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Tianjin Tianbao Energy Co., Ltd. *
天津天保能源股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1671)

**DISCLOSEABLE TRANSACTION –
FINANCE LEASE AGREEMENT**

FINANCE LEASE AGREEMENT

On November 1, 2021, the Company entered into the Finance Lease Agreement with SPDBFL, pursuant to which (i) SPDBFL shall purchase the Leased Assets from the Company at a consideration of RMB25.00 million; and (ii) following the acquisition, SPDBFL, as the lessor, shall lease the Leased Assets to the Company, as the lessee, for a term of 72 months at an aggregate estimated rent of approximately RMB29.14 million, which shall include a finance lease principal of RMB25.00 million and a finance lease interest of RMB4.14 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease exceeds 5% but is less than 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

I. PRINCIPAL TERMS OF THE FINANCE LEASE AGREEMENT

- (i) Date: November 1, 2021
- (ii) Parties: (a) Lessee and Seller: the Company
(b) Lessor and Purchaser: SPDBFL

(iii) The Finance Lease Agreement

Pursuant to the terms of the Finance Lease Agreement, (i) SPDBFL shall purchase the Leased Assets from the Company at a consideration of RMB25.00 million; and (ii) following the acquisition, SPDBFL, as the lessor, shall lease the Leased Assets to the Company, as the lessee, for a term of 72 months at an aggregate estimated rent of approximately RMB29.14 million, which shall include a finance lease principal of RMB25.00 million and a finance lease interest of RMB4.14 million.

(iv) Payment of Rent

The estimated aggregate amount of rent payable by the Company to SPDBFL under the Finance Lease is approximately RMB29.14 million and shall be payable in 24 quarterly instalments. The interest rate under the Finance Lease shall be the loan prime rate for loans of above five years as promulgated by the National Interbank Funding Center in the month immediately prior to the payment of purchase price plus 65 basis points.

The terms of the Finance Lease including the price for the sale and purchase of the Leased Assets, the lease rent and lease interest rate were determined after arm's length negotiations between SPDBFL and the Company with reference to (i) the value of the Leased Assets as internally estimated by SPDBFL; and (ii) the prevailing market rates for finance leases of similar assets and similar finance lease services.

(v) The Leased Assets

The Leased Assets are the gas supply facilities, equipment and related parts of the Company with a net book value of RMB32.44 million as at July 31, 2021. During the term of the Finance Lease, the ownership of the Leased Assets shall vest in SPDBFL. Upon expiry of the term of the Finance Lease and subject to the full payment of the entire amount of the lease rent and interest and any other amounts due under the Finance Lease, the Company shall have the right to purchase the Leased Assets from SPDBFL for a nominal purchase price of RMB1.00. In addition, save as the payment of finance lease interest of approximately RMB4.14 million, the Group is not expected to record any profit or loss from the sale and leaseback of the Leased Assets.

(vi) Other Terms

The obligations under the Finance Lease is secured by a refundable deposit of RMB1.25 million payable by the Company to SPDBFL. Prior to any drawdown, the Company shall provide SPDBFL with its relevant agreements for production and operations such as that for power purchase and procurement of coal. The proceeds from the sale of the Leased Assets by the Company to SPDBFL shall be used in production operational expenses such as power purchase and procurement of coal. The Company shall also maintain a minimum balance being the undrawn proceeds and one period of rent with the SPDBFL account.

II. REASONS AND BENEFITS FOR THE FINANCE LEASE AGREEMENT

The terms of the Finance Lease Agreement have been agreed upon after arm's length negotiations between the relevant parties. The Board believes that the Group will be able to (i) obtain new financing through conducting finance leases, thereby reduces the pressure of the Group's repayment; (ii) derive additional liquidity by utilising its investments in its existing equipment and assets (being the Leased Assets) under the Finance Lease Agreement; and (iii) benefit from the additional working capital to support its business and operational activities.

Based on the above reasons, the Board believes and considers that the terms of the Finance Lease Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

III. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Finance Lease exceeds 5% but is less than 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

IV. INFORMATION ON THE PARTIES

(i) The Company

The Company is a joint stock company with limited liability incorporated in the PRC on February 28, 2017, and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1671). It is the sole power operator in Tianjin Port Free Trade Zone (Seaport) and is engaged in cogeneration of steam together with electricity, heating and cooling. The Company is the first state-owned power operator in Tianjin engaging in cogeneration of steam, electricity, heating and cooling listed on the Main Board of the Stock Exchange.

(ii) SPDBFL

SPDBFL is a joint stock company incorporated in the PRC with limited liability on April 20, 2012. It is a national non-bank financial institution engaging in the financial leasing business. Its controlling shareholder is Shanghai Pudong Development Bank Co., Ltd. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, SPDBFL and its ultimate beneficial owner(s) and their respective connected persons (as defined in the Listing Rules) are independent third parties.

V. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the same meanings as set out below:

“Board”	the board of directors of the Company
“Company”	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司), a joint stock limited liability company incorporated in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Finance Lease”	the transactions contemplated under the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement dated November 1, 2021 entered into between the Company and SPDBFL in relation to the leasing of the Leased Assets
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Stock Exchange
“independent third party(ies)”	the person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Leased Assets”	certain gas supply facilities, equipment and related parts of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holder(s) of the H Share(s)

“SPDBFL”	SPDB Financial Leasing Co., Ltd.* (浦銀金融租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability on April 20, 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Tianjin, the People’s Republic of China, November 1, 2021

As at 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 purpose only*