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

* For identification purposes only

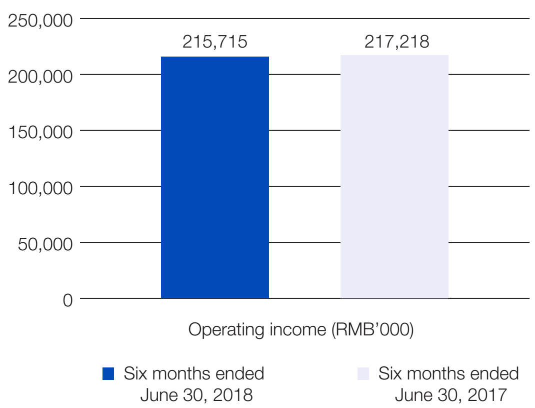
Interim Report 2018

Contents

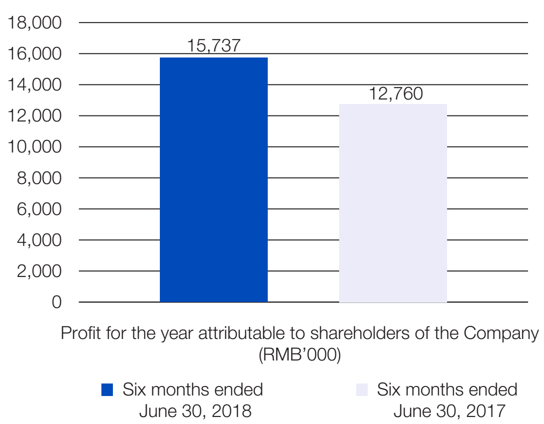
Financial Highlights

The board (the "**Board**") of directors (the "**Directors**") of Tianjin Tianbao Energy Co., Ltd. (the "**Company**") announces the unaudited operating results for the six months ended June 30, 2018 and a comparison with the unaudited operating results for the corresponding period of last year. For the six months ended June 30, 2018, the Company and its subsidiary (collectively, the "**Group**") recorded a consolidated operating revenue of RMB215.715 million, which is almost the same as compared with the corresponding period of last year. The profit attributable to shareholders of the Company was RMB15.737 million, representing an increase of 23% as compared with the corresponding period of last year. The earnings per share were RMB0.12, representing an increase of 9.09% as compared with the corresponding period of last year.

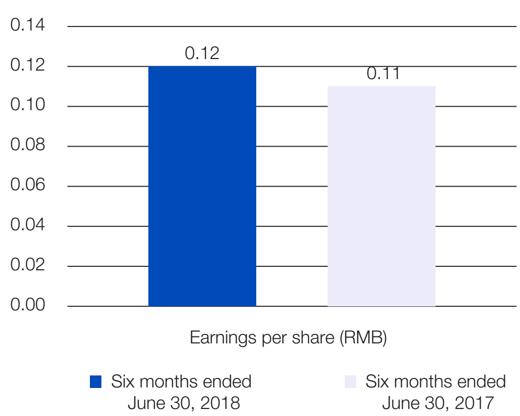
Revenue



Profit for the year attributable to shareholders of the Company



Earnings per share



Financial Highlights

	Six months ended June 30, 2018 RMB'000	Six months ended June 30, 2017 RMB'000
Revenue	**215,715**	217,218
Profit before tax	**20,996**	17,024
Income tax	**5,259**	4,264
Profit for the year	**15,737**	12,760
Profit for the year:		
Ordinary shareholders of the Company	**15,737**	12,760
Basic and diluted earnings per share (RMB)	**0.12**	0.11

Financial Highlights

	As at June 30, 2018 RMB'000	As at December 31, 2017 RMB'000
Total non-current assets	**365,264**	368,668
Total current assets	**236,331**	186,535
Total assets	**601,595**	555,203
Total current liabilities	**136,071**	143,997
Total non-current liabilities	**171,699**	166,401
Total liabilities	**307,770**	310,398
Total assets	**293,825**	244,805
Total equity attributable to ordinary shareholders of the Company	**293,825**	244,805
Total equity	**293,825**	244,805

REGISTERED NAME

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

DIRECTORS

Executive Directors

Mr. Gao Hongxin *(Chairman of the Board)*
Mr. Xing Cheng
Mr. Peng Chong
Ms. Fang Wei

NON-EXECUTIVE DIRECTORS

Mr. Yu Yang
Mr. Wu Tao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Tsz Bun
Mr. Han Xiaoping
Ms. Yang Ying

AUDIT COMMITTEE

Mr. Lau Tsz Bun *(Chairperson)*
Ms. Yang Ying
Mr. Wu Tao

REMUNERATION COMMITTEE

Mr. Lau Tsz Bun *(Chairperson)*
Ms. Yang Ying
Mr. Peng Chong

NOMINATION COMMITTEE

Mr. Gao Hongxin *(Chairperson)*
Ms. Yang Ying
Mr. Han Xiaoping

SUPERVISORY BOARD

Ms. Xue Xiaofang *(Chairperson)*
Mr. Shao Guoyong
Mr. Yang Kui

JOINT COMPANY SECRETARIES

Ms. Fang Wei
Mr. Wong Yat Tung *(resigned on May 30, 2018)*
Mr. Lau Kwok Yin *(appointed on May 30, 2018)*

AUTHORISED REPRESENTATIVES

Ms. Fang Wei
Mr. Wong Yat Tung *(resigned on May 30, 2018)*
Mr. Lau Kwok Yin *(appointed on May 30, 2018)*

REGISTERED OFFICE AND HEAD OFFICE

No. 35 Haibinba Road
Tianjin Port Free Trade Zone
Tianjin City
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai, Hong Kong

* For identification purpose only

Corporate Information

PRINCIPAL BANKERS

Bank of China (Tianjin Pilot Free Trade Zone Branch)
No. 88 Haibinjiu Road
Tianjin Port Free Trade Zone
Tianjin, PRC

Industrial and Commercial Bank of China Limited
(Tianjin Tianbao Branch)
No. 176 Tianbao Avenue
Tianjin Port Free Trade Zone
Tianjin, PRC

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

HONG KONG LEGAL ADVISER

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

PRC LEGAL ADVISER

King & Wood Mallesons
40th Floor, Office Tower A
Beijing Fortune Plaza
7 Dongsanhuan Zhonglu
Chaoyang District
Beijing, PRC

COMPLIANCE ADVISER

Orient Capital (Hong Kong) Limited
27/F, Wing On House
71 Des Voeux Road Central
Central, Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

STOCK CODE

1671

COMPANY'S WEBSITE

www.tjtbny.com

INVESTOR RELATIONS ENQUIRY

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E-mail: tianbaonengyuan@tjtbny.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

SUMMARY OF BUSINESS REVIEW FOR THE FIRST HALF OF 2018

In the first half of 2018, the Company overcame the effects of economic conditions and reached all operation targets. The Company strengthened cooperation with enterprises on investment, mergers and acquisitions to expand its business scale; further enhanced management level of the Company by thorough benchmarking against industry standards and continued development of "Sort, Straighten, Shine, Standardize, Sustain and Safety" ("**6S**") management, conducted technical research and development for scientific reform on production processes, including the electricity consumption system and water treatment system of our Haigang Thermal Plant, thereby further exploring potential cost reduction and efficiency enhancement; and maintained a safe and environmentally sustainable attitude at work to ensure steady development of the Company.

HIGHLIGHTS OF MAJOR INITIATIVES OF THE COMPANY IN THE FIRST HALF OF 2018

1. Strengthening cooperation to expand the Company

The Company adhered to the principles of "Complement of advantages, Profit-sharing, Risk-sharing and Equal cooperation", seized strategic opportunities brought about by state-owned enterprise reform using the existing advantages of the Company, and conducted research on new business expansions to support subsequent scientific decision-making.

2. Exploring cost reduction potential by technical reform

The Company conducted in-depth research on electricity load and water treatment at our Haigang Thermal Plant, fully explored the energy-saving potential of electricity consumption system and water treatment system. The Company also proactively cooperated with technicians of operation and maintenance unit and equipment suppliers, and investigated new energy-saving technologies and measures to contribute in cost reduction.

3. Facilitating progress of major engineering projects

Firstly, we commenced underground construction work of Haigang thermal pipes and conducted inspection in accordance with management requirements. Secondly, we commenced equipment and infrastructure upgrading work of our no. 1 and 2 switching stations, which have been in operation for over 20 years. Tendering has been completed, and work commencement is scheduled for the second half of the year.

4. Continuing promotion of 6S management at Haigang Thermal Plant

We consolidated the development results of 6S management at our Haigang Thermal Plant in 2017 and continued to promote 6S, focusing on commencement of 6S work at non-model area and heat exchange station, which enhanced safety and environmental control levels fundamentally.

5. Strengthening safety and environmental protection work

The Company comprehensively implemented work safety responsibilities and strict safety management, prohibited violation of regulations and enhanced employees' safety awareness. Relevant party management system was strictly implemented, while standardized management on quality examination, technical disclosure and assessment was established. We also stepped up safety inspection at factories and stations to eliminate potential harm in a timely manner. We conducted high-quality drill exercises to enhance the contingency capability of the Company and achieved the "Four Zeros" target of safe operation, which facilitated the development of a harmonized and safe company.

The Company conducted technical research and analysis based on the ultra-low smoke emission renovation project, formulated a steady emission reduction plan and emission examination indicators to maintain the ultra-low air pollutant emission level. Regarding other pollutant emission and engineering construction, we strictly complied with the requirements of environmental policies and further enhanced our environmental protection contingency capability to ensure "Zero Flaws" in our environmental protection efforts.

OPERATING RESULTS AND ANALYSIS

According to the Company's statistics, in the first half of 2018, sales of steam amounted to 419,100 tons, representing an increase of 7.8% from 388,800 tons over the corresponding period of last year, mainly due to the customers' increased demand for steam; sales of electricity amounted to 128.722 million kilowatt-hours, representing an increase of 7.44% from 119.8083 million kilowatt-hours over the corresponding period of last year, mainly due to the increase in the customer's business volume in the district which led to the increase in electricity used; and on-grid power generation amounted to 31.596 million kilowatt-hours, representing a decrease of 7.71% from 34.2356 million kilowatt-hours over the corresponding period of last year, mainly due to the Company reducing the cost of purchasing electricity for our own usage in accordance with the principle of cost-effectiveness by using more surplus steam production for generating electricity for our own usage.

1. Operating income

In the first half of 2018, the Company and its subsidiary recorded consolidated operating income of RMB215.715 million, basically remaining unchanged from the corresponding period of last year of RMB217.218 million.

Electricity dispatch and sale segment

The income from our electricity dispatch and sale segment increased 2.28% from RMB98.277 million for the first half of 2017 to RMB100.518 million for the first half of 2018, mainly due to the increase in electricity fee income as a result of the slight increase in business volume of our consumers for the first half of 2018 as compared with the corresponding period of last year.

Power generation and supply segment

The income from our power generation and supply segment increased 7.85% from RMB89.083 million for the first half of 2017 to RMB96.072 million for the first half of 2018, mainly due to the increase in our consumers' demand for steam.

Other segments

The income from other segments decreased by 35.9% from RMB29.858 million for the first half of 2017 to RMB19.125 million for the first half of 2018, mainly due to the reduction in sales of electrical switches under market influences.

2. Other net income

In the first half of 2018, the Group recorded other net income of RMB4.719 million, representing an increase of 44.6% as compared with the corresponding period of last year of RMB3.264 million, which was primarily due to the increase in government grants.

3. Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment decreased from RMB91.684 million for the first half of 2017 to RMB91.648 million for the first half of 2018.

Power generation and supply segment

The costs of our power generation and supply segment increased 4.16% from RMB73.777 million for the first half of 2017 to RMB76.846 million for the first half of 2018 due to the increase in fuel consumption and costs as a result of the increase in our consumers' demand for steam.

Other segments

The costs of other segments decreased 30.11% from RMB25.020 million for the first half of 2017 to RMB17.486 million for the first half of 2018, which was mainly due to market conditions and the decrease in sales costs as a result of the reduction in sales of electrical switches.

4. Segment Gross Profit

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment increased by 35.7% from RMB7.379 million for the first half of 2017 to RMB10.014 million for the first half of 2018.

Power generation and supply segment

The gross profit from our power generation and supply segment increased by 24.5% from RMB14.520 million for the first half of 2017 to RMB18.083 million for the first half of 2018.

Other segments

The gross profit from other segments decreased by 66.1% from RMB4.838 million for the first half of 2017 to RMB1.638 million for the first half of 2018.

5. Finance costs

In the first half of 2018, the Company and its subsidiary recorded finance costs of RMB5.165 million, representing a decrease of 12.8% as compared with the corresponding period of last year of RMB5.923 million, which was primarily due to the repayment of bank loans of RMB24.00 million by the Company in the second half of last year, thereby reducing the interest expenses in the first half of the year.

6. Fuel costs

In the first half of 2018, the Company and its subsidiary recorded fuel costs of RMB46.225 million, representing an increase of 14.6% as compared with the corresponding period of last year of RMB40.324 million, which was primarily due to the increase in the fuel consumption and price of fuel.

7. Profit before tax

The profit before tax increased by 23.3% from RMB17.024 million for the first half of 2017 to RMB20.996 million for the first half of 2018.

8. Income tax expenses

In the first half of 2018, the Group recorded income tax expenses of RMB5.259 million, representing an increase of 23.3% as compared with the corresponding period of last year of RMB4.264 million, which was primarily due to the increase in profit.

9. Profit for the period

Profit for the period increased by 23.3% from RMB12.760 million for the first half of 2017 to RMB15.737 million for the first half of 2018.

FINANCIAL SITUATION

1. Assets and liabilities

Total assets increased by 8.4% from RMB555.203 million as at the end of 2017 to RMB601.595 million as at the end of June 2018 mainly due to the proceeds of the initial public offering of the Company. Total liabilities decreased by 0.8% from RMB310.398 million as at the end of 2017 to RMB307.770 million as at the end of June 2018. Total equity attributable to ordinary shareholders of the Company increased by 20.0% from RMB244.805 million as at the end of 2017 to RMB293.825 million as at the end of June 2018.

As at the end of June 2018, our current assets amounted to RMB236.331 million, representing an increase of 26.7% from RMB186.535 million as at the end of 2017, mainly due to the increase in cash and cash equivalents caused by the issue of new shares. Of which cash and cash equivalents amounted to RMB201.912 million (end of 2017: RMB116.071 million), trade and bill receivables amounted to RMB27.714 million (end of 2017: RMB41.910 million), which was mainly receivables of steam revenue. Our current liabilities amounted to RMB136.071 million (end of 2017: RMB143.997 million), of which trade and other payables amounted to RMB53.199 million (end of 2017: RMB44.258 million); and non-current liabilities amounted to RMB171.699 million (end of 2017: RMB166.401 million).

2. Cash and cash equivalents

As at the end of June 2018, the Group recorded cash and cash equivalents of RMB201.912 million, representing an increase of 74.0% as compared with the end of last year of RMB116.071 million, which was primarily due to business generation and the issue of new shares. Taking into account the capital needs of the Company's daily operating activities and the higher expected capital expenditures, the Company adopted a conservative cash management strategy.

3. Gearing ratio

The gearing ratio is calculated as the balance of liabilities as at the end of the period divided by the balance of shareholders' equity as at the end of the period.

In the first half of 2018, the Group recorded a gearing ratio of 1.05, representing a slight decrease as compared with the corresponding period of last year of 1.27, which was primarily due to the increase in shareholders' equity resulting from the issue of new shares.

HUMAN RESOURCES AND TRAINING

As of June 30, 2018, we had 70 employees. The following table sets forth the number of employees for each of our areas of operations as of June 30, 2018.

Function	Number of Employees	Percentage of Total
Management, administrative and finance	18	25.7%
Marketing	11	15.7%
Procurement	4	5.7%
Engineering and technology	37	52.9%
Total	70	100.0%

As of June 30, 2018, we incurred staff costs (including salaries, benefits and allowances) of RMB9.53 million.

The Group has implemented a number of initiatives in recent years to enhance the productivity of our employees. The Group conducts periodic performance reviews for all of our employees and their salaries and performance bonuses are performance-based. The Directors believe that these initiatives have contributed to increased employee productivity.

The Group places significant emphasis on staff training and development. The Group invests in continuing education and training programs for our management personnel and other employees with a view to constantly enhancing their skills and knowledge. Our staff training is either conducted internally by the management and various department heads of the Group or conducted by external trainers. The Group wants to ensure that our staff remain equipped with the necessary skills to stay professional in their respective areas of work as this in turn helps our Group to maintain its competitiveness.

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

OTHER SIGNIFICANT EVENTS

1. Capital raising

The Company completed the initial public offering and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on April 27, 2018, the actual net proceeds from the initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the initial public offering, amounted to approximately HK$41.18 million.

2. Capital expenditure

In the first half of 2018, capital expenditure of the Group was RMB8.66 million, of which expenses of procurement of machinery and equipment amounted to RMB0.39 million, expenses of thermal plant smoke emission control upgrade and renovation projects amounted to RMB4.45 million, expenses of Free Trade Zone (Seaport) thermal pipes underground renovation project amounted to RMB3.66 million, and expenses of purchasing automatic license plate number identification and weighting system was RMB0.16 million.

3. Material acquisitions and disposals

As of June 30, 2018, the Group did not have material acquisitions and disposals.

4. Significant investments

As of June 30, 2018, the Group did not have significant investments.

5. Contingent liabilities

As of June 30, 2018, the Group did not have contingent liabilities.

6. Bank borrowings of the Group

As of June 30, 2018, the Group did not have bank borrowings.

7. Other debts of the Group

Except for the amounts due to shareholders of the Company, the Group did not have other interest-bearing debts.

8. Charges on Group's assets

As of June 30, 2018, the Group had no charge on its assets.

9. Capital structure

The shares of the Company were listed on the Main Board of the Stock Exchange on April 27, 2018. The capital structure of the Company consists of domestic shares and H shares.

10. Share option scheme

As of June 30, 2018, the Company had not implemented any share option 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 in Australian dollars, Hong Kong dollars, US dollars and Euros), the Group is not exposed to material foreign exchange rate risk. The Directors expect that fluctuation in the exchange rate of RMB will not have a material adverse effect on the operation of the Group.

PROSPECTS FOR THE SECOND HALF OF 2018

1. Actively exploring and starting new energy businesses

In the second half of the year, the Company will continue to analyse new development pipelines and new directions to get rid of the regional constraints and meanwhile explore the possibility of starting new energy businesses.

2. Strengthening team building of the Company

The labour shortage of the Company has constrained its growth in production and operation. Hence, the enlargement of the Company's professional team has become an important step to achieve sustainable development. The Company intends to make scientific adjustment on the existing organizations based on the actual business requirements, and introduce talented people to support key personnel, thereby providing an inexhaustible driving force for the sustainable robust growth of the Company.

3. Refining the manufacturing management to ensure the annual business goals are achieved

The Company will strengthen the implementation of standardised management requirements, and earnestly formulate a safe production responsibility system at all levels. It will also improve the modification and promotion of management standards, and implement safety management responsibility of production staff at all levels. Our efforts placed on training will be increased to enhance the safety production and management standards of all staff. Equipment-related potential risks will be timely identified and eliminated, and supervision will be strengthened to improve comprehensive treatment, operation and management of equipment and to improve the efficiency of the operation of equipment.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period between April 27, 2018 and June 30, 2018.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and supervisors (the "**Supervisors**") of the Company. Upon making specific enquiries to all of the Directors and Supervisors, all Directors and Supervisors confirmed that during the period between April 27, 2018 and June 30, 2018, each of the Directors and Supervisors has strictly complied with the required standards set out in the Model Code.

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 six months ended June 30, 2018.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company has no affiliated companies and the Company did not provide any financial assistance nor guarantee to its affiliated companies for the six months ended June 30, 2018, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholders nor breach the terms of any loan agreements for the six months ended June 30, 2018.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group's 2018 interim results announcement, interim report and the unaudited financial statements for the six months ended June 30, 2018 prepared in accordance with the International Financial Reporting Standards (IFRS).

SHARE CAPITAL

As of June 30, 2018, the total share capital of the Company was RMB159,920,907, divided into 115,600,907 domestic shares and 44,320,000 H shares, with a nominal value of RMB1.00 each.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2018, no Director, Supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at June 30, 2018, to the knowledge of the Directors, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of shareholders	Types of shares	Capacity	Number of shares/ underlying shares held (share) *(Note 3)*	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
Tianjin Tianbao Holdings Limited ("**Tianbao Holdings**") *(Note 1)*	Domestic shares	Beneficial owner	109,606,538(L)	94.81	68.54
Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. ("**TFIHC**") *(Note 1)*	Domestic shares	Interest of a controlled corporation	115,600,907(L)	100	72.29
Tsinlien Group Company Limited *(Note 2)*	H shares	Beneficial owner	9,472,000(L)	21.37	5.92
Tianjin Pharmaceutical Group Co., Ltd. *(Note 2)*	H shares	Interest of a controlled corporation	9,472,000(L)	21.37	5.92
Tianjin Bohai State-owned Assets Management Co., Ltd. *(Note 2)*	H shares	Interest of a controlled corporation	9,472,000(L)	21.37	5.92
Tianjin Tsinlien Investment Holdings Co., Ltd. *(Note 2)*	H shares	Interest of a controlled corporation	9,472,000(L)	21.37	5.92

Notes:

1. Tianbao Holdings is interested in 109,606,538 domestic shares, and Tianjin Free Trade Zone Investment Company Limited ("**Tianbao Investment**") is interested in 5,994,369 domestic shares. Since Tianbao Holdings and Tianbao Investment are wholly-owned subsidiaries of TFIHC, TFIHC is deemed to be interested in the domestic shares held by Tianbao Holdings and Tianbao Investment by virtue of the SFO.

2. Tsinlien Group Company Limited is interested in 9,472,000 H shares. Tsinlien Group Company Limited is wholly-owned by Tianjin Pharmaceutical Group Co., Ltd., which is in turn wholly-owned by Tianjin Bohai State-owned Assets Management Co., Ltd., and Tianjin Bohai State-owned Assets Management Co., Ltd. is wholly-owned by Tianjin Tsinlien Investment Holdings Co., Ltd. As such, by virtue of the SFO, each of Tianjin Pharmaceutical Group Co., Ltd., Tianjin Bohai State-owned Assets Management Co., Ltd. and Tianjin Tsinlien Investment Holdings Co., Ltd. is deemed to be interested in the H shares held by Tsinlien Group Company Limited.

3. The Letter "L" denotes the relevant person's long position in such shares.

NON-COMPETITION DEED FROM THE CONTROLLING SHAREHOLDERS

On April 4, 2018, the controlling shareholders of the Company, Tianbao Holdings and TFIHC (collectively, the "**Controlling Shareholders**"), entered into a non-competition deed (the "**Non-competition Deed**") in favour of the Company in order to avoid any possible future competition between the Group and the Controlling Shareholders. Details of the Non-competition Deed were disclosed in the prospectus (the "**Prospectus**") of the Company dated April 16, 2018 under the section headed "Relationship with Controlling Shareholders".

The independent non-executive Directors are responsible for monitoring the execution and the performance of obligations of the Non-competition Deed by the Controlling Shareholders. During the period from April 4, 2018 to June 30, 2018, the Controlling Shareholders have complied with their obligations under the Non-competition Deed and the independent non-executive Directors have not considered any matter or reached any conclusion pursuant to the Non-competition Deed.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiary purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2018.

MATERIAL LITIGATION AND ARBITRATION

As of June 30, 2018, the Company was not involved in any material litigations or arbitrations. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Company.

CONTRACT OF SIGNIFICANCE WITH THE CONTROLLING SHAREHOLDERS

Save as disclosed in the Prospectus, there were no contracts of significance between the Company or its subsidiary and the Controlling Shareholders subsisting during the six months ended June 30, 2018.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended June 30, 2018.

CHANGE IN DIRECTORS' INFORMATION

On May 11, 2018, Mr. Yu Yang, a non-executive Director, resigned from his position as the general manager of Tianbao Investment.

Save as disclosed above, as of June 30, 2018, there has been no change in the Directors' information.

CHANGE OF JOINT COMPANY SECRETARY

On May 30, 2018, Mr. Wong Yat Tung resigned as a joint company secretary of the Company (the "**Joint Company Secretary**") and has ceased to act as an authorised representative of the Company under Rule 3.05 of the Listing Rules and an authorised representative of the Company for accepting service of process or notices in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (collectively, the "**Authorised Representative**"). Mr. Lau Kwok Yin has been appointed as the Joint Company Secretary and Authorised Representative to replace Mr. Wong Yat Tung. For details, please refer to the announcement of the Company dated May 30, 2018.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The actual net proceeds of the Company from the public offering, after deducting the underwriting commission and other estimated expenses in connection with the public offering, amounted to approximately HKD41.18 million (the "**IPO Proceeds**").

As of June 30, 2018, the IPO Proceeds have not been utilized.

The unutilized IPO Proceeds have been deposited into short-term demand deposits in a bank account maintained by the Group.

The Company will utilize the IPO Proceeds for the purposes which are consistent with those set out in the Prospectus. The net proceeds from the public offering amounted to HK$41.18 million, among which, HK$25.62 million is expected to be used for the upgrade of technology and equipment, including HK$5.92 million to be used for #1 and #2 power transformation stations and HK$19.7 million to be used for de-dusting system in the second half of the year. Pursuant to the Prospectus, net proceeds of HK$15.56 million will be used to establish Tianbao Electricity Sales Company and contribute to its registered share capital. In the first half of 2018, the Company actively sought cooperative partners and participated in the survey conducted by Tianjin Development and Reform Commission in respect of Implementation Rules for the Management of Entry and Exit of Companies Selling Electricity (《天津市售電公司准入與推出管理實施細則》). Although the policy has not been published, the Company will keep abreast of the progress of the policy's introduction and will carry out relevant work in accordance with the specific implementation rules of the policy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, in order to further comply with the relevant requirements in China and improve the governance structure of the Company, the Company included the provisions in relation to the organization of the Communist Party of China in the articles of association of the Company. The resolution on amendment to the articles of association was considered and approved by the shareholders at the first extraordinary general meeting in 2018 of the Company held on August 22, 2018.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Board is responsible for preparing the financial statements of the Group as of June 30, 2018 to give a true and fair view of the production and operation condition of the Group and the business performance and cash flow of the Company.

The management of the Company has provided the Board with the necessary explanations and data to facilitate the review and approval of the Company's financial statements by the Board. The Company provided all members of the Board with monthly updates on the Company's financial position.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

SUBSEQUENT EVENTS

The Company has implemented the sales price of power grid in Tianjin since July 1, 2018. For details, please refer to the announcement of the Company dated July 6, 2018.

KPMG has been appointed by the Board as auditor of the Company with effect from July 6, 2018 and its term of office will expire on the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company dated July 6, 2018.

The Company's principal place of business in Hong Kong has been changed to 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong with effect from July 30, 2018. For details, please refer to the announcement of the Company dated July 30, 2018.

(Established in People's Republic of China with limited liability)

TO THE BOARD OF DIRECTORS OF TIANJIN TIANBAO ENERGY CO., LTD.
(a joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 44 which comprises the consolidated statement of financial position of Tianjin Tianbao Energy Co., Ltd. (the "Company") as of June 30, 2018 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

OTHER MATTER

Without modifying our review conclusion, we draw your attention that the comparative consolidated statement of profit or loss, statement of profit or loss and other comprehensive income for the six months ended June 30, 2017 and the comparative consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended June 30, 2017 and the related notes disclosed in the interim financial report have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 28, 2018

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comperehensive Income

For the six months ended June 30, 2018 – unaudited (Expressed in Renminbi "RMB")

		Six months ended June 30,	
		2018	2017
	Notes	**RMB'000**	RMB'000
Revenue	*3*	**215,715**	217,218
Cost of sales		**(185,980)**	(190,481)
Gross profit		**29,735**	26,737
Other net income	*4*	**4,719**	3,264
Administrative expenses		**(8,750)**	(7,713)
Profit from operations		**25,704**	22,288
Interest income		**457**	659
Interest expense	*5(a)*	**(5,165)**	(5,923)
Profit before taxation	*6*	**20,996**	17,024
Income tax	*6(a)*	**(5,259)**	(4,264)
Profit for the period		**15,737**	12,760
Attributable to:			
Equity shareholders of the Company		**15,737**	12,760
Profit for the period		**15,737**	12,760
Earnings per share	*7*		
Basic (RMB)		**0.12**	0.11
Diluted (RMB)		**0.12**	0.11

The notes on pages 25 to 44 form part of this interim financial report.

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2018 – unaudited (Expressed in RMB)

		Six months ended June 30,	
		2018	2017
	Notes	**RMB'000**	RMB'000
Profit for the period		**15,737**	12,760
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**15,737**	12,760
Attributable to:			
Equity shareholders of the Company		**15,737**	12,760
Total comprehensive income for the period		**15,737**	12,760

The notes on pages 25 to 44 form part of this interim financial report.

	Notes	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Non-current assets			
Property, plant and equipment	8	**348,328**	351,583
Lease prepayment		**15,485**	15,651
Intangible assets		**1,451**	1,434
		365,264	368,668
Current assets			
Inventories		**5,288**	6,363
Trade and bill receivables	9	**27,714**	41,910
Contract assets		**108**	–
Other receivables and assets	10	**1,309**	22,191
Cash and cash equivalents	11	**201,912**	116,071
		236,331	186,535
Current liabilities			
Trade and other payables	12	**53,199**	44,258
Receipt in advance		**–**	22,185
Contract liabilities (current portion)		**19,796**	–
Salary and welfare payables		**1,090**	2,431
Current taxation		**1,986**	2,633
Current portion of other non-current liabilities	13	**60,000**	72,490
		136,071	143,997
Net current assets		**100,260**	42,538
Total assets less current liabilities		**465,524**	411,206

The notes on pages 25 to 44 form part of this interim financial report.

Unaudited Condensed Consolidated Statements of Financial Position

At June 30, 2018 – unaudited (Expressed in RMB)

	Notes	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Non-current liabilities			
Deferred income		**11,723**	17,848
Contract liabilities (non-current portion)		**7,655**	–
Deferred tax liabilities		**5,384**	6,762
Other non-current liabilities	*13*	**146,937**	141,791
		171,699	166,401
NET ASSETS		**293,825**	244,805
CAPITAL AND RESERVES			
Share capital		**159,921**	115,601
Reserves		**133,904**	129,204
TOTAL EQUITY		**293,825**	244,805

Approved and authorised for issue by the board of directors on August 28, 2018.

Name: Gao Hongxin
Position: Director

Name: Xing Cheng
Position: Director

The notes on pages 25 to 44 form part of this interim financial report.

Unaudited Condensed Consolidated Statements of Changes in Equity

For the six months ended June 30, 2018 – unaudited (Expressed in RMB)

		Attributable to equity shareholders of the Company				
	Notes	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Retained profits RMB'000	Total RMB'000
Balance at January 1, 2017		87,003	55,753	16,959	54,818	214,533
Changes in equity for the six months ended June 30, 2017:						
Profit for the period		–	–	–	12,760	12,760
Total comprehensive income		–	–	–	12,760	12,760
Capitalization upon converting into a joint stock company	14(a)	28,598	34,421	(11,612)	(51,407)	–
Balance at June 30, 2017 and July 1, 2017		115,601	90,174	5,347	16,171	227,293
Changes in equity for the six months ended December 31, 2017:						
Profit for the period		–	–	–	17,512	17,512
Total comprehensive income		–	–	–	17,512	17,512
Appropriation to reserves	14(c)	–	–	2,834	(2,834)	–
Balance at December 31, 2017 and January 1, 2018		**115,601**	**90,174**	**8,181**	**30,849**	**244,805**
Changes in equity for the six months ended June 30, 2018:						
Profit for the period		**–**	**–**	**–**	**15,737**	**15,737**
Total comprehensive income		**–**	**–**	**–**	**15,737**	**15,737**
Issuance of shares upon public offering, net of issuing expenses	14(a), 14(b)	**44,320**	**(11,037)**	**–**	**–**	**33,283**
Balance at June 30, 2018		**159,921**	**79,137**	**8,181**	**46,586**	**293,825**

The notes on pages 25 to 44 form part of this interim financial report.

Unaudited Condensed Consolidated Cash Flow Statements

For the six months ended June 30, 2018 – unaudited (Expressed in RMB)

	Notes	Six months ended June 30, 2018 RMB'000	2017 RMB'000
Operating activities			
Cash generated from operations		**49,253**	45,212
Income tax paid		**(7,284)**	(8,796)
Net cash generated from operating activities		**41,969**	36,416
Investing activities			
Proceeds from disposal of property, plant and equipment		**–**	2
Payment for the purchase of property, plant and equipment		**(8,647)**	(377)
Net cash used in from investing activities		**(8,647)**	(375)
Financing activities			
Proceeds from issuance of shares under the public offering		**67,593**	–
Payment to shareholder for capital reduction		**(12,490)**	–
Payment for listing expenses		**(2,584)**	(11,980)
Interest paid		**–**	(528)
Net cash generated/(used in) financing activities		**52,519**	(12,508)
Net increase in cash and cash equivalents		**85,841**	23,533
Cash and cash equivalents at January 1		**116,071**	94,251
Cash and cash equivalents at June 30	*11*	**201,912**	117,784

The notes on pages 25 to 44 form part of this interim financial report.

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended December 31, 2017 except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Tianjin Tianbao Energy Co., Ltd. and its subsidiary (together, the "Group") since the consolidated financial statement for the year ended December 31, 2017. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 18.

The financial information relating to the financial year ended December 31, 2017 that is included in the interim financial report as comparative information does not constitute the Company's consolidated financial statements for the year ended December 31, 2017 but is derived from those financial statements. KPMG has reported on those financial statements. The auditor's report was unqualified.

The comparative amounts of the consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement in respect of the six months ended June 30, 2017 and the related explanatory notes disclosed in the consolidated interim financial statements have not been audited.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

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

The Group has elected to adopt the new credit loss model in IFRS 9. The new model replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Based on the assessment, the Group believe that the adoption of the expected credit loss model will not have significant impact on its financial statements.

None of these developments of IRS 9 and IFRIC 22 has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

The Group has been impacted by IFRS 15 in relation to presentation of contract assets and contract liabilities. Detail of the changes in accounting policies are discussed in note 2(b) for IFRS 15.

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

(a) Overview *(continued)*

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

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

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

(b) IFRS 15, Revenue from contracts with customers

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

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

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

(b) IFRS 15, Revenue from contracts with customers *(continued)*

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

(i) Presentation of contract assets and liabilities

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

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

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

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

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

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

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes 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).

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

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

(a) Disaggregation of revenue

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Electricity dispatch and sale	**100,518**	98,277
– Power generation and supply	**96,072**	89,083
– Others	**19,125**	29,858
	215,715	217,218

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

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

3 REVENUE AND SEGMENT REPORTING *(continued)*

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

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

	Electricity dispatch and sale		Power generation and supply		Others		Total	
For the six months ended June 30	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Disaggregated by timing of revenue recognition								
Point in time	**100,518**	98,277	**96,072**	89,083	**15,567**	21,539	**212,157**	208,899
Over time	**–**	–	**–**	–	**3,558**	8,319	**3,558**	8,319
Revenue from external customers	**100,518**	98,277	**96,072**	89,083	**19,125**	29,858	**215,715**	217,218
Inter-segment revenue	**1,143**	786	**–**	–	**–**	–	**1,143**	786
Reportable segment revenue	**101,661**	99,063	**96,072**	89,083	**19,125**	29,858	**216,858**	218,004
Reportable segment profit (gross profit)	**10,014**	7,379	**18,083**	14,520	**1,638**	4,838	**29,735**	26,737
As at June 30/December 31								
Reportable segment assets	**60,648**	64,074	**322,200**	328,487	**15,241**	23,627	**398,089**	416,188
Reportable segment liabilities	**29,505**	30,702	**28,145**	28,877	**14,231**	16,620	**71,881**	76,199

3 REVENUE AND SEGMENT REPORTING *(continued)*

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

	Six months ended June 30, 2018 RMB'000	2017 RMB'000
Revenue		
Reportable segment revenue	**216,858**	218,004
Elimination of inter-segment revenue	**(1,143)**	(786)
Consolidated revenue	**215,715**	217,218

	Six months ended June 30, 2018 RMB'000	2017 RMB'000
Profit		
Reportable segment profit	**29,735**	26,737
Other net income	**4,719**	3,264
Interest income	**457**	659
Interest expenses	**(5,165)**	(5,923)
Depreciation and amortisation	**(135)**	(127)
Unallocated head office and corporate expenses	**(8,615)**	(7,586)
Consolidated profit before taxation	**20,996**	17,024

3 REVENUE AND SEGMENT REPORTING *(continued)*

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

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Assets		
Reportable segment assets	**398,089**	416,188
Unallocated head office and corporate assets	**203,506**	139,015
Consolidated total assets	**601,595**	555,203

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Liabilities		
Reportable segment liabilities	**71,881**	76,199
Unallocated head office and corporate liabilities	**235,889**	234,199
Consolidated total liabilities	**307,770**	310,398

4 OTHER NET INCOME

	Six months ended June 30, 2018 RMB'000	2017 RMB'000
Government grants	**4,513**	3,261
Others	**206**	3
	4,719	3,264

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		Six months ended June 30, 2018 RMB'000	2017 RMB'000
(a)	**Finance costs**		
	Deemed interest expense on payables due to shareholders	**5,145**	5,384
	Interest expense on bank loans	**–**	527
	Other interest expense	**20**	12
		5,165	5,923
(b)	**Staff costs**		
	Contributions to defined contribution retirement plan	**1,306**	1,237
	Salaries, wages and other benefits	**8,224**	8,669
		9,530	9,906
(c)	**Other items**		
	Amortisation		
	– land lease premium	**166**	166
	– intangible assets	**139**	138
		305	304
	Depreciation	**11,684**	11,524
	Operating lease charges	**280**	338
	Purchase of electricity	**84,872**	83,628
	Fuel	**46,225**	40,324
	Outsourcing operation	**8,457**	8,461

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
Current tax		
Provision for the period	**6,637**	5,702
Deferred tax		
Reversal of temporary differences	**(1,378)**	(1,438)
	5,259	4,264

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

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
Profit before taxation	**20,996**	17,024
Notional tax on profit before taxation, (Note (i))	**5,249**	4,256
Tax effect of non-deductible expenses	**10**	8
Actual tax expenses	**5,259**	4,264

(i) The Group was subject to the statutory income tax rate of 25% for the six months ended June 30, 2017 and 2018.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended June 30, 2018 of RMB15,737,000 (six months ended June 30, 2017: RMB12,760,000) and the weighted average of 131,359,129 ordinary shares (2017: 115,600,907) in issue. There was no difference between basic and diluted earnings per share as there were no potential dilutive shares during the period.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2018, the Group acquired items of plant, machinery and construction in progress with a cost of RMB8,505,000 (six months ended June 30, 2017: RMB373,000). There is no disposal of property, plant and equipment during the six months ended June 30, 2018 (six months ended June 30, 2017: RMB45,000).

9 TRADE AND BILL RECEIVABLES

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Accounts receivable	**25,723**	41,910
Bills receivable	**1,991**	–
	27,714	41,910

(a) Ageing analysis

Included in trade receivables were debtors with the following ageing analysis as at December 31, 2017 and June 30, 2018:

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Within 3 months	**27,492**	36,157
4 to 6 months	**92**	5,080
7 to 12 months	**93**	17
Over 12 months	**37**	656
	27,714	41,910

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

9 TRADE AND BILL RECEIVABLES *(continued)*

(b) Trade and bill receivable that are not impaired

The ageing analysis of trade and bill receivable that are neither individually nor collectively considered to be impaired are as follows:

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Neither past due nor impaired	**27,492**	36,157
Less than 1 month past due	**92**	1,278
1 to 3 months past due	**93**	3,802
4 to 12 months past due	**37**	673
	222	5,753
	27,714	41,910

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

10 OTHER RECEIVABLES AND ASSETS

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Advance to suppliers	**857**	276
Deposits with third parties	**402**	676
Value added tax recoverable	**50**	–
Listing expenses prepayments	**–**	21,239
	1,309	22,191

11 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Cash at bank	**201,912**	116,071

12 TRADE AND OTHER PAYABLES

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Trade payable to third parties	**29,863**	33,078
Payables for listing expenses	**18,507**	7,968
Payables for value added tax and other taxes	**2,307**	1,730
Deposit received	**1,690**	900
Payables for purchase of property, plant and equipment	**325**	537
Others	**507**	45
	53,199	44,258

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

As at June 30, 2018 and December 31, 2017, the ageing analysis of trade payables, based on invoice date, is as follows:

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Within 1 year	**52,925**	43,634
Between 1 to 2 years	**232**	503
Between 2 to 3 years	**42**	121
	53,199	44,258

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

13 OTHER NON-CURRENT LIABILITIES

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

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

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

During the six months ended June 30, 2018, the Company paid to Tianjin Free Trade Zone Investment Company Limited of RMB12,490,000. As of June 30, 2018, the total undiscounted payable to the Shareholders was RMB228,384,000 (RMB240,874,000 as of December 31, 2017), and the corresponding present value of the payments was RMB206,937,000 (RMB214,281,000 as of December 31, 2017), including RMB60,000,000 (RMB72,490,000 as of December 31, 2017) was recorded as current portion of other non-current liabilities.

14 CAPITAL AND RESERVES

(a) Share capital

	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Ordinary shares, issued and fully paid		
115,600,907 domestic stated-owned ordinary shares of RMB1.00 each	**115,601**	115,601
44,320,000 H shares of RMB1.00 each	**44,320**	–
	159,921	115,601

On February 28, 2017, the Company was converted from a limited liability company into a joint stock limited company. Based on the approval obtained from authorities, the Company issued and allotted 115,600,907 ordinary shares with par value of RMB1.00 each to the respective then shareholders of the Company in accordance with the proportion of their paid-in capitals to the Company as at February 28, 2017. The remaining net assets of the Company as at the base date November 30, 2016 were converted into capital reserve.

In April 2018, the Company issued an aggregation of 44,320,000 H shares with a par value of RMB1.00, at a price of HKD1.90 per each H share.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14 CAPITAL AND RESERVES *(continued)*

(b) Capital reserve

The capital reserve comprises the capital premium, contributions from shareholders, the impacts of capital injections and capital reductions.

In April 2018, the Company issued an aggregation of 44,320,000 H shares with a par value of RMB1.00, at a price of HKD1.90 per H share. The difference between the total amount of the par value of shares issued and the amount of the proceeds received from the IPO with the amount of RMB23,273,000 were credited to the Company's capital reserve.

The listing expenses directly attributable to this IPO with the amount of RMB34,310,000 were deducted from capital reserve.

(c) Statutory surplus reserves

According to the Company Law of the PRC, the Company's articles of association, the Company appropriates 10% of each year's net profit under Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China ("PRC GAAP") to the statutory surplus reserve. The company has the option to cease provision for such reserve when it reaches 50% of the registered paid-in capital. Upon the approval from relevant authorities, this reserve can be used to make up any losses incurred or to increase paid-in capital. Except for offsetting against losses, this reserve cannot fall below 25% of the registered share capital after being used to increase share capital.

(d) Distributable reserves

Payment of future dividends will be determined by the Company's Board of Directors. The payment of the dividends will depend upon, the future earnings, capital requirements and financial conditions and general business conditions of the Company. As the controlling owner, Tianjin Tianbao Holdings Limited will be able to influence the Company's dividend policy.

Following the establishment of the Company, under the Company Law of the PRC and the Company's Articles of Association, net profit after tax as reported in the statutory financial statements prepared in accordance with the accounting rules and regulations of the PRC can only be distributed as dividends after allowances have been made for the following:

(i) Making up prior years' cumulative losses, if any;

(ii) Allocations to the reserve fund; and

(iii) Allocations to the discretionary common reserve if approved by the shareholders.

After the listing of the company's shares on The Stock Exchange of Hong Kong Limited ("HKSE"), in accordance with the Articles of Association of the Company, the net profit after tax of the Company for the purpose of dividends payment will be lesser of (i) the net profit determined in accordance with the accounting rules and regulations of the PRC; and (ii) the net profit determined in accordance with IFRS.

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

As at June 30, 2018 and December 31, 2017, the carrying amounts of trade and bill receivables, other receivables and assets, trade and other payables were not materially different from their fair values.

16 CAPITAL COMMITMENTS OUTSTANDING FOR THE INTERIM FINANCIAL REPORT IS AS FOLLOWS:

	Notes	**At June 30, 2018 RMB'000**	At December 31, 2017 RMB'000
Contracted for		**–**	7,078
Authorised but not contracted for		**23,144**	24,142
		23,144	31,220

17 MATERIAL RELATED PARTY TRANSACTIONS

The related parties of the Company and its subsidiary that had transactions with the Company and its subsidiary are as follows:

Names of related parties	**Nature of relationship**
Tianjin Free Trade Zone Investment Company Limited 天津保稅區投資有限公司	a subsidiary of Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. ("Tianbao Group")
Tianjin Tianbao Construction Development Co., Ltd. 天津天保建設發展有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Finance Company Ltd. 天津天保財務有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Municipal Co., Ltd. 天津天保市政有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao International Logistics Co., Ltd. 天津天保國際物流集團有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Century Trade Development Co. Ltd. 天津天保世紀貿易發展有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Hongxin Logistics Center Co., Ltd. 天津天保宏信物流中心有限公司	a subsidiary of Tianbao Group

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

Names of related parties	Nature of relationship
Tianjin Tianbao Real Estate Co., Ltd. 天津天保置業有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Asset Management Co., Ltd. 天津天保資產經營管理有限公司	a subsidiary of Tianbao Group
Tianjin International Logistics Park Co., Ltd. 天津國際物流園有限公司	a subsidiary of Tianbao Group
Tianbao Mingmen (Tianjin) International Cargo Agent Co., Ltd. 天保名門（天津）國際貨運代理有限公司	a subsidiary of Tianbao Group
Tianjin Tianjian Vehicle Inspection Service Co., Ltd. 天津天檢汽車檢測服務有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Science and Technology Development Co., Ltd. 天津天保科技發展有限公司	a subsidiary of Tianbao Group
Tianjin Free Trade Zone Import Vehicle Inspection Co., Ltd. 天津港保税區天保進口機動車檢測有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Holdings Limited 天津天保控股有限公司	parent company
Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. 天津保税區投資控股集團有限公司	ultimate controlling company

(a) Related party balances

(i) Cash deposits in a related party

	Notes	**At June 30, 2018 RMB'000**	At December 31, 2017 RMB'000
Deposits in Tianjin Tianbao Finance Company Ltd.		**–**	102,294

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Related party balances *(continued)*

(ii) Other receivables and assets comprised the following balances due from related parties:

	Notes	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Due from Tianbao Group and its subsidiaries		**309**	1,588

(iii) Other payables and liabilities comprised the following balances due to related parties:

	Notes	At June 30, 2018 RMB'000	At December 31, 2017 RMB'000
Due to Tianjin Tianbao Holdings Limited		**228,384**	228,384
Due to Tianjin Free Trade Zone Investment Company Limited		**–**	12,490
Advance received from Tianbao Group's subsidiaries		**2,521**	2,047
		230,905	242,921

As of June 30, 2018, the balance including the undiscounted payments value to the Shareholders for capital reduction of RMB228,384,000 (RMB240,874,000 as of December 31, 2017).

(b) Related party transactions

	Notes	Six months ended June 30, 2018 RMB'000	2017 RMB'000
Sales of goods to			
Subsidiaries of Tianbao Group		**4,305**	4,327
Purchase of goods from			
Subsidiaries of Tianbao Group		**125**	176
Services provided to			
Subsidiaries of Tianbao Group		**1,234**	1,229
Interest income			
Subsidiaries of Tianbao Group		**279**	634
Refund of paid-up capital			
Tianbao Group	13	**12,490**	–

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

According to the requirements of the Notice Regarding Implementation of Tianjin City Grid Sales Power Tariffs (《關於執行天津市電網銷售電價的通知》) issued by the Tianjin Port Free Trade Zone Development and Reform Council (天津港保税區發展和改革局), the Group has implemented new sales price of power grid in Tianjin since July 1, 2018.

With respect to the above adjusted sales price of power grid, the board of directors of the Company currently believes that the adjustments may have a negative impact on the financial position of the Group.

19 COMPARATIVE FIGURES

The Group has initially applied IFRS 15 at January 1, 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED JUNE 30, 2018

A number of amendments and new standards are effective for annual periods beginning after January 1, 2018 and earlier application is permitted. Except for the amendments to IFRS 9, Prepayment features with negative compensation, which have been adopted at the same time as IFRS 9 (see note 2(b)), the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update to the information provided in the last annual financial statements in respect of IFRS 16, Leases, which may have a significant impact on the Group's consolidated financial statements.

IFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of IFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. IFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by June 30, 2018:

	Properties RMB'000	Others RMB'000
Amounts payable:		
Within 6 months	33	276
After 6 months but within 1 year	–	7
After 1 year but within 5 years	–	29
	33	312

20 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED JUNE 30, 2018 *(continued)*

IFRS 16, Leases *(continued)*

Upon the initial adoption of IFRS 16 at January 1, 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognized as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16.