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, 2023

FINANCIAL HIGHLIGHTS

- In 2023, the Company and its subsidiaries recorded consolidated operating income of RMB785.003 million, representing an increase of 10.0% as compared to the same period of the previous year of RMB713.594 million.
- The profit before taxation decreased by 85.4% from RMB23.083 million for 2022 to RMB3.372 million for 2023.
- In 2023, basic and diluted earnings per Share was RMB0.16 cents.

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, 2023 prepared in accordance with the IFRS.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Revenue	*2*	**785,003**	713,594
Cost of sales		**(743,309)**	(679,070)
Gross profit		**41,694**	34,524
Other net income	*3*	**926**	29,347
Administrative expenses		**(25,783)**	(28,561)
Impairment loss on financial assets		**(741)**	(18)
Profit from operations		**16,096**	35,292
Interest income		**587**	431
Interest expense		**(13,311)**	(12,640)
Profit before taxation	*4*	**3,372**	23,083
Income tax	*5*	**(702)**	(5,773)
Profit for the year		**2,670**	17,310
Profit Attributable to:			
Equity shareholders of the Company		**258**	7,885
Non-controlling interests		**2,412**	9,425
Profit for the year		**2,670**	17,310
Earnings per share			
Basic (Cents)	*6*	**0.16**	4.93
Diluted (Cents)		**0.16**	4.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	7	**655,372**	658,221
Right-of-use assets for properties		**68,556**	70,325
Intangible assets		**5,079**	6,086
Deferred tax assets		**7,238**	6,375
Other receivables and assets	10	**1,250**	1,250
Goodwill	8	**537**	537
		738,032	742,794
Current assets			
Inventories		**5,423**	8,652
Trade and bill receivables	9	**113,329**	97,950
Other receivables and assets	10	**79,802**	55,098
Cash and cash equivalents	11	**144,307**	153,314
Restricted deposits	11	**8,200**	6,600
		351,061	321,614
Current liabilities			
Trade and other payables	12	**103,310**	186,498
Loans and borrowings		**269,412**	226,655
Contract liabilities		**7,409**	8,200
Salary and welfare payables		**5,961**	7,904
Current taxation		**5,913**	8,524
Lease liabilities		**144**	240
		392,149	438,021
Net current liabilities		**(41,088)**	(116,407)
Total assets less current liabilities		**696,944**	626,387

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Loans and borrowings		**180,955**	100,672
Lease liabilities		**1,192**	1,334
Deferred income		**45,694**	48,003
Contract liabilities		**4,979**	5,466
Deferred tax liabilities		**5,333**	5,455
		238,153	160,930
NET ASSETS		**458,791**	465,457
CAPITAL AND RESERVES			
Share capital		**159,921**	159,921
Reserves		**151,894**	155,474
Total equity attributable to equity shareholders of the Company		**311,815**	315,395
Non-controlling interests		**146,976**	150,062
TOTAL EQUITY		**458,791**	465,457

1. MATERIAL ACCOUNTING POLICY INFORMATION

(a) General

Tianjin Tianbao Energy Co., Ltd (the "**Company**") was established as a joint stock company in the PRC with limited liability on 28 February 2017. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Tianjin Tianbao Holdings Limited and Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. respectively, which were incorporated in Tianjin.

The address of the registered office and head office of the Company is located at No. 35 Haibinba Road, Tianjin Port Free Trade Zone, Tianjin City, PRC.

The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in provision of integrated energy solution.

The consolidated financial statements are presented in Renminbi ("**RMB**") which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

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**"). 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**") and the requirements of the Hong Kong Companies Ordinance. Material accounting policy information adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective 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 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**").

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

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 obtain adequate external financing to meet its committed future capital expenditures.

As at 31 December 2023, the Group had net current liabilities of RMB41,088,000 and during the year ended 31 December 2023, the Group had operating cash outflow of RMB35,345,000.

Notwithstanding the net current liabilities and operating cash outflow, 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 available unutilised bank facilities amounting to RMB227,309,000 as at 31 December 2023.

Consequently, the Directors are of the opinion that it is appropriate to prepare the Group's financial statements for the year ended 31 December 2023 on a going concern basis.

(c) Changes in accounting policies

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

- IFRS 17 and related amendments, Insurance Contracts
- Amendments to IAS 1 and HKFRS Practice Statement 2, Disclosure of accounting policies
- Amendments to IAS 8, Definition of accounting estimates
- Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules

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

The application of the new and amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements, except for the disclosure of accounting policies information where the Directors have revisited and revised the accounting policy disclosure by applying the concept of materiality to the accounting policy disclosure.

(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.

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 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

(e) Goodwill

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.

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 senior management, being the chief operating decision maker, 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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Electricity dispatch and sale	**195,815**	190,170
– Power generation and supply	**554,086**	495,665
– Others	**35,102**	27,759
	785,003	713,594

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

Transaction price allocated to the remaining performance obligations for contracts with customers

As at 31 December 2023, the aggregate amount of transaction price allocated to the performance obligations that were unsatisfied (or partially unsatisfied) was approximately RMB35,371,000 (2022: RMB58,952,000). The amount represents revenue expected to be recognised in the future from provision of service from energy management project.

The Group will recognise this revenue as the service is completed, which is expected to occur over the next 24 months (2022: 30 months).

(b) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior 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 and deferred income, 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 and interest on lease liabilities. 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 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 senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

For the year ended 31 December	**Electricity dispatch and sale**		**Power generation and supply**		**Others**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**195,815**	190,170	**554,086**	495,665	**1,267**	1,423	**751,168**	687,258
Over time	**–**	–	**–**	–	**33,835**	26,336	**33,835**	26,336
Revenue from external customers	**195,815**	190,170	**554,086**	495,665	**35,102**	27,759	**785,003**	713,594
Inter-segment revenue	**4,101**	3,302	**–**	–	**–**	–	**4,101**	3,302
Reportable segment revenue	**199,916**	193,472	**554,086**	495,665	**35,102**	27,759	**789,104**	716,896
Reportable segment profit (adjusted EBITDA)	**11,192**	11,070	**67,853**	82,913	**8,267**	11,815	**87,312**	105,798
Depreciation and amortisation for the year	**6,867**	6,262	**37,240**	36,046	**3,604**	1,905	**47,711**	44,213
Impairment loss of financial assets	**149**	1	**283**	11	**309**	6	**741**	18
Reportable segment assets	**64,964**	80,652	**777,878**	760,171	**70,535**	39,264	**913,377**	880,087
Additions to non-current segment assets during the year	**102**	125	**30,231**	170,319	**11,593**	17,344	**41,926**	187,788
Reportable segment liabilities	**24,439**	31,758	**211,054**	241,720	**26,340**	28,270	**261,833**	301,748

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

	2023	2022
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**789,104**	716,896
Elimination of inter-segment revenue	**(4,101)**	(3,302)
Consolidated revenue	**785,003**	713,594

	2023	2022
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**87,312**	105,798
Other net income	**747**	1,469
Interest income	**587**	431
Interest expense	**(13,311)**	(12,640)
Depreciation and amortisation	**(47,711)**	(44,213)
Unallocated head office and corporate expenses	**(24,252)**	(27,762)
Consolidated profit before taxation	**3,372**	23,083

	2023	2022
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**913,377**	880,087
Unallocated head office and corporate assets	**175,716**	184,321
Consolidated total assets	**1,089,093**	1,064,408

	2023	2022
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**261,833**	301,748
Unallocated head office and corporate liabilities	**368,469**	297,203
Consolidated total liabilities	**630,302**	598,951

(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, no information separated by different geographical locations is presented.

(e) Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A[1]	**131,488**	119,527
Customer B[1]	**85,722**	N/A[2]
Customer C[1]	**80,541**	N/A[2]
Customer D[1]	**N/A[2]**	83,562

1 Revenue from power generation and supply segment

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

3. OTHER NET INCOME

	2023	2022
	RMB'000	*RMB'000*
Price subsidy *(Note)*	**–**	25,969
Government grants	**2,309**	2,243
Net foreign exchange gains	**159**	1,153
Gain on early termination of a lease	**8**	–
Others	**(1,550)**	(18)
	926	29,347

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

4. PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**12,312**	10,980
Interest on other borrowings	**829**	1,262
Interest on lease liabilities	**58**	73
Other financial costs	**112**	325
	13,311	12,640

(b) Staff costs

	2023	2022
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plan *(note)*	**3,148**	2,802
Salaries, wages and other benefits	**23,541**	24,372
	26,689	27,174

Note: As at 31 December 2023, the Group had no significant forfeited contributions available to reduce its contributions to the retirement scheme in future years (2022: Nil).

The employees of the Group's subsidiaries are members of a state-managed retirement benefit scheme operated by the government of PRC. The subsidiaries are required to contribute 16% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

(c) Other items

	2023	2022
	RMB'000	*RMB'000*
Impairment loss of financial assets	**741**	18
Amortisation		
– right-of-use assets for properties	**1,769**	1,770
– intangible assets	**1,011**	1,141
Depreciation	**44,931**	41,302
Auditors' remuneration	**868**	1,226
Purchase of electricity	**196,582**	171,978
Amount of inventories recognized as an expense	**410,363**	333,053
Outsourcing operation	**40,849**	40,635
Loss on disposal of property, plant and equipment	**10**	–

5. INCOME TAX

(a) Taxation in profit or loss represents:

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**1,687**	10,441
Deferred tax		
Reversal of temporary differences	**(985)**	(4,668)
	702	5,773

The companies in the Group are subject to the statutory income tax rate of 25% for the year ended 31 December 2023 (2022: 25%), except for a subsidiary Tianjin Tianbao New Energy Co., Ltd., which is eligible for preferential income tax policies for small and low-profit enterprises and subject to tax rate of 5% (2022: 2.5%) for the year ended 31 December 2023.

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

	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**3,372**	23,083
Notional tax on profit before taxation	**843**	5,771
Others	**(141)**	2
Actual tax expenses	**702**	5,773

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 2023 of RMB258,000 (2022: RMB7,885,000) and the weighted average of 159,921,000 ordinary shares (2022: 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 2022	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
Additions	–	1,842	–	73	40,363	42,278
Decrease-early termination of lease	(260)	–	–	–	–	(260)
Decrease-disposal	–	–	(297)	–	–	(297)
Transfer from CIP	17,337	116,260	–	14,125	(147,722)	–
Balance at 31 December 2023	**174,888**	**923,607**	**1,147**	**48,235**	**1,511**	**1,149,388**
Accumulated depreciation:						
Balance at 1 January 2022	(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)
Charge for the year	(6,301)	(35,441)	(70)	(3,119)	–	(44,931)
Decrease-early termination of lease	80	–	–	–	–	80
Decrease-disposal	–	–	281	–	–	281
Balance at 31 December 2023	**(29,794)**	**(438,458)**	**(957)**	**(24,807)**	**–**	**(494,016)**
Net book value:						
Balance at 31 December 2023	**145,094**	**485,149**	**190**	**23,428**	**1,511**	**655,372**
Balance at 31 December 2022	134,238	402,488	276	12,349	108,870	658,221

(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:

	2023	2022
	RMB'000	*RMB'000*
Buildings and structure leased for own use, carried at depreciated cost	**1,105**	1,414
	1,105	1,414

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

	2023	2022
	RMB'000	*RMB'000*
Depreciation of buildings and structure leased for own use	**129**	156
Depreciation of right-of-use assets for properties	**1,769**	1,770
Interest on lease liabilities *(note 4(a))*	**58**	73
Expense relating to short-term leases	**325**	435
Gain on early termination of a lease	**8**	–
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	5

(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 purposes. 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 no impairment was considered necessary for the property, plant and equipment and right-of-use assets for properties as at 31 December 2023 (2022: nil).

8. GOODWILL

	At 31 December 2023 *RMB'000*
Cost	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**537**
Impairment losses	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**–**
Carrying amounts	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**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% (2022: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 10.37% (2022: 9.51%). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

9. TRADE AND BILL RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Accounts receivable, net of loss allowance	**113,329**	97,240
Bills receivable	**–**	710
	113,329	97,950

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**112,088**	91,409
4 to 6 months	**879**	2,105
7 to 9 months	**169**	2,287
10 to 12 months	**193**	379
Over 12 months	**–**	1,770
	113,329	97,950

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

10. OTHER RECEIVABLES AND ASSETS

	2023	2022
	RMB'000	*RMB'000*
Current		
Price subsidy	**41,889**	41,889
Value added tax recoverable	**3,533**	1,325
Advance to suppliers	**34,265**	11,818
Others	**115**	66
	79,802	55,098
Non-current		
Deposits with third parties	**1,250**	1,250

11. RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS

Restricted deposits

Restricted deposits represent deposits placed in banks as warranty to suppliers for the purchase of electricity.

Cash and cash equivalents comprise:

	2023	2022
	RMB'000	*RMB'000*
Cash at bank	**144,307**	153,314

(a) 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 2023	**–**	**327,327**	**161**	**1,574**	**329,062**
Cash flows:					
Dividends paid	**(9,336)**	**–**	**–**	**–**	**(9,336)**
Proceeds from new bank loans	**–**	**348,901**	**–**	**–**	**348,901**
Repayment of bank loans	**–**	**(221,502)**	**–**	**–**	**(221,502)**
Repayment of other borrowings	**–**	**(5,188)**	**–**	**–**	**(5,188)**
Interest paid	**–**	**–**	**(12,312)**	**–**	**(12,312)**
Capital element of lease rentals paid	**–**	**–**	**–**	**(50)**	**(50)**
Interest element of lease rentals paid	**–**	**–**	**–**	**(58)**	**(58)**
Non-cash changes:					
Interest incurred	**–**	**829**	**12,312**	**58**	**13,199**
Dividends declared	**9,336**	**–**	**–**	**–**	**9,336**
Early termination of a lease	**–**	**–**	**–**	**(188)**	**(188)**
At 31 December 2023	**–**	**450,367**	**161**	**1,336**	**451,864**

	Dividends payable RMB'000	Loans and borrowings RMB'000	Interest payables RMB'000	Lease liabilities RMB'000	Total 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

(b) Total cash outflow for leases

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

	2023 ***RMB'000***	2022 *RMB'000*
Within operating cash flows	**325**	440
Within financing cash flows	**108**	101
	433	541

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payable to third parties	**54,221**	86,732
Bills payable	**3,500**	34,591
Retention payable	**14,832**	1,936
Payables for value added tax and other taxes	**3,086**	2,503
Payables for purchase of property, plant and equipment	**27,487**	59,487
Others	**184**	1,249
	103,310	186,498

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

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**46,957**	84,674
4 to 6 months	**2,188**	29,559
7 to 12 months	**8,576**	4,788
Over 12 months	**–**	2,302
	57,721	121,323

13. DIVIDENDS

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

	2023	2022
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMBnil per ordinary share (2022: RMB0.024)	**–**	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.

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

	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of RMB0.024 per ordinary share (2022: nil)	**3,838**	–

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In recent years, China's wind energy, solar energy and other new energy power generation have been booming. 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, carry out low-load combustion transformation on redundant boilers, 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.

BUSINESS REVIEW FOR THE YEAR OF 2023

1. The power generation part of gas distributed energy station project of Lingang Thermal Power was successfully put into commercial operation

The Group initiated the construction of the gas distributed energy station project of Lingang Thermal Power in 2021, and the project was put into operation for heat supply in 2022. In the second half of 2023, the power generation part of the project was successfully put into commercial operation, setting a record for the fastest grid-connected power generation of gas-fired units in Tianjin. So far, the project has been fully completed and put into operation.

The gas distributed energy station project of Lingang Thermal Power is an important indicator of the Group's initiation of transformation and upgrading, and the total installed capacity of the Group's clean energy power generation in operation has exceeded the installed capacity of traditional coal power after complete operation of the project. The power generation part of gas distributed energy station project was successfully put into commercial operation, which helped the Group to further expand its operating income and increase project income.

2. Acquisition of 95% of the equity interest in Yangzhou Qingchang

On December 28, 2023, the Company completed the signing of the Equity Transfer Agreement with Tianjin Yuanhai Jinfeng New Energy Co., Ltd. (天津遠海金風新能源有限公司) to acquire 95% of the equity of Yangzhou Qingchang. The industrial and commercial change of this equity acquisition project was completed, and the project was successfully implemented.

Yangzhou Qingchang is mainly responsible for the development and operation of new energy projects, such as photovoltaic power generation project, and holds 10.44MW of industrial and commercial distributed roof photovoltaic projects. Yangzhou Qingchang Equity Acquisition Project is the first step for the Group to go out of Tianjin and expand outward. The implementation of this project is a concrete action for the Group to deepen the reform of state-owned enterprises and an important embodiment of promoting the high-quality development of enterprises. For details, please refer to the announcement of the Company dated December 28, 2023.

3. Accelerated expansion of new energy projects

In 2023, the Group's new energy business development focused on the aspects of industrial and commercial distributed photovoltaic power generation and building contract energy management. Through following the clues of a large number of projects, analysing risks and benefits on a project basis, the Group put projects that met the standards into the reserve and work plans were prepared respectively, and actively promoted the implementation of reserve projects. The installed capacity of the Group's self-developed photovoltaic power generation projects has reached 8.36MW, and the Group continued to promote the implementation of a number of reserve projects in the direction of distributed photovoltaic power generation, contract energy management and energy supply transformation.

The Group launched an experimental energy storage project in June 2023, which operated smoothly and safely, laying a foundation for promoting the integrated construction of source-network-load-storage in the region where the Group is located.

4. Improve the cost control capability and the quality and efficiency of management

The Group reduced costs and increased efficiency through various methods, mainly including the following measures: cutting the heating pipe network according to the changes in users' load to reduce pipe losses; replacing some imported production equipment with domestic products; adjusting the administrative procurement model to reduce management costs; optimizing the procurement model of coal and natural gas, expanding the list of suppliers and improving the bargaining power.

OPERATING RESULTS AND ANALYSIS

According to the Group's statistics, in 2023, sales of steam amounted to 1.707 million tons, representing a decrease of 2.9% from 1.758 million tons over the corresponding period of the previous year. Sales of electricity amounted to 248.897 million kilowatt-hours, representing a decrease of 0.2% from 249.362 million kilowatthours over the corresponding period of the previous year. During the year, the Group's on-grid power generation amounted to 95.435 million kilowatt-hours, representing an increase of 170.2% from 35.325 million kilowatt-hours over the corresponding period of the previous year, mainly due to the commercial operation of the power generation part of gas distributed energy station project of Lingang Thermal Power during the year.

Taking into account the changing trend of operating income and profit before tax in 2022 and 2023, we have analyzed the indicators which significantly affected the operating income and profit before tax of the Company in 2023, details of which are as follows:

(1) Operating income

In 2023, the Group recorded a consolidated operating income of RMB785.003 million, representing an increase of 10.0% from RMB713.594 million over the corresponding period of the previous year, mainly because the Group has achieved full linkage between steam sales price and fuel cost in 2023, with steam price increasing compared to the previous year. And the power generation part of gas distributed energy station project of Lingang Thermal Power was put into commercial operation, leading to an increase in income.

Electricity dispatch and sale segment

The income from our electricity dispatch and sale segment increased by 3.0% from RMB190.170 million for the whole year of 2022 to RMB195.815 million for the whole year of 2023.

Power generation and supply segment

The income from our power generation and supply segment increased by 11.8% from RMB495.665 million for the whole year of 2022 to RMB554.086 million for the whole year of 2023, mainly due to the Group achieving full linkage between steam sales price and fuel cost in 2023, with steam price increasing compared to the previous year. And the power generation part of gas distributed energy station project of Lingang Thermal Power was put into commercial operation and the amount of on-grid energy was higher than that of the previous year.

Other segments

The income from other segments increased by 26.5% from RMB27.759 million for the whole year of 2022 to RMB35.102 million for the whole year of 2023, mainly due to the increase of the income from Smart Street Lighting Contract Energy Management Project in the Tianjin Port Free Trade Zone of the Group compared to the previous year.

(2) Other net income

In 2023, the Group recorded other net income of RMB0.926 million, representing a decrease of 96.8% as compared with the year of 2022 of RMB29.347 million, which was primarily due to the Group receiving the government subsidy for steam prices that were not fully linked to fuel costs in 2022. And in 2023, the Group achieved a full linkage mechanism for steam prices without the government subsidy, resulting in a decrease in other net income for the year.

(3) Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment slightly increased from RMB188.663 million for the whole year of 2022 to RMB188.724 million for the whole year of 2023.

Power generation and supply segment

The costs of our power generation and supply segment increased by 11.1% from RMB473.374 million for the whole year of 2022 to RMB525.783 million for the whole year of 2023, which was primarily due to the heating part of gas distributed energy station project of Lingang Thermal Power being put into operation, and Lingang Thermal Power changing its fuel from coal to natural gas, driving up costs in December 2022. The power generation part of gas distributed energy station project of Lingang Thermal Power was put into operation, increasing gas consumption, driving up costs in 2023.

Other segments

The costs of other segments increased by 69.1% from RMB17.033 million for the whole year of 2022 to RMB28.802 million for the whole year of 2023, mainly due to corresponding increase in costs with the increase of the income from contract energy management projects in the current year.

(4) Segment gross profit

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment increased by 370.5% from RMB1.507 million for the whole year of 2022 to RMB7.091 million for the whole year of 2023, mainly due to the increase of the comprehensive electricity price of the Group compared to the previous year according to the government's power transmission and distribution price reform policy.

Power generation and supply segment

The gross profit of our energy generation and supply segment increased by 27.0% from RMB22.291 million for the full year of 2022 to RMB28.303 million for the full year of 2023, which was mainly due to the realisation of a full linkage mechanism between the steam sales price and the fuel cost in 2023, with the steam sales price being higher than that of the previous year, as well as the in place operation of the power generation part of gas distributed energy station project of Lingang Thermal Power during the year.

Other segments

The gross profit from other segments decreased by 41.3% from RMB10.726 million for the whole year of 2022 to RMB6.300 million for the whole year of 2023, mainly due to the decrease of the gross profit from product sales business and agent maintenance business of the Group compared to the previous year.

(5) EBITDA

EBITDA decreased by 17.5% from RMB105.798 million for the whole year of 2022 to RMB87.312 million for the whole year of 2023. The main reason is that the Company realized the full price linkage mechanism in 2023, and the government subsidy originally obtained in 2022 due to the lack of full linkage of steam prices did not occur in 2023, resulting in a decrease in EBITDA for the year.

(6) Finance costs

In 2023, the Group recorded finance costs of RMB13.311 million, representing an increase of 5.3% as compared with the corresponding period of the previous year of RMB12.640 million, which was primarily due to the expansion of the Group's financing scale in 2023.

(7) Fuel costs

In 2023, the Group recorded fuel costs of RMB404.237 million, representing an increase of 21.0% as compared with the corresponding period of the previous year of RMB334.139 million, which was primarily due to the heating part and power generation part of the gas distributed energy station project of Lingang Thermal Power gradually being put into operation and Lingang Thermal Power changing its fuel from coal to natural gas since December 2022.

(8) Profit before tax

The profit before tax decreased by 85.4% from RMB23.083 million for the whole year of 2022 to RMB3.372 million for the whole year of 2023, which was mainly due to the full price linkage mechanism realized by the Company in 2023, and the government subsidy originally obtained in 2022 due to the lack of full linkage of steam prices did not occur in 2023, resulting in a decrease in profit before tax for the year.

(9) Income tax expenses

In 2023, the Group recorded income tax expenses of RMB0.702 million, representing a decrease of 87.8% as compared with the year of 2022 of RMB5.773 million, which was primarily due to the decrease in profit before tax in 2023.

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

Profit for the year attributed to the parent company decreased by 96.7% from RMB7.885 million for the whole year of 2022 to RMB0.258 million for the whole year of 2023. The main reason for the change is that the Group realized the full price linkage mechanism in 2023, the government subsidy originally obtained in 2022 due to the lack of full linkage of steam price did not occur in 2023, the construction of the gas distributed energy station project of Lingang Thermal Power was completed in 2023, and the power generation part of the project was in the initial stage of operation, therefore, the overall project has not yet reached the level of revenue for stable operation. In addition, the distributed photovoltaic projects developed and acquired by the Group in 2023 are still in the construction or handover stage and have yet to contribute to the Group's operating results. Due to the above reasons, the profit for the year decreased, resulting in a decrease in the profit for the year attributable to the parent company.

FINANCIAL POSITION

(1) Assets and liabilities

Total assets increased by 2.3% from RMB1,064.408 million as at the end of 2022 to RMB1,089.093 million as at the end of 2023, mainly due to the increase in advance to suppliers. Total liabilities increased by 5.2% from RMB598.951 million as at the end of 2022 to RMB630.302 million as at the end of 2023, mainly due to the increase in bank loans.

As of the end of 2023, our current assets amounted to RMB351.061 million, representing an increase of 9.2% as compared with the end of 2022 of RMB321.614 million, of which cash and cash equivalents amounted to RMB144.307 million (end of 2022: RMB153.314 million), trade and bill receivables amounted to RMB113.329 million (end of 2022: RMB97.950 million), which was mainly due to the increase in receivables from steam and electricity sales. Our current liabilities amounted to RMB392.149 million (end of 2022: RMB438.021 million), of which trade and other payables amounted to RMB103.310 million (end of 2022: RMB186.498 million), and non-current liabilities amounted to RMB238.153 million (end of 2022: RMB160.930 million).

(2) Cash and cash equivalents

As at the end of 2023, the Group recorded cash and cash equivalents of RMB144.307 million in aggregate, representing a decrease of 5.9% as compared with the end of the previous year of RMB153.314 million, which was primarily due to the increase in fuel procurement payment in 2023.

(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 2023, the Group recorded a gearing ratio of 1.37, representing an increase as compared with the end of the previous year of 1.29, which was primarily due to the increase in bank loans.

OTHER SIGNIFICANT EVENTS

(1) Capital expenditure and capital commitment

In 2023, cash capital expenditure of the Group (tax inclusive) was RMB74.282 million, of which, expenses of gas distributed energy station projects of Lingang Thermal Power amounted to RMB59.239 million, expenses of Tianjin Port Free Trade Zone (Seaport and Lingang) 4.26MW distributed photovoltaic power generation project (phase 2) amounted to RMB9.702 million, expenses of 1MWH energy storage test project amounted to RMB1.758 million, expenses of Xijiu Road standard plant roof 155.76KW distributed photovoltaic power generation and energy storage project (phase 1) amounted to RMB1.504 million, and expenses of procurement of other equipment amounted to RMB2.079 million.

On December 12, 2023, the Group's provision for capital commitment was approximately RMB26.080 million, which was expected to be used for Lingang Thermal Power's gas distributed energy station project.

(2) Liquidity and financial resources

As at December 31, 2023, the Group had cash and cash equivalents amounting to RMB144.307 million in aggregate; loans and borrowings of RMB450.367 million which include short-term borrowings of RMB269.412 million and the non-current portion of long-term borrowings of RMB180.955 million, while secured and guaranteed borrowings amounted to RMB157.213 million and unsecured borrowings amounted to RMB293.154 million, of which RMB279.692 million were fixed rate borrowings and RMB170.675 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

For the year ended December 31, 2023, there had been no material acquisition and disposal of the Group.

(4) Significant investments

During the Reporting Period, the Group did not have any significant investment in any investees outside the Group that accounted for 5% or more of the Company's total assets as at the end of the Reporting Period.

On December 28, 2023, the Company entered into the Equity Transfer Agreement with Tianjin Yuanhai Jinfeng New Energy Co., Ltd. to acquire 95% of the equity of Yangzhou Qingchang at a consideration of approximately RMB15.37 million. Yangzhou Qingchang is principally engaged in the development, design and construction of solar photovoltaic power generation projects. As at the date of this announcement, Yangzhou Qingchang operates an industrial and commercial distributed photovoltaic project of 10.44MW.

(5) Contingent liabilities

As at December 31, 2023, the Group did not have contingent liabilities.

(6) Loans and borrowings of the Group

As at December 31, 2023, the Group had loans and borrowings of RMB450.367 million which include short-term borrowings of RMB269.412 million, including long-term borrowings due within one year of RMB30.320 million, and the non-current portion of long-term borrowings of RMB180.955 million, while secured and guaranteed borrowings amounted to RMB157.213 million and unsecured borrowings amounted to RMB293.154 million, of which RMB279.692 million were fixed rate borrowings and RMB170.675 million were floating interest rate borrowings.

(7) Other debts of the Group

As at December 31, 2023, the Group had lease liabilities of RMB1.336 million in addition to the loans and borrowings of the Group.

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

As at December 31, 2023, the gas supply facilities, equipment and related parts held by the Company at a value of RMB27.374 million was used as collateral for the financial lease with balance of RMB16.667 million as at December 31, 2023, and the equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB25.100 million as at December 31, 2023.

As at December 31, 2023, the secured bank loans of RMB6.766 million were pledged by all receivables for electricity charges and all related rights acquired by the relevant contracts held by the Group within the pledged period. As at December 31, 2023, the aggregate carrying amount of the receivables related to the relevant contracts was RMB1.648 million (2022: RMB0).

(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 consists of H Shares only.

(10) Share scheme

For the year ended December 31, 2023, 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 48 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 27 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

No significant subsequent events have occurred since the Reporting Period and up to the date of this announcement.

BUSINESS OUTLOOK FOR 2024

In 2024, the Group will follow the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, focus on the main line of high-quality development, use the Party's construction as the guide, seek progress while maintaining stability, and coordinate and promote the reform of state-owned enterprises, cost reduction and efficiency improvement, business expansion, safety and environmental protection, risk prevention and control and other work, complete the annual goals and tasks with high standards, thus making contributions to the regional economic and social development.

In 2024, the Group will strive to accomplish the following tasks:

1. **To expand new businesses with all strength**

   The Group will accelerate the construction of distributed photovoltaic projects under construction such as Tianjin Xiqi Road and put them into operation as soon as possible, follow the projects such as contract energy management and distributed photovoltaic power generation reserve project to strive for the implementation of the projects. The Company will vigorously develop photovoltaic, wind power, integrated energy and other types of projects, flexibly design cooperation models, and increase the number of reserve projects.

2. **To realize the smooth transition of Yangzhou Qingchang and continue to look for equity acquisition opportunities in the direction of new energy**

   The Group will make every effort to promote the finishing touches of the equity merger and acquisition project of Yangzhou Qingchang, and carry out the handover work to ensure smooth transition. The Group will continue to seek equity acquisition opportunities in the direction of new energy, follow the development direction of the industry, improve the Company's profitability and enhance shareholder returns.

3. **To accelerate the transformation in technology actively**

   The Group will implement low-load transformation of the boilers of Haigang Thermal Plant according to the energy consumption of enterprises in the park, so as to flexibly adjust the operation mode of the boilers according to the needs of users and improve the operation efficiency of the equipment, carry out automation control transformation of the heat exchange station in the park to reduce labor costs, implement the residual heat recovery project of gas boilers and waste heat and wastewater recovery project of gas and residual heat boilers of Lingang Thermal Plant to improve the boiler production efficiency.

4. To ensure the implementation safety and environmental protection work

The Group will adhere to the policy of "safety first and prevention as the core", comprehensively deepen the dual prevention mechanism of safety risk classification control and hidden danger investigation and management, and improve the safety level of the Company. The Group will firmly establish and practice the concept that "lucid waters and lush mountains are invaluable assets", continue to focus on the discharge and control of pollutants such as waste gas, wastewater and waste, thus ensuring that the environmental protection work is not flawed throughout the year.

OVERVIEW OF HUMAN RESOURCES

As at December 31, 2023, the Group had 72 employees. The education level of employees is generally high, and the employees with a bachelor degree or above accounted for 87.5% 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	24	33.3%
Marketing	7	9.8%
Procurement	5	6.9%
Engineering and technology	36	50.0%
Total	**72**	**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 RMB26.689 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 2023, 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 2023, the Company organized 48 safety production trainings for all employees, and 57 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 at December 31, 2023, 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 2023, women represented over 25.0% of the Group's total workforce. 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 the Part I and Part II of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules (which has been renamed as Appendix C1 of the Listing Rules with effect on December 31, 2023) for the year ended December 31, 2023.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules (which has been renamed as Appendix C3 of the Listing Rules with effect on December 31, 2023) 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, 2023.

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, 2023 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, 2023.

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 2023 annual results and the audited financial statements for the year ended December 31, 2023 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, 2023.

FINAL DIVIDEND

Due to multiple factors, the Group's Lingang Thermal Power's gas distributed energy projects had not yet reached the level of smooth operation to be profitable since it was at the initial stage of operation in 2023 and the self-developed new energy projects in 2023 were in the handover stage and therefore had not made any contribution. Hence, the profit attributable to equity Shareholders of the Group is relatively low. The Group intends to carry out investment projects such as contract energy management and distributed photovoltaic projects in 2024. In order to maintain the sustainable and long term profitable development of the Company, the Board has resolved not to declare a final dividend for 2023 (2022: RMB0.024 per share).

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the H Share register of members of the Company will be closed from June 4, 2024 to June 7, 2024 (both days inclusive), 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 3, 2024.

THE ARTICLES OF ASSOCIATION

In accordance with the latest requirements of Appendix 3 to the Listing Rules (which has been renamed as Appendix A1 of the Listing Rules with effect on December 31, 2023) in relation to the core shareholder protection standards and other relevant laws, regulations and regulatory requirements, and taking into account the actual situation of the Company, the Company amended the relevant provisions of the Articles of Association. Such amendments have been approved by Shareholders on June 12, 2023 by special resolution. Details of such amendments are set out in the Company's circular to the Shareholders dated May 19, 2023. An updated version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

After the Reporting Period, in accordance with the latest requirements of the Guidance for the articles of listed companies issued by the China Securities Regulatory Commission and in light of the actual situation of the Company, the relevant contents of the Articles of Association of the Company are amended. These amendments have been approved by the Board and are subject to a special resolution by shareholders. Details of the amendments are set out in the announcement of the Company dated March 27, 2024.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

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, 2023 as set out in this preliminary results announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with HKSAs, Hong Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING 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 2023 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 2023 annual general meeting of the Company to be held on June 7, 2024
"Articles of Association"	the articles of association of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"Company", "our Company", "we" or "us"	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in this 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
"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, 2023 to December 31, 2023, 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
"Yangzhou Qingchang"	Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公司), a limited liability company established in the PRC on July 16, 2019, is a non-wholly owned subsidiary of the Company

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

Tianjin, the People's Republic of China, March 27, 2024

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*