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, 2022

FINANCIAL HIGHLIGHTS

- In 2022, the Company and its subsidiaries recorded consolidated operating income of RMB713.594 million, representing an increase of 15.6% as compared to the same period of the previous year of RMB617.368 million.
- The profit before taxation increased by 155.8% from RMB9.023 million for 2021 to RMB23.083 million for 2022.
- In 2022, basic and diluted earnings per Share was RMB4.93 cents.
- The Board has resolved to declare a final dividend of RMB 0.024 per Share (tax inclusive) for 2022 (2021: Nil).

OPERATION HIGHLIGHTS

The Board of Directors of Tianjin Tianbao Energy Co., Ltd.* announces the audited consolidated results of the Company and its subsidiaries for the year ended December 31, 2022 prepared in accordance with the IFRS.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2022

	Note	For the year ended December 31, 2022 RMB'000 (Audited)	2021 RMB'000
Revenue	2	**713,594**	617,368
Cost of sales		**(679,070)**	(611,230)
Gross profit		**34,524**	6,138
Other net income	3	**29,347**	43,179
Administrative expenses		**(28,579)**	(27,565)
Profit from operations		**35,292**	21,752
Interest income		**431**	552
Interest expense		**(12,640)**	(13,281)
Profit before taxation	4	**23,083**	9,023
Income tax	5(a)	**(5,773)**	(2,535)
Profit for the year		**17,310**	6,488
Attributable to:			
Equity shareholders of the Company		**7,885**	431
Non-controlling interests		**9,425**	6,057
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**17,310**	6,488
Attributable to:			
Equity shareholders of the Company		**7,885**	431
Non-controlling interests		**9,425**	6,057
Earnings per share	6		
Basic (Cents)		**4.93**	0.27
Diluted (Cents)		**4.93**	0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**At December 31, 2022** ***RMB'000*** **(Audited)**	At December 31, 2021 *RMB'000*
Non-current assets			
Property, plant and equipment	*7*	**658,221**	516,577
Right-of-use assets for properties		**70,325**	72,095
Intangible assets		**6,086**	2,455
Deferred tax assets		**6,375**	1,844
Other receivables and assets		**1,250**	1,250
Goodwill	*8*	**537**	537
		742,794	594,758
Current assets			
Inventories		**8,652**	10,071
Contract assets		**–**	44
Trade and bills receivables	*9*	**97,950**	55,339
Other receivables and assets	*10*	**55,098**	24,599
Cash and cash equivalents	*11*	**153,314**	186,141
Restricted deposits		**6,600**	2,600
		321,614	278,794
Current liabilities			
Trade and other payables	*12*	**186,498**	100,602
Loans and borrowings		**226,655**	188,196
Contract liabilities		**8,200**	22,660
Salary and welfare payables		**7,904**	4,575
Current taxation		**8,524**	2,299
Lease liabilities		**240**	131
		438,021	318,463
Net current liabilities		**(116,407)**	(39,669)
Total assets less current liabilities		**626,387**	555,089

	Note	At December 31, 2022 RMB'000 (Audited)	At December 31, 2021 RMB'000
Non-current liabilities			
Loans and borrowings		**100,672**	109,938
Lease liabilities		**1,334**	1,472
Deferred income		**48,003**	19,912
Contract liabilities		**5,466**	5,952
Deferred tax liabilities		**5,455**	5,592
		160,930	142,866
NET ASSETS		**465,457**	412,223
CAPITAL AND RESERVES			
Share capital		**159,921**	159,921
Reserves		**155,474**	147,196
Total equity attributable to equity shareholders of the Company		**315,395**	307,117
Non-controlling interests		**150,062**	105,106
TOTAL EQUITY		**465,457**	412,223

NOTES TO THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended December 31, 2022
(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 (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to 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 accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries.

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

Non-current assets are 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.

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 31 December 2022, the Group had net current liabilities of RMB116,407,000.

Notwithstanding the net current liabilities as at 31 December 2022, the directors do not consider that material uncertainties related to events or conditions exist which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, in light of the below circumstances:

(i) The Group have implemented the improved price linkage mechanism of steam by the end of 2022, which can better respond to the fluctuation in procurement costs of coal. Management has assessed cash flow forecasts under fuel prices assumption for the best estimate throughout the forecast period. Management is of the opinion that the Group has sufficient liquidity for at least the next 12 months from the date of approval of the consolidated financial statements.

(ii) The Group has available unutilised bank facilities amounting to RMB178,000,000 as of 31 December 2022.

Consequently, the directors are of the opinion that it is appropriate to prepare the Group's financial statements for the year ended 31 December 2022 on a going concern basis.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use
- Amendment to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

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 HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as in previous years the Group does not produce before an item of property, plant and equipment is available for use.

Amendment to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

(d) Subsidiaries and non-controlling interest

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes or 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) 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), steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang) and photovoltaic power generation and selling.
- Others: construction and operation maintenance of industrial facilities, trading of electronic components.

(a) Disaggregation of revenue

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

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Electricity dispatch and sale	**190,170**	185,267
– Power generation and supply	**495,665**	414,173
– Others	**27,759**	17,928
	713,594	617,368

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

The Group includes four (2021: two) customers with whom transactions have exceeded 10% of the Group's revenue. In 2022 revenue from these customers amounted to approximately RMB349,506,000 (2021: RMB171,361,000).

(b) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets, except for cash and cash equivalents, building and structure for general management use and other corporate assets. Segment liabilities include segment loan and borrowings, trade and other payables, lease liabilities, contract liabilities, salary and welfare payables, deferred income and deferred tax liabilities, except for loan and borrowings and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Other than reporting inter-segment sales of electricity dispatch and sale, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

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 the interest on loan and borrowings, interest on lease liabilities and the difference between the amount of the total undiscounted payable to the Shareholders and the corresponding present value of the payments. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as 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, 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 from contracts with customers by the 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 31 December 2022 and 2021 is set out below.

For the year ended 31 December	**Electricity dispatch and sale**		**Power generation and supply**		**Others**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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	**190,170**	185,267	**495,665**	414,173	**1,423**	117	**687,258**	599,557
Over time	**–**	–	**–**	–	**26,336**	17,811	**26,336**	17,811
Revenue from external customers	**190,170**	185,267	**495,665**	414,173	**27,759**	17,928	**713,594**	617,368
Inter-segment revenue	**3,302**	3,149	**–**	–	**–**	–	**3,302**	3,149
Reportable segment revenue	**193,472**	188,416	**495,665**	414,173	**27,759**	17,928	**716,896**	620,517
Reportable segment profit (adjusted EBITDA)	**11,070**	11,198	**82,913**	74,415	**11,815**	5,625	**105,798**	91,238
Depreciation and amortisation for the year	**6,262**	6,061	**36,046**	36,931	**1,905**	1,041	**44,213**	44,033
Reportable segment assets	**80,652**	84,228	**760,171**	559,950	**39,264**	12,589	**880,087**	656,767
Additions to non-current segment assets during the year	**125**	98	**170,319**	3,324	**17,344**	59	**187,788**	3,481
Reportable segment liabilities	**31,758**	45,781	**241,720**	86,432	**28,270**	13,821	**301,748**	146,034

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

	2022	2021
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**716,896**	620,517
Elimination of inter-segment revenue	**(3,302)**	(3,149)
Consolidated revenue	**713,594**	617,368

	2022	2021
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**105,798**	91,238
Other net income	**1,469**	1,160
Interest income	**431**	552
Interest expense	**(12,640)**	(13,281)
Depreciation and amortisation	**(44,213)**	(44,034)
Unallocated head office and corporate expenses	**(27,762)**	(26,612)
Consolidated profit before taxation	**23,083**	9,023

	At 31 December	At 31 December
	2022	2021
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**880,087**	656,767
Unallocated head office and corporate assets	**184,321**	216,785
Consolidated total assets	**1,064,408**	873,552

	At 31 December	At 31 December
	2022	2021
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**301,748**	146,034
Unallocated head office and corporate liabilities	**297,203**	315,295
Consolidated total liabilities	**598,951**	461,329

(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

	2022	2021
	RMB'000	*RMB'000*
Price subsidy *(Note)*	**25,969**	40,110
Government grants	**2,243**	1,986
Net foreign exchange gains/(losses)	**1,153**	(442)
Gain from disposal of fixed assets	**–**	1,237
Others	**(18)**	288
	29,347	43,179

Note: Price subsidy is provided by the local PRC government authorities to the Group on the steam supply business due to the increased coal price and fixed steam price for a certain time period in 2022 and 2021.

4 PROFIT BEFORE TAXATION

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

	2022	2021
	RMB'000	*RMB'000*
(a) Finance costs		
Interest expense on payables due to shareholders	**–**	3,285
Interest on bank loans	**10,980**	9,633
Interest on other borrowings	**1,262**	235
Interest on lease liabilities	**73**	79
Other financial costs	**325**	49
	12,640	13,281

	2022	2021
	RMB'000	*RMB'000*
(b) Staff costs		
Contributions to defined contribution retirement plan	**2,802**	2,535
Salaries, wages and other benefits	**24,372**	27,287
	27,174	29,822

	2022	2021
	RMB'000	*RMB'000*
(c) Other items		
Amortisation		
– right-of-use assets for properties	**1,770**	1,770
– intangible assets	**1,141**	750
Depreciation	**41,302**	41,514
Auditors' remuneration	**1,226**	1,226
Purchase of electricity	**171,978**	168,266
Fuel	**334,139**	286,858
Outsourcing operation	**40,635**	38,714
Net foreign exchange (gains)/losses	**(1,153)**	442

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2022	2021
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**10,441**	4,517
Deferred tax		
Reversal of temporary differences	**(4,668)**	(1,982)
	5,773	2,535

The Group was subject to the statutory income tax rate of 25% for the year ended 31 December 2022 (2021: 25%).

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

	2022	2021
	RMB'000	*RMB'000*
Profit before taxation	**23,083**	9,023
Notional tax on profit before taxation	**5,771**	2,256
Others	**2**	279
Actual tax expenses	**5,773**	2,535

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 31 December 2022 of RMB7,885,000 (2021: RMB431,000) and the weighted average of 159,921,000 ordinary shares (2021: 159,921,000) in issue during the year.

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

7 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings and structure	Power generation plant and electric utility in service	Motor vehicles	Others	Construction in progress (CIP)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
Balance at 1 January 2021	157,811	734,756	1,444	30,854	2,497	927,362
Additions	–	–	–	2,870	2,260	5,130
Transfer from CIP	–	3,420	–	557	(3,977)	–
Disposals	–	(7,325)	–	(446)	–	(7,771)
Balance at 31 December 2021	157,811	730,851	1,444	33,835	780	924,721
Additions	–	1,038	–	202	186,327	187,567
Transfer from CIP	–	73,616	–	–	(78,237)	(4,621)
Balance at 31 December 2022	**157,811**	**805,505**	**1,444**	**34,037**	**108,870**	**1,107,667**
Accumulated depreciation:						
Balance at 1 January 2021	(11,373)	(345,567)	(1,023)	(16,074)	–	(374,037)
Charge for the year	(6,100)	(32,056)	(72)	(3,286)	–	(41,514)
Written back on disposals	–	6,976	–	431	–	7,407
Balance at 31 December 2021	(17,473)	(370,647)	(1,095)	(18,929)	–	(408,144)
Charge for the year	(6,100)	(32,370)	(73)	(2,759)	–	(41,302)
Balance at 31 December 2022	**(23,573)**	**(403,017)**	**(1,168)**	**(21,688)**	**–**	**(449,446)**
Net book value:						
Balance at 31 December 2022	**134,238**	**402,488**	**276**	**12,349**	**108,870**	**658,221**
Balance at 31 December 2021	140,338	360,204	349	14,906	780	516,577

At 31 December 2022, the gas supply facilities, equipment and related parts of the Group with an aggregate carrying value of RMB29,469,000 (2021: RMB31,564,000) were pledged for other borrowings from SPDB Financial Leasing Co., Ltd..

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets included in property, plant and equipment by class of underlying asset is as follows:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Buildings and structure leased for own use, carried at depreciated cost	**1,414**	1,570
	1,414	1,570

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022	2021
	RMB'000	*RMB'000*
Buildings and structure leased for own use, carried at depreciated cost	**156**	156
	156	156
Interest on lease liabilities *(note 4(a))*	**73**	79
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2022	**435**	441
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**5**	22

Details of total cash outflow for leases are set out in note 11(c).

(c) Assessing impairment

Electricity dispatch and sale business in Seaport, power generation and supply business in Seaport and power generation and supply business in Tianjin Tianbao Lingang Thermal Power Co., Ltd. have been identified as three separate cash-generating units ("**CGUs**") for impairment assessment purpose. For those CGUs where an indicator of impairment was identified, management compares the carrying amounts of the property, plant and equipment and right-of-use assets for properties allocated to each CGU with the respective recoverable amounts, which are estimated by calculating their value in use based on a discounted cash flow forecasts, to determine the amount of impairment loss, if any. The management are of the view that there is nil impairment loss amount for the property, plant and equipment and right-of-use assets for properties as at 31 December 2022 (2021: nil).

8 GOODWILL

	At 31 December 2022 *RMB'000*
Cost	
Balance at 1 January 2022 and 31 December 2022	**537**
Impairment losses	
Balance at 1 January 2022 and 31 December 2022	**–**
Carrying amounts	
Balance at 1 January 2022 and 31 December 2022	**537**

Impairment tests for cash-generating units containing goodwill

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

The recoverable amounts of the CGU is 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% (2021: 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 9.51% (2021: 9.05%). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

9 TRADE AND BILLS RECEIVABLES

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Accounts receivable, net of loss allowance	**97,240**	54,249
Bills receivable	**710**	1,090
	97,950	55,339

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:

	2022 *RMB'000*	2021 *RMB'000*
Within 3 months	**91,409**	54,565
4 to 6 months	**2,105**	231
7 to 9 months	**2,287**	532
10 to 12 months	**379**	11
Over 12 months	**1,770**	–
	97,950	55,339

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

10 OTHER RECEIVABLES AND ASSETS

	At 31 December 2022 *RMB'000*	At 31 December 2021 *RMB'000*
Current		
Price subsidy	**41,889**	15,920
Value added tax recoverable	**1,325**	7,214
Corporation income tax recoverable	**44**	715
Deposits with third parties	**22**	22
Advance to suppliers	**11,818**	728
	55,098	24,599
Non-current		
Deposits with third parties	**1,250**	1,250

11 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 31 December 2022	At 31 December 2021
	RMB'000	*RMB'000*
Cash at bank	**153,314**	186,141

(b) Reconciliation of liabilities arising from financing activities

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.

	Dividends payable	**Loans and borrowings**	**Interest payables**	**Lease liabilities**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
At 1 January 2022	**–**	**298,134**	**151**	**1,603**	**299,888**
Cash flows:					
Dividends paid	**(4,900)**	**–**	**–**	**–**	**(4,900)**
Proceeds from new bank loans	**–**	**216,126**	**–**	**–**	**216,126**
Repayment of bank loans	**–**	**(182,725)**	**–**	**–**	**(182,725)**
Repayment of other borrowings	**–**	**(5,471)**	**–**	**–**	**(5,471)**
Interest paid	**–**	**–**	**(10,970)**	**–**	**(10,970)**
Capital element of lease rentals paid	**–**	**–**	**–**	**(28)**	**(28)**
Interest element of lease rentals paid	**–**	**–**	**–**	**(73)**	**(73)**
Non-cash changes:					
Interest incurred	**–**	**1,263**	**10,980**	**72**	**12,315**
Dividends declared	**4,900**	**–**	**–**	**–**	**4,900**
At 31 December 2022	**–**	**327,327**	**161**	**1,574**	**329,062**

	Dividends payable RMB'000	Loans and borrowings RMB'000	Interest payables RMB'000	Lease liabilities RMB'000	Payable to shareholders for capital reduction RMB'000	Total RMB'000
At 1 January 2021	–	195,608	267	1,227	85,098	282,200
Cash flows:						
Dividends paid	(12,896)	–	–	–	–	(12,896)
Proceeds from new bank loans	–	193,000	–	–	–	193,000
Proceeds from other borrowings, net of deposit	–	23,750	–	–	–	23,750
Repayment of bank loans	–	(115,709)	–	–	–	(115,709)
Payment to shareholders for capital reduction	–	–	–	–	(88,383)	(88,383)
Interest paid	–	–	(9,749)	–	–	(9,749)
Capital element of lease rentals paid	–	–	–	(194)	–	(194)
Interest element of lease rentals paid	–	–	–	(79)	–	(79)
Non-cash changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	–	570	–	570
Deposit placed	–	1,250	–	–	–	1,250
Interest incurred	–	235	9,633	79	3,285	13,232
Dividends declared	12,896	–	–	–	–	12,896
At 31 December 2021	–	298,134	151	1,603	–	299,888

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022 **RMB'000**	2021 RMB'000
Within operating cash flows	**440**	463
Within financing cash flows	**101**	273
	541	736

These amounts relate to the following:

	2022 **RMB'000**	2021 RMB'000
Lease rentals paid	**541**	736

12 TRADE AND OTHER PAYABLES

	At 31 December 2022	At 31 December 2021
	RMB'000	*RMB'000*
Trade payable to third parties	**86,732**	92,919
Bills payable	**34,591**	–
Deposit received	**1,936**	2,153
Payables for value added tax and other taxes	**2,503**	3,209
Payables for purchase of property, plant and equipment	**59,487**	1,115
Others	**1,249**	1,206
	186,498	100,602

All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade and other payables, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**144,086**	80,757
4 to 6 months	**7,853**	19,728
7 to 12 months	**32,257**	117
Over 12 months	**2,302**	–
	186,498	100,602

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

13 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022	2021
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.024 per ordinary share (2021: Nil)	**3,838**	–

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.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2022	2021
	RMB'000	*RMB'000*
Nil final dividend in respect of the previous financial year, approved and paid during the year (2021: RMB0.05)	–	7,996

14 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting year the directors proposed a final dividend. Further details are disclosed in note 13.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In recent years, china's wind energy, solar energy and other new energy power generation have been blowing. The Report to the 20th National Congress of the Communist Party of China specifies that, we will "work actively and prudently toward the goals of reaching carbon emission peak and carbon neutrality", "thoroughly advance the energy revolution and use coal in a cleaner and more efficient way", "speed up the planning and development of a system for new energy sources", and "strengthen the systems for energy production, supply, storage, and marketing to ensure energy security", "improve the statistics and accounting system and the cap-and-trade system for carbon emissions. Enhancing the carbon absorption capacity of ecosystems". With the accelerated development of new energy and change in power consumption characteristics, the demand for peak shaving by the system will increase continuously. There are few hydropower stations with adjustable capacity in China, and the proportion of gas-fired power in the overall energy market is small. Therefore coal-fired power is the most economical and reliable peak shaving power source at the current stage. The market position of coal-fired power will gradually change from the traditional position of being the main source of power and electricity supply to being an adjustable power supply that provides reliable capacity, electricity and flexibility. The utilization hours of coal-fired power will continue to decrease.

The "14th Five-Year Plan" initiated in 2021 proposed the requirements for deepening supply-side structural reform in the power industry to develop low-carbon electricity , which targets at achieving clean, efficient and sustainable development of the power industry through efficient utilization of energy, development of clean energy and reduction of pollutant emissions.

The Group completed the comprehensive transformation of ultra-low emission and energy conservation for its coal-fired thermal power units which has significantly reduced coal consumption in power generation process and pollution emissions. China's environmental protection departments continue to enhance environmental protection requirements towards cogeneration companies, prompting the development trend of energy-saving, environmental protection and high efficiency in the cogeneration industry. The Group will also actively seek progress, promote development, lay a solid foundation for the main business, optimize the operation mode, make steam pipe network improvement plans, adjust management mode for user measurement device, conduct marching modifications according to the load condition, so as to greatly reduce the industrial steam pipe loss rate, and improve the operational capacity of the Group's major businesses. The Group shall always pay attention to great opportunities arising from the national energy industry transformation during the "14th Five-Year Plan" period and continue to improve the quality and efficiency of traditional energy business. The transformation trend towards safe, clean, low-carbon and efficient in energy industry will become more significant, and smart energy industry will become an important economic growth point and support the transformation towards clean, efficient and low-carbon energy systems, promoting low-carbon development of hydrogen production by coal, and helping to achieve the goal of carbon neutrality.

China's electric power system reform will continue to deepen, and the market mechanism will continue to improve. According to the Notice of the National Development and Reform Commission on Further Deepening the Market-oriented Reform of the On-grid Price of Coal-fired Power Generation (Fa Gai Jia Ge [2021] No. 1439) (《國家發展改革委關於進一步深化燃煤發電上網電價市場化改革的通知》(發改價格[2021] 1439號)), the on-grid price of all electricity generated by coal-fired will be liberated in an orderly manner, the range of market-based electricity prices will be expanded, all industrial and commercial users will be encouraged to enter the market, and the catalog price for electricity supply of industrial and commercial businesses will be canceled. It targets to maintain stable electricity prices for household, agricultural, and public welfare, give full play to the decisive role of the market in resource allocation, better leverage the role of the government to ensure a safe and stable supply of electricity, promote the optimization and upgrading of the industrial structure, and promote the construction of new power systems, and help achieve the goal of peaking carbon dioxide emissions and ensuring carbon neutrality. This is of great significance to alleviate coal power losses and perfection of market mechanisms.

According to the Notice of Tianjin Development and Reform Commission on Matters Related to Deepening the Reform of Electricity Price (Jin Fa Gai Jia Zong [2021] No. 313) (《市發展改革委關於深化電價改革有關事項的通知》(津發改價綜[2021] 313號)), from October 15, 2021, all the coal-fired power generation capacity in Tianjin will enter the market in principle, and the on-grid price will be set within the range of "base price + fluctuation", in which the base price is RMB0.3655 per kilowatt-hour and the fluctuation range shall be no more than 20%. The market transaction price of consumers with large energy consumption is not subject to the upward range of 20%. Spot prices of electricity are not subject to the above range.

BUSINESS REVIEW FOR THE YEAR OF 2022

1. The success operation of the gas distributed energy station project of Lingang Thermal Power

The Group initiated the gas distributed energy station project of Lingang Thermal Power in 2021 which aims to use natural gas instead of coal as fuel for steam production. In addition, this project may make up for the gap in the supply of steam for industrial use, providing a strong support for the Group's continuous and stable supply of energy to surrounding enterprises.

In 2022, in the face of various unfavorable factors including a tight deadline, heavy tasks, complicated techniques and resurgence of pandemic, the Group clarified the division of responsibilities and implemented the work plan and fully promoted the construction of the gas distributed energy station project of Lingang Thermal Power. All staff has united and cooperated to overcome difficulties and strictly advanced the designs and construction of the project as schedule, and completed the procurement of gas boilers, gas turbines and general contracting services upon the approval of the Shareholders. Thus the gas distributed energy station project of Lingang Thermal Power has put into operation successfully at the end of the year, and the change of fuel for steam production succeed as well.

The gas distributed energy station project of Lingang Thermal Power is an important indicator of the Group's initiation of transformation and upgrading, through which the Group will reduce the impact of coal price changes on its operating results. In addition, the Group will carry out comprehensive utilisation of various types of energy in the future. By increasing investment in photovoltaic, wind power, energy storage and other types of projects, the Group will gradually reduce its reliance on fossil energy, improve energy utilization efficiency and maintain stable operation.

For details, please refer to the Company's announcements dated January 31, 2022, February 15, 2022 and the circular dated March 8, 2022.

2. Achievement in the reform of state-owned enterprises and successful introduction of strategic investors for Lingang Thermal Power

The Group kicked off the capital increase of Lingang Thermal Power on December 28, 2021, entered into the Capital Increase Agreement with TFEI, PetroChina Kunlun and Lingang Thermal Power on September 28, 2022, and completed the change of industry and commerce registration of Lingang Thermal Power on December 16, 2022.

The Group focused on Lingang Thermal Power in its reform of state-owned enterprises. In 2022, the Group successfully introduced PetroChina Kunlun as a strategic investor for Lingang Thermal Power when conducting capital increase of Lingang Thermal Power. The Company further made a capital contribution of RMB9.1646 million to Lingang Thermal Power and PetroChina Kunlun made a capital contribution of RMB40.824 million. Upon the completion of capital increase and introduction of strategic investors for Lingang Thermal Power, the Company remains the controlling shareholding status of Lingang Thermal Power. The equity structure of Lingang Thermal Power was further optimized, which was conducive to giving full play to the advantages of shareholders' resources and facilitating the development of Lingang Thermal Power's businesses. Meanwhile, the capital strength of Lingang Thermal Power will be enhanced to further stimulate its vitality to benefit its development in the long run.

For details, please refer to the Company's announcements dated December 28, 2021, January 31, 2022, March 1, 2022, September 28, 2022, December 16, 2022 and the circular dated March 8, 2022.

3. Completion of the smart street lamp contractual energy management project in Tianjin Port Free Trade Zone

In 2021, the Group won the tender to participate in the smart street lamp contractual energy management project in Tianjin Port Free Trade Zone, in which we provided contractual energy management services to upgrade and manage the public lighting in Tianjin Port Free Trade Zone. Covering the public road lighting facilities in Tianjin Port Free Trade Zone, the project is the integrated contractual energy management project with electricity charging and facilities management for municipal public lighting facilities in Tianjin.

After the modification of all the street lamps and the commissioning of the smart street lamps system by the Group at the first half of this year, the project passed the inspection and acceptance of the relevant management departments of Tianjin Port Free Trade Zone successfully and was officially launched and put into operation. The project has realized energy conservation and carbon reduction through collaboration between government and enterprise and saved significant electricity bills for the local municipal administration authorities, offering good economic and social benefits.

4. Further improvement of a market-oriented pricing mechanism

Building upon the implemented price linkage mechanism of coal and steam, the Group further adjusted the linkage model according to industry changes. After multiple rounds of difficult negotiations with customers, the Group completed the adjustment of price linkage mechanism of coal and steam successfully and further aligned the steam price with the market price of coal, sharing the cost of coal with downstream customers to mitigate the adverse impact of the continued high price of coal on the operation of the Company and reduce the significant fluctuations of the Group's operation results caused by the drastic change in coal price.

5. Exploration of investment opportunities in new energy power generation projects

The Group seeks quality rooftop self-built photovoltaic power generation projects actively. In 2022, the Group built a new rooftop photovoltaic power generation project with an installed capacity of 3.32MW. The project was the Group's first new energy investment project outside the Tianjin Port Free Trade Zone (Seaport) distribution network. At the end of 2022, the photovoltaic power generation projects of the Group has provided 10.73 million kWh in total.

In addition, the Group has entered into strategic cooperation agreements with multiple leading enterprises in wind power, photovoltaic and lithium industries to achieve synergistic layout and promote the development of new energy industry. The Group actively explores merger and acquisition opportunities in new energy power generation projects, in order to achieve leapfrog development of the Group in the new energy area.

6. Exploration of the potential for cost reduction

The Group has adjusted the management mode of users' metering devices by conducting technological cooperation with professional institutes, analyzing the current operation condition of steam pipe network and carrying out researches and making improvement plans. The Group has also conducted matching modifications according to the load condition, greatly reducing the industrial steam pipe loss rate. It has also arranged production plans based on users' demands in a reasonable way and allocated user-side loads scientifically, thus improving the efficiency of boilers and reducing the consumption of coal in production.

In addition, the Group has adjusted strategies of coal procurement, strengthened market condition analysis and actively explored a new model for coal purchasing, controlling the purchasing cost of coal in an effective way.

OPERATING RESULTS AND ANALYSIS

According to the Company's statistics, in 2022, sales of steam amounted to 1.758 million tons, representing a decrease of 2.1% from 1.795 million tons over the corresponding period of the previous year. Sales of electricity amounted to 249.362 million kilowatt-hours, representing a decrease of 10.0% from 277.087 million kilowatt-hours over the corresponding period of the previous year, mainly due to the decline in users' demands across the industrial park affected by the economic situation. During the year, the Group's on-grid power generation amounted to 35.325 million kilowatt-hours, representing a decrease of 33.0% from 52.744 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 2021 and 2022, we have analyzed the indicators which significantly affected the operating income and profit before tax of the Company in 2022, details of which are as follows:

(1) Operating income

In 2022, the Group recorded a consolidated operating income of RMB713.594 million, representing an increase of 15.6% from RMB617.368 million over the corresponding period of the previous year, mainly because the sales price of steam and the revenue from sale of steam were increased after the Company further adjusted the price linkage mechanism of coal and steam. At the same time, the smart street lamp contractual energy management project in the Tianjin Port Free Trade Zone was put into operation, resulting in an increase in service income.

Electricity dispatch and sale segment

The income from our electricity dispatch and sale segment increased by 2.6% from RMB185.267 million for the whole year of 2021 to RMB190.170 million for the whole year of 2022, mainly because that the consolidated electricity prices were higher in 2022 than the same period of last year due to the market-oriented reform in the power industry.

Power generation and supply segment

The income from our power generation and supply segment increased by 19.7% from RMB414.173 million for the whole year of 2021 to RMB495.665 million for the whole year of 2022, mainly due to the sales price of the steam in this year was higher than that in the same period of last year.

Other segments

The income from other segments increased by 54.8% from RMB17.928 million for the whole year of 2021 to RMB27.759 million for the whole year of 2022, mainly due to the smart street lamp contractual energy management project in the Tianjin Port Free Trade Zone was officially put into operation in 2022, which increased our operation and maintenance revenue, and the Group's active business expansion resulted in an increase in our engineering revenue.

(2) Other net income

In 2022, the Group recorded other net income of RMB29.347 million, representing a decrease of 32.0% as compared with the year of 2021 of RMB43.179 million, which was primarily due to the steam price subsidy of approximately RMB25.969 million during the year, representing a decrease as compared to 2021. The Group undertakes the social responsibility of power supply, heating supply, steam supply in Tianjin Port Free Trade Zone Seaport area and steam supply to key grain and oil enterprises in the grain and oil processing zone in the Lingang area. As an enterprise that ensures supply and guarantees people's livelihood, the Group safeguarded the stable energy supply in the regional area when the coal price was running at a high level in 2022. From January to August 2022, the Group bore the additional cost arising from the incomplete linkage between the steam price and the coal procurement cost. In order to alleviate the Company's pressure of maintaining supply, the government approved the steam price subsidy of approximately RMB25.969 million to the Company in 2022.

(3) Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment increased by 2.9% from RMB183.280 million for the whole year of 2021 to RMB188.663 million for the whole year of 2022, mainly because the consolidated electricity prices were higher than the same period of last year and the electricity purchase costs rose due to the market-oriented reform in the power industry in 2022.

Power generation and supply segment

The costs of our power generation and supply segment increased by 13.9% from RMB415.552 million for the whole year of 2021 to RMB473.374 million for the whole year of 2022, which was primarily due to the significant increase in domestic coal prices in 2022 as compared to the same period of last year, the Group's coal procurement costs increased thereby.

Other segments

The costs of other segments increased by 37.4% from RMB12.398 million for the whole year of 2021 to RMB17.033 million for the whole year of 2022, mainly because our operation and maintenance costs increased after the smart street lamp contractual energy management project in the Tianjin Port Free Trade Zone was officially put into operation in 2022; meanwhile, our engineering costs also increased in parallel with the Group's active business expansion.

(4) Segment gross profit

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment decreased by 24.2% from RMB1.987 million for the whole year of 2021 to RMB1.507 million for the whole year of 2022, mainly due to the decline in users' demands for electricity across the industrial park affected by the economic situation.

Power generation and supply segment

Our power generation and supply segment reversed from a loss of RMB1.379 million for the whole year of 2021 to a gross profit of RMB22.291 million for the whole year of 2022, mainly due to the sales price of steam in this year was higher than that in the same period of last year. The Group has implemented the price linkage mechanism between coal and steam since 2021. Steam price is determined based on CCI coal price index. Due to changes in the coal industry, the original price linkage model based on CCI coal price index can no longer reflects the Group's actual coal purchase cost. Since September 2022, the Group further adjusted the linkage model to achieve linkage between steam price and actual coal cost and shares the cost pressure brought by the coal price increase with downstream enterprises.

Other segments

The gross profit from other segments increased by 94.0% from RMB5.530 million for the whole year of 2021 to RMB10.726 million for the whole year of 2022, mainly due to the increase in revenue from operation and maintenance as a result of the commencement of operation of the smart street lamp contractual energy management project in Tianjin Port Free Trade Zone, the increase in gross profit as the Group reduced project cost expenditure by controlling the maintenance cost of the Contractual Energy Management Project, and the Group's engineering revenue increased as the Group actively engaged in business expansion.

(5) EBITDA

EBITDA increased by 16.0% from RMB91.238 million for the whole year of 2021 to RMB105.798 million for the whole year of 2022.

(6) Finance costs

In 2022, the Group recorded finance costs of RMB12.640 million, representing a decrease of 4.8% as compared with the corresponding period of the previous year of RMB13.281 million, which was primarily due to the Group optimized its financing structure, reduced the financial costs and interest expenses in 2022.

(7) Fuel costs

In 2022, the Group recorded fuel costs of RMB334.139 million, representing an increase of 16.5% as compared with the corresponding period of the previous year of RMB286.858 million, which was primarily due to the significant increase in domestic coal prices in 2022 as compared to the same period of last year, as a result, the Group's coal procurement costs increased.

(8) Profit before tax

The profit before tax increased by 155.8% from RMB9.023 million for the whole year of 2021 to RMB23.083 million for the whole year of 2022, which was mainly due to the increase in revenue outweigh the increase in cost. The Group undertakes the social responsibilities of power supply, heating supply and steam supply in the seaport area of Tianjin Port Free Trade Zone and steam supply to key grain and oil enterprises in the grain and oil processing zone in Lingang area. As an enterprise guaranteeing supply and livelihood, the Group still guarantees the stable supply of energy in the regional area when the coal price was running at a high level in 2022, and bears the additional cost that the steam price is not fully linked with the coal purchase cost. In order to alleviate the Company's pressure of maintaining supply, the government approved the steam price subsidy to the Company in 2022, which is accounted for as other net income.

(9) Income tax expenses

In 2022, the Group recorded income tax expenses of RMB5.773 million, representing an increase of 127.7% as compared with the year of 2021 of RMB2.535 million, which was primarily due to the increase in profit before tax in 2022.

(10) Profit for the year attributed to the parent company

Profit for the year attributed to the parent company increased by 1,729.5% from RMB0.431 million for the whole year of 2021 to RMB7.885 million for the whole year of 2022. The main reason for the increase is the same as that for the increase in profit before tax. Meanwhile, the profit base attributable to the parent company in 2021 is relatively low, resulting in a large growth multiple of this year.

FINANCIAL POSITION

(1) Assets and liabilities

Total assets increased by 21.8% from RMB873.552 million as at the end of 2021 to RMB1,064.408 million as at the end of 2022, mainly due to the increase in the property, plant and equipment. Total liabilities increased by 29.8% from RMB461.329 million as at the end of 2021 to RMB598.951 million as at the end of 2022, mainly due to the increase in the trade and other payables.

As of the end of 2022, our current assets amounted to RMB321.614 million, representing an increase of 15.4% as compared with the end of 2021 of RMB278.794 million, of which cash and cash equivalents amounted to RMB153.314 million (end of 2021: RMB186.141 million), trade and bill receivables amounted to RMB97.950 million (end of 2021: RMB55.339 million), which was mainly due to an increase in the steam sales receivable. Our current liabilities amounted to RMB438.021 million (end of 2021: RMB318.463 million), of which trade and other payables amounted to RMB186.498 million (end of 2021: RMB100.602 million), and non-current liabilities amounted to RMB160.930 million (end of 2021: RMB142.866 million).

(2) Cash and cash equivalents

As at the end of 2022, the Group recorded cash and cash equivalents of RMB153.314 million in aggregate, representing a decrease of 17.6% as compared with the end of the previous year of RMB186.141 million, which was primarily due to an increase in cash expenditure resulted from the smart street lamp contractual energy management project carried out by the Company in Tianjin Port Free Trade Zone and the Lingang Thermal Power gas distributed energy station project during the year.

(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 2022, the Group recorded a gearing ratio of 1.29, representing an increase as compared with the end of the previous year of 1.12, which was primarily due to the increase in new borrowings during the year.

OTHER SIGNIFICANT EVENTS

(1) Capital expenditure and capital commitment

In 2022, cash capital expenditure of the Group (tax inclusive) was RMB153.739 million, of which expense of the smart street lamp contractual energy management project in Tianjin Port Free Trade Zone amounted to RMB17.130 million, expense of the flue gas dust monitoring system upgrade project amounted to RMB1.155 million, expenses of gas distributed energy station project of Lingang Thermal Power amounted to RMB119.237 million, expenses of distributed photovoltaic power generation project amounted to RMB4.429 million, and expenses of procurement of other equipment amounted to RMB11.788 million.

On December 31, 2022, the Group's provision for capital commitment was approximately RMB24.091 million, which was expected to be fully utilized for Lingang Thermal Power's gas distributed energy station project.

In addition, the gas distributed energy station project of Lingang Thermal Power, which involves the procurement of gas boilers, procurement of gas turbines and construction works, has been approved by the Shareholders in the first quarter of 2022 and the Group expects to incur capital expenditure of approximately RMB74.145 million in 2023. For details of the project, please refer to the announcement of the Company dated January 31, 2022 and April 27, 2022 and the circular of the Company dated March 8, 2022.

As of December 31, 2022, save as disclosed in this results announcement, the Group did not have other confirmed plan to make major investments or purchase capital assets and make relevant financing in the upcoming year.

(2) Liquidity and financial resources

As at December 31, 2022, the Group had cash and cash equivalents amounting to RMB153.314 million in aggregate; loans and borrowings of RMB327.327 million which include short-term borrowings of RMB226.655 million and the non-current portion of long-term borrowings of RMB100.672 million, while secured and guaranteed borrowings amounted to RMB116.231 million and unsecured borrowings amounted to RMB211.096 million, of which RMB185.348 million were fixed rate borrowings and RMB141.979 million were floating interest rate borrowings. There were no financial instruments entered into by the Group for hedging purpose. In addition, the Group had no investments in foreign currency.

(3) Material acquisitions and disposals

In the first half of 2022, the Group promoted the gas distributed energy station project of Lingang Thermal Power, and purchased five sets of gas boilers with output of 40 tons/hour each and the respective ancillary equipment thereof, two sets of 15MW graded gas turbines and two sets of 29 tons/hour waste heat steam boilers and its accessories, and the Company has entrusted the relevant construction works to a contractor, each of which constitutes a major transaction of the Company under the Listing Rules. For details of the project, please refer to the announcements of the Company dated January 31, 2022, February 15, 2022, April 27, 2022 and the circular of the Company dated March 8, 2022. Save as disclosed hereinabove, as of December 31, 2022, there had been no material acquisition and disposal of the Group.

(4) Significant investments

On December 16, 2022, the Company completed the capital increase of Lingang Thermal Power, a non-wholly owned subsidiary of the Company. The Company invested RMB9.1646 million; PetroChina Kunlun invested RMB40.824 million as a new external investor; after the capital increase, the Company held 45% equity interest in Lingang Thermal Power and maintains its controlling position in Lingang Thermal Power. Lingang Thermal Power will continue to provide industrial steam to the enterprises in the park in the future, and will gradually research and expand into new energy businesses such as photovoltaic, wind power, energy storage and biomass energy utilization. Upon completion of the gas distributed energy station project, Lingang Thermal Power will replace coal with natural gas as the main raw material. For details of the project, please refer to the announcements of the Company dated December 28, 2021, January 31, 2022, March 1, 2022, September 28, 2022 and December 16, 2022, and the circular of the Company dated March 8, 2022. Save as disclosed hereinabove, as of December 31, 2022, the Group did not have significant investments.

(5) Contingent liabilities

As of December 31, 2022, the Group did not have contingent liabilities.

(6) Loans and borrowings of the Group

As of December 31, 2022, the Group had loans and borrowings of RMB327.327 million which include short-term borrowings of RMB226.655 million, including long-term borrowings due within one year of RMB62.334 million, and the non-current portion of long-term borrowings of RMB100.672 million, while secured and guaranteed borrowings amounted to RMB116.231 million and unsecured borrowings amounted to RMB211.096 million, of which RMB185.348 million were fixed rate borrowings and RMB141.979 million were floating interest rate borrowings.

(7) Other debts of the Group

As of 31 December 2022, the Group had lease liabilities of RMB1.574 million in addition to the loans and borrowings of the Group.

(8) Charges and pledges on the Group's assets

As of December 31, 2022, the gas supply facilities, equipment and related parts held by the Company at a value of RMB29.469 million was used as collateral for the financial lease with balance of RMB21.026 million as of December 31, 2022, and the equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB33.400 million as of December 31, 2022.

(9) Capital structure

The H Shares of the Company were listed on the Main Board of the Stock Exchange on April 27, 2018. Upon completion of the H Share "full circulation" programme on July 29, 2020, all Domestic Shares had been converted into H Shares and became listed on the Main Board of the Stock Exchange. As at the date of this announcement, the capital structure of the Company consisted of H Shares only.

(10) Share scheme

As of December 31, 2022, the Company had not implemented any share scheme.

(11) Foreign exchange and exchange rate risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currencies (including bank deposits denominated in Hong Kong dollars and US dollars), the Group was 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 exchange rate fluctuation risk 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 policy risk, material procurement management risk and safety risk.

(1) Policy risk

At present, the policy risk faced by the Group mainly comes from the reform in power system and changes in national energy policies.

To address the risks mentioned above, the Group:

① has established its comprehensive risk prevention mechanism. There is a specialized department responsible for following up and analyzing the impacts on the Group as a result of the changes in the above-mentioned external policy, so as to enable the raising of warning in a scientific manner, assessing the impacts and providing the corresponding measures in a timely manner.

② has been actively transforming into an integrated energy supplier and extending its development into the integrated energy service market. It has launched businesses such as contractual energy management.

(2) Material procurement management risk

Coal costs accounted for a large proportion of the Group's operating costs. China's coal price is mainly determined by the market supply and demand relationship. If there is a sharp increase in coal prices, the Group's operating costs will increase, which will adversely affect the Group's profitability.

To cope with the above risks, the Group closely tracked the changes in domestic and foreign policies and coal markets, following measure were adopted:

① Fair and open procurement. The Group's procurement process strictly complied with the Tendering and Bidding Law of the People's Republic of China and other relevant regulations and was conducted following the open, fair and just principles. The Group shall not discriminate against any suppliers, nor allow employees and other personnel who have interests in the relevant suppliers to participate in the relevant procurement activities.

② joint coal procurement with other energy supply companies, which increased the participation of coal suppliers and enhanced the bargaining power in coal procurement, and optimized the staffing required for coal procurement, thereby controlling coal costs;

③ the steam price was determined by the market. To avoid the Company's profit decreasing due to the large increase in coal price, an agreement on the linkage price of coal and steam was signed with customers to reduce the corresponding risks.

(3) Safety risk

The project in operation may cause workplace accidents, which might harm staff members and users.

To address the risks as mentioned above, the Group made every effort to curb the occurrence of safety incidents by carrying out investigation and remediation for risks and hidden dangers, especially targeting key time, important areas and important parts. The senior management regularly conducted pre-holiday/quarterly special production safety inspections and key project inspections at facilities such as dispatching centers, substations and thermal power plants to ensure their safe and stable operation.

The Group carried out 47 professional skills and safety trainings during the Reporting Period, highlighting the important areas and summarizing technical experience so as to enhance the professional skills and safety awareness of the operators. We regularly checked the fire prevention apparatus and anti-pollution equipment and kept records. The Group also formulated the equipment emergency response process to regulate the emergency operations, and carried out 35 emergency drills with different hypothetical contexts during the Reporting Period so as to ensure that the employees have the ability to effectively keep themselves and the Group's assets safe in an emergency.

SUBSEQUENT EVENTS

Events subsequent to the Reporting Period are set out in note 14 to the consolidated financial statements in this announcement.

BUSINESS OUTLOOK FOR 2023

In 2023, the Group will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 20th National Congress of the Communist Party of China and follow the "14th Five-Year Plan" development strategy plan of the Company, sparing no effort to promote various work, such as the reform of state-owned enterprises, business expansion, cost control and risk prevention and control. The Group will insist on pursuing progress while ensuring stability, and take initiatives to vigorously enhance the competitiveness, innovation, control, influence and anti-risk ability of the Company, thus making greater contributions to the regional economic and social development.

In 2023, the Group will strive to accomplish the following tasks:

1. To expand new businesses with all strength

The Group will continue to actively seek investment opportunities in new energy power generation projects, flexibly design cooperation models, carry out the evaluation of projects and risk prevention and control, and push forward the implementation of projects in due time.

The Group will actively explore contractual energy management projects, such as commercial buildings, hospitals, schools and supermarkets, so as to promote cooperation and increase the business scope.

2. **To lay a solid foundation for the main business and improve the quality and efficiency of the traditional energy business**

The Group will improve the operation efficiency of coal-fired boilers and optimize the adjustment of boiler operation mode based on its load, so as to ensure the economical operation. It will also accelerate the transformation in energy-saving technology and gradually upgrade users' metering devices to further reduce the pipe depreciation rate.

The Group will adjust the procurement mode of coal and actively explore the joint procurement mode of coal to enhance bargaining power and reduce procurement costs. The Group will make the best use of coal warehouses, improve the warehousing capacity for coal, and reserve coal in due course subject to the coal market price, so as to meet the demand for coal used for production on the basis of controlling the procurement costs.

3. **To ensure safety and environmental protection**

The Group will adhere to the policy of "safety first and prevention as the core", further improve the dual prevention mechanism of hierarchical management and control of safety risks and investigation and treatment of hidden dangers, and comprehensively and systematically identify the risks in such aspects as equipment and facilities, operating environment and the behaviors of employees, to achieve source governance and dynamic control. The Group will continue to enhance the implementation of the main responsibility for production safety, strengthen safety supervision, inspection and assessment, and build a line of defense for the safety in production.

OVERVIEW OF HUMAN RESOURCES

As of December 31, 2022, the Group had 73 employees. The education level of employees is generally high, and the employees with a bachelor degree or above accounted for 86.3% of the total. The number of employees in each business segment and the specific age and academic structure of employees are as follows:

Function	**Number of employees**	**Percentage**
Management, administration, finance	26	35.6%
Marketing	7	9.6%
Procurement	6	8.2%
Engineering and technology	34	46.6%
Total	**73**	**100.0%**

To cope with its development, the Group, on the basis of the position-oriented accountability system, has established a sound performance appraisal mechanism covering all employees to assess employees quarterly. Guided by assessment and incentive, we added special rewards for new project development, continuously optimize the evaluation methods for performance appraisal of all posts, and practically exert the role of assessment, so as to stimulate the enthusiasm of employees.

Employees’ remuneration includes position salary, performance-based salary and incentive bonus, among which, the performance-based salary is related to both the performance evaluation of the Group and the performance evaluation results of the respective employees. During the Reporting Period, we had incurred labour cost (including salary, welfare and bonus) of RMB27.174 million.

The Group attaches great importance to employees’ trainings and development. For the Group’s sound development and employees’ development, the Group provides continuous education and training programs for managers and other employees to continuously improve their skills and knowledge. The employees’ internal trainings of the Group are conducted by the management and the head of relevant departments, or by external training institutions regarding professional trainings, ensuring that our employees can continue to have the required skills, gain relevant knowledge and capability required in their work, thereby helping the Group to maintain its market competitiveness.

In 2022, the Group carried out comprehensive and diversified trainings for management personnel, technical personnel and skilled personnel according to different layers and segments so as to improve the professional capacity and management level of the employees. In 2022, the Company organized 2 safety production trainings for all employees, and 26 professional skills trainings for the employees from different departments which involving work standards, continuing education, finance, taxation, legal and information system.

The Group strictly complies with the PRC Labor Law, the PRC Employment Contract Law, the PRC Social Insurance Law and the Regulations on Management of Housing Provident Fund, paying social insurance, housing provident fund as well as enterprise annuity to reinforce employees’ sense of belonging and happiness.

Employees of the Group are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The Group contributes to the employees’ retirement benefit scheme, the amount of which is calculated based on the applicable average wage and according to a certain percentage agreed by the local municipal government. The Group’s contributions to the defined contribution plan, including the social pension insurance schemes and the annuity, are recognised as expenses when incurred. Forfeited contributions could not be utilized to reduce the existing level of contribution, thus, as of December 31, 2022, there were no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group is committed to achieve gender equality by providing fair recruitment, training and promotion opportunities for all employees. By the end of 2022, women represented over 26% of the Group’s total workforce, among which, female senior management accounted for 11.1% among the senior management. The Group adheres to the principle of gender equality in employment, actively increases the number of female employees, protects the legitimate rights and interests of female employees, provides equal opportunities for female employees in recruitment, training, promotion and career development, and actively creates a respectful, open and inclusive corporate culture. In addition, the Company is committed to fostering a working environment that is professional, inclusive and non-discriminatory for employees to unleash their potential. In our workplaces, differences are understood, appreciated and encouraged. Each employee, without regard to religion, age, gender or gender identity, disability, sexual orientation, is provided with fair opportunity on the Group’s diverse platform.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Group always strives to maintain a high level of corporate governance and has complied with the code provisions as set out in Part 2 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the year ended December 31, 2022, except that the Company is unable to comply with paragraph B(f) of Part 1 of the Corporate Governance Code within a short period of time due to the passing away of an independent non-executive Director as disclosed in the paragraph below:

Mr. HAN Xiaoping, an independent non-executive Director of the Company, chairman of the remuneration committee and member of the nomination committee, passed away on July 17, 2022. Following the passing away of Mr. HAN, the Company did not fulfill the Rule 3.10(1), Rule 3.10A, Rule 3.25 and Rule 3.27A of the Listing Rules. On August 29, 2022, the Company appointed Mr. YOU Shijun as an independent non-executive Director of the second session of the Board, the chairman and a member of the remuneration committee of the Board, and a member of the nomination committee of the Board. From which, the Company fulfilled the Rule 3.10(1), Rule 3.10A, Rule 3.25 and Rule 3.27A of the Listing Rules.

COMPLIANCE WITH MODEL CODE

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 of the Model Code committed by any Director, Supervisor or relevant employee during the Reporting Period.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders of the Company did not pledge any of their Shares in the 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, 2022.

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, 2022 which gives rise to disclosure obligation 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, 2022.

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. CHAN Wai Dune (independent non-executive Director), Ms. DONG Guangpei (non-executive Director) and Ms. YANG Ying (independent non-executive Director). Mr. CHAN Wai Dune currently serves as the chairperson of the Audit Committee.

The Audit Committee has reviewed the Group's 2022 annual results and the audited financial statements for the year ended December 31, 2022 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 subsidiaries purchased, sold or redeemed any of the Company's listed securities or redeemable securities during the year ended December 31, 2022.

FINAL DIVIDEND

The Board recommends a final cash dividend of RMB0.024 (tax inclusive) per share of the Company for the year ended December 31, 2022 to the Shareholders as of the record date for dividend payment. The final dividend distribution ratio of the current year is based on various factors such as the Company's business performance in 2022. All dividends for 2022 will be paid on or about August 7, 2023 subject to Shareholder approval at the AGM of Shareholders to be held on June 12, 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and Shareholders' entitlement to receive the proposed 2022 Final Dividends, the H Share register of members of the Company will be closed from June 7, 2023 to June 12, 2023 (both days inclusive) and from June 17, 2023 to June 23, 2023 (both days inclusive), respectively, during such periods no transfer of H Shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares of the Company must 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 June 6, 2023.

In order to qualify for receiving the proposed 2022 Final Dividends, which is subject to the approval of Shareholders at the forthcoming AGM, holders of H Shares of the Company must lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above address for registration before 4:30 p.m. on June 16, 2023.

THE ARTICLES OF ASSOCIATION

After the Reporting Period, the Company has revised its Articles of Association on January 17, 2023. Details of such amendments are set out in the circular to the Shareholders of the Company dated December 23, 2022. An updated version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

In addition, in accordance with the latest requirements regarding the level of protection of core shareholders under Appendix 3 to the Listing Rules and other relevant laws, regulations and regulatory requirements, and taking into account the actual situation of the Company, it is proposed to amend the relevant articles of the Articles of Association. These amendments have been approved by the Board but are still subject to the approval of the Shareholders by way of a special resolution. Details of the amendments are set out in the announcement of the Company dated March 27, 2023.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEXnews websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tjtbny.com). The Company's 2022 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 Stock Exchange in due course.

DEFINITIONS

"AGM"	the 2022 annual general meeting of the Company to be held on June 12, 2023
"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
"Domestic Shares"	the ordinary shares issued in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"Group" or "our Group"	the Company and its subsidiaries
"H Shares"	the overseas listed ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board, and International Accounting Standards and Interpretations issued by the International Accounting Standards Board
"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
"PetroChina Kunlun"	PetroChina Kunlun Gas Co., Ltd.* (中石油昆侖燃氣有限公司)
"TFEI"	Tianjin Free Trade Zone Environment Investment Development Group Co., Ltd.* (天津港保稅區環境投資發展集團有限公司)
"PRC" or "China"	the People's Republic of China
"Reporting Period"	from January 1, 2022 to December 31, 2022, being the financial year of this announcement
"RMB"	the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of our Company
"Shareholders(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisors of the Company
"TFIHC"	Tianjin Free Trade Zone Investment Holdings Group Co., Ltd.* (天津保稅區投資控股集團有限公司), a limited company established in China on December 17, 2008 as well as a non wholly-owned controlling company of the Finance Bureau of Tianjin Port Free Trade Zone* (天津港保稅區財政局), one of our Controlling Shareholders

"Tianbao Holdings"	Tianjin Tianbao Holdings Limited* (天津天保控股有限公司), a limited liability company established in the PRC on January 28, 1999 and a wholly-owned subsidiary of TFIHC, one of our Controlling Shareholders

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

Tianjin, the People's Republic of China, March 27, 2023

As of the date of this announcement, the Board comprises Mr. Zhou Shanzhong, Mr. Wang Geng, Mr. Mao Yongming and Mr. Yao Shen as executive directors; Mr. Wang Xiaotong and Ms. Dong Guangpei as non-executive directors; and Mr. Chan Wai Dune, Mr. You Shijun and Ms. Yang Ying as independent non-executive directors.

* *For identification purpose only*