.141 million and expenditure on purchase of other equipment of approximately RMB1.360 million.

As of June 30, 2021, save as disclosed in this announcement, the Group did not have other confirmed plan to make major investments or purchase capital assets or to make relevant financing in the upcoming year.

3. Liquidity and financial resources

As at June 30, 2021, the Group had cash and cash equivalents amounting to approximately RMB129.665 million, bank borrowings of approximately RMB178.454 million, which includes short-term borrowings of approximately RMB115.717 million (including long-term borrowings due within one year of approximately RMB39.717 million) and non-current portion of long-term borrowings of approximately RMB62.737 million, while secured and guaranteed borrowings amounted to approximately RMB49.900 million and unsecured borrowings amounted to approximately RMB128.554 million, all of which were with fixed interest rate. 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 June 30, 2021, the Group had no material acquisitions and disposals.

5. Significant investments

As of June 30, 2021, the Group did not have significant investments.

6. Contingent liabilities

As at June 30, 2021, except for the provision of the joint and several liability guarantee by the Group for 51% of the remaining balance of a long-term loan of Lingang Thermal Power amounting to approximately RMB19.380 million, the Group did not have contingent liabilities.

7. Bank borrowings of the Group

As at June 30, 2021, the Group had bank borrowings of approximately RMB178.454 million, which include short-term borrowings of approximately RMB115.717 million (including long-term borrowings due within one year of approximately RMB39.717 million) and non-current portion of long-term borrowings of approximately RMB62.737 million, while secured and guaranteed borrowings amounted to approximately RMB49.900 million and unsecured borrowings amounted to approximately RMB128.554 million, all of which were with fixed interest rate.

8. Other debts of the Group

Except for the bank borrowings as disclosed in this announcement and the amount of approximately RMB88.383 million due to Shareholders of the Company, the Group did not have other interest-bearing debts.

9. Charges on the Group's assets

As of June 30, 2021, the Company's subsidiary Lingang Thermal Power has pledged its trade receivables as security for a bank loan with balance amounting to approximately RMB38.000 million as of June 30, 2021, and the Company had pledged its 51% equity interests in Lingang Thermal Power as security for a bank loan with balance amounting to approximately RMB49.900 million as of June 30, 2021.

10. 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 of the Company had been converted into H Shares and became listed on the Main Board of the Stock Exchange. As at the date of this announcement, the capital structure of the Company consists of H Shares only.

11. Share option scheme

As of June 30, 2021, 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), 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 2021

1. To deepen reform of state-owned enterprises and improve corporate governance

The Group will continue to strengthen its reform and innovation to promote the implementation of the “Three-year Action Plan for Reform of State-owned Enterprises”, improve the Company’s operational efficiency, actively explore market-based businesses and increase shareholder returns. We will strive to make breakthroughs in improving the efficiency of asset operation, optimizing the shareholding structure, reforming the system and mechanism, and developing market-based businesses.

2. To implement the “14th Five-Year Plan” and carry out market-based businesses

Faced with the opportunities for energy structure transformation, the Group will continually trace and research on the production and management of clean energy. The Group will actively carry out market-based businesses, implement the requirements of the “14th Five-Year” strategic development plan, and strive to achieve the implementation of projects in the fields of distributed energy stations and contractual energy management in the second half of 2021.

3. To reduce production cost through technological transformation

In the second half of 2021, the Group will continue to reduce energy consumption and save costs through technological transformation, mainly including the technological transformation of Lingang Thermal Power to reduce the steam production cost and the continuous maintenance of heat supply network to reduce the rate of depreciation.

4. Human resources

The Group will optimize the arrangement of human resources, realize agreement-based employee management, enhance performance management system that focuses on work efficiency and enterprise benefit, where salary, benefits and rank movements are closely tied to performance, and fully mobilize the enthusiasm and creativity of leaders and employees, in order to improve business efficiency and benefit, and enhance the vitality and market competitiveness of the enterprise.

In the second half of the year, the Company will strengthen the coordination arrangements, enhance the transfer of responsibilities, strictly grasp the implementation of nodes, vigorously promote the project process, accelerate the Company’s market-oriented transformation, and take comprehensive measures to reduce the adverse impact of rising coal prices on the Company’s performance.

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 14 to the Listing Rules. The Directors consider that the Company has complied with all code provisions as set out in 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 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 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 Directors, Supervisors or relevant employees during the Reporting Period.

PLEDGING 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 Group's debts or to secure guarantees or other support of the Group's obligations during the Reporting Period.

CHARGES ON THE GROUP'S ASSETS

During the Reporting Period, the Company's subsidiary Lingang Thermal Power has pledged its trade receivables as security for a bank loan with balance amounting to approximately RMB38.000 million as of June 30, 2021, and the Company had pledged its 51% equity interests in Lingang Thermal Power as security for a bank loan with balance amounting to approximately RMB49.900 million as of June 30, 2021.

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

AUDIT COMMITTEE

The audit committee comprises three non-executive Directors, namely Mr. Chan Wai Dune (chairperson), Ms. Yang Ying and Ms. Dong Guangpei, 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 2021 interim results announcement, the interim report and the unaudited financial statements for the six months ended June 30, 2021 prepared in accordance with the IFRS.

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 or redeemable securities during the six months ended June 30, 2021.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended June 30, 2021.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, pursuant to the completion of the H share "full circulation" of the Company and based on the provisions and relevant requirements in laws and regulations, including, among others, the PRC Company Law, the Company amended its Articles of Association on June 10, 2021 based on the actual condition as well as operation and development needs of the Company. Details of such amendments are set out in the circular of the Company dated April 23, 2021. An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

SUBSEQUENT EVENTS

Events subsequent to the Reporting Period are set out in note 17 to the unaudited interim financial statements in this announcement.

THE PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.tjtbnny.com>), respectively. The interim report of the Company for 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and will also be available at the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

“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 announcement refers to Tianbao Holdings and TFIHC
“Director(s)”	director(s) of the Company
“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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Lingang Thermal Power”	Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司) (formerly known as Tianjin Jinneng Lingang Thermal Power Co., Ltd.* (天津津能臨港熱電有限公司)), a limited liability company established in the PRC on May 8, 2009, a non-wholly-owned subsidiary of our Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	from January 1, 2021 to June 30, 2021, being the financial reporting period of this interim results announcement
“RMB” or “Renminbi”	the lawful currency of the PRC

“Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholders”	holder(s) of H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) 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 wholly-owned subsidiary of Tianjin Port Free Trade Zone State-owned Assets Administration Bureau* (天津港保稅區國有資產管理局) established in the PRC, 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

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

Tianjin, the People’s Republic of China, August 20, 2021

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

* *For identification purposes only*