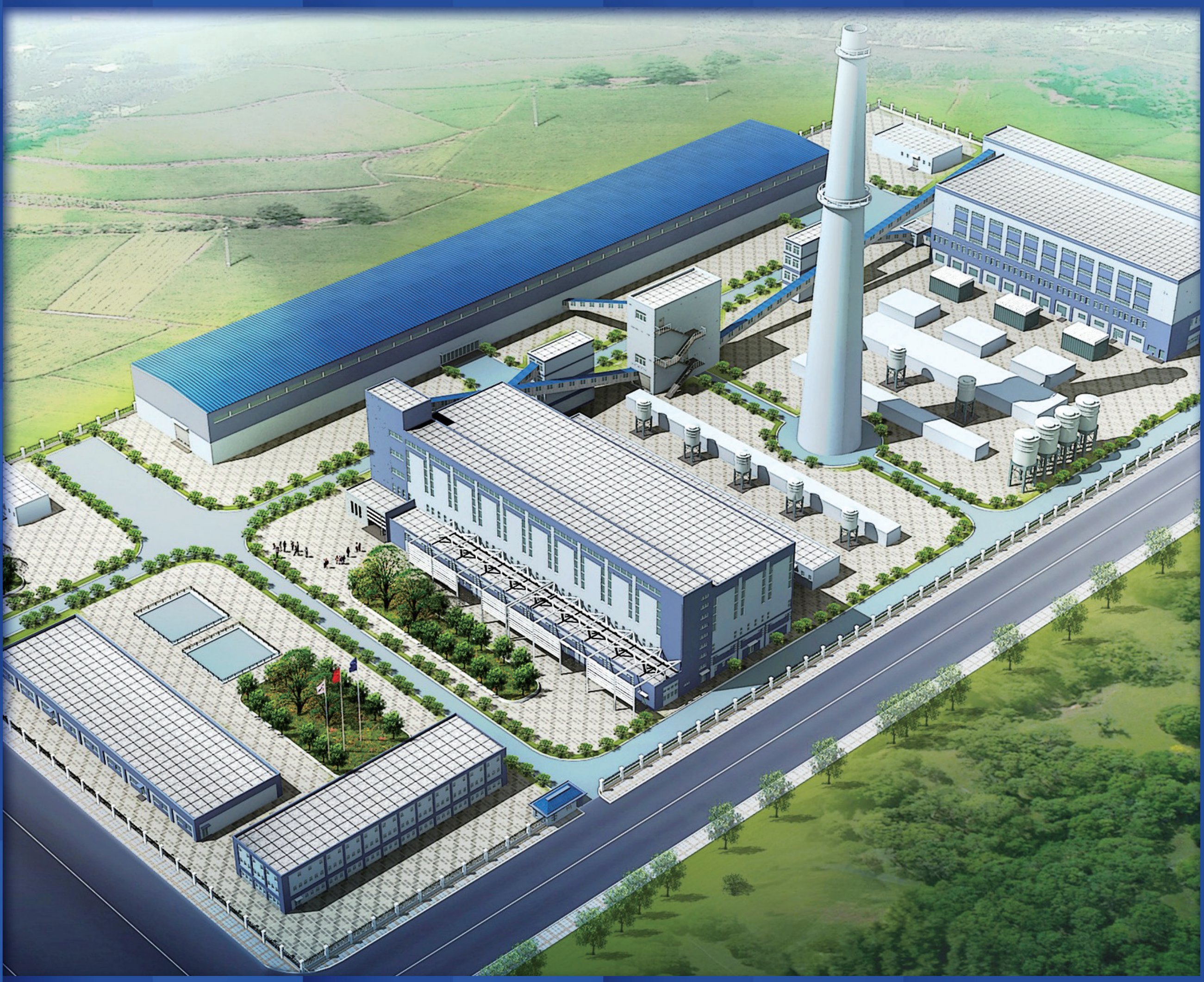
Tianjin Tianbao Energy Co., Ltd.*
天津天保能源股份有限公司

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

Stock Code : 1671

* For identification purposes only

Annual Report 2020



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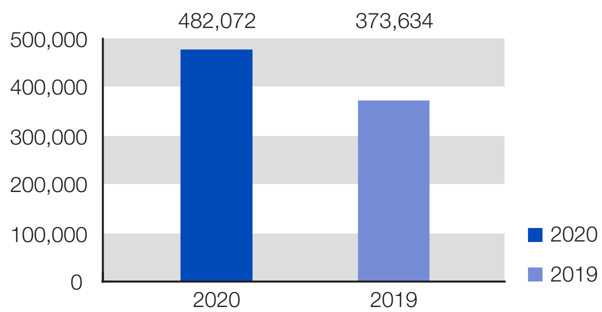
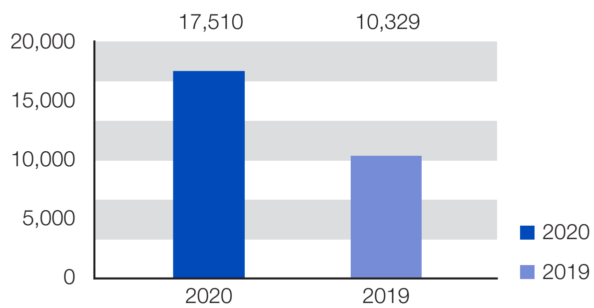
Financial Highlights

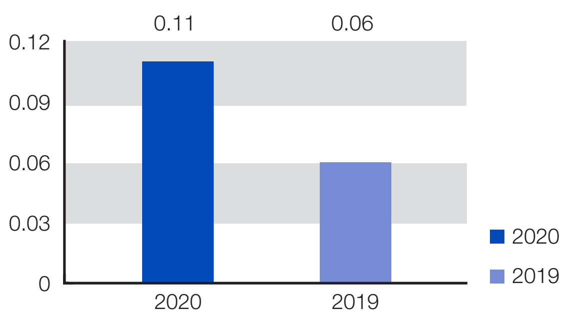
The Board of Directors announces the audited operating results for the year ended December 31, 2020 and a comparison with the audited operating results for the corresponding period of the previous year. For the year ended December 31, 2020, the Group recorded a consolidated operating revenue of RMB482.072 million, representing an increase of 29.0% as compared with RMB373.634 million for the corresponding period of the previous year. The profit attributable to equity shareholders of the Company was RMB17.510 million, representing an increase of 69.5% as compared with RMB10.329 million for the corresponding period of the previous year. The earnings per Share were RMB0.11, representing an increase of 83.3% as compared with RMB0.06 for the corresponding period of the previous year.



Operating revenue (RMB'000)



Profit for the year attributable to Shareholders of the Company (RMB'000)



Earnings per Share (RMB)

	Year ended December 31, 2020 RMB'000	Year ended December 31, 2019 RMB'000	Year ended December 31, 2018 RMB'000	Year ended December 31, 2017 RMB'000	Year ended December 31, 2016 RMB'000
Revenue	**482,072**	373,634	431,113	452,467	432,886
Profit from operations	**50,094**	20,094	44,120	50,305	72,400
Profit before tax	**38,817**	14,076	35,152	40,369	72,428
Income tax	**(9,341)**	(3,747)	(8,805)	(10,097)	(18,110)
Profit for the year	**29,476**	10,329	26,347	30,272	54,318
Attributable to:					
Equity shareholders of the Company	**17,510**	10,329	26,347	30,272	54,318
Non-controlling interests	**11,966**	–	–	–	–
Profit for the year	**29,476**	10,329	26,347	30,272	54,318
Earning per Share					
Basic (RMB)	**0.11**	0.06	0.18	0.26	0.47
Diluted (RMB)	**0.11**	0.06	0.18	0.26	0.47

	At December 31, 2020 RMB'000	At December 31, 2019 RMB'000	At December 31, 2018 RMB'000	At December 31, 2017 RMB'000	At December 31, 2016 RMB'000
Total assets	**810,313**	540,250	551,191	555,203	525,936
Non-current assets	**630,851**	361,818	369,755	368,668	385,820
Current assets	**179,462**	178,432	181,436	186,535	140,116
Total liabilities	**391,682**	238,280	246,756	310,398	311,403
Current liabilities	**276,446**	138,000	72,211	143,997	89,778
Non-current liabilities	**115,236**	100,280	174,545	166,401	221,625
Net assets	**418,631**	301,970	304,435	244,805	214,533
Capital and reserves					
Share capital	**159,921**	159,921	159,921	115,601	87,003
Reserves	**154,761**	142,049	144,514	129,204	127,530
Total equity attributable to equity shareholders of the Company	**314,682**	301,970	304,435	244,805	214,533
Non-controlling interests	**103,949**	–	–	–	–
Total equity	**418,631**	301,970	304,435	244,805	214,533

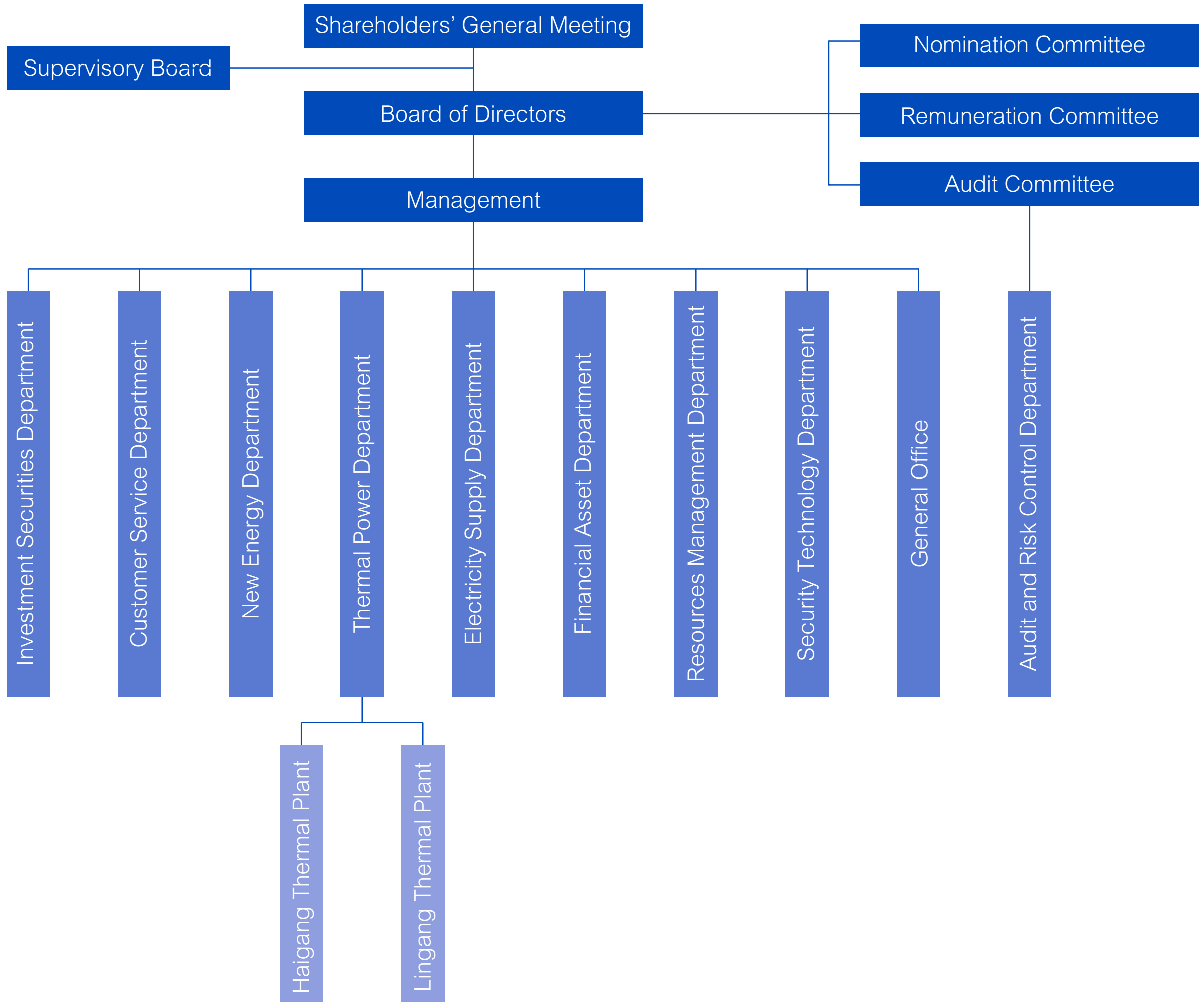
Corporate Profile

The Company was formerly known as Tianbao Electricity Company of Tianjin Port Free Trade Zone* (天津港保稅區天保電力公司) and Tianjin Tianbao Electricity Company Limited* (天津天保電力有限公司), whose establishment was approved by Tianjin Port Free Trade Zone Administrative Committee in 1992. It is currently mainly responsible for the power supply and service guarantee of electricity and heating for the Tianjin Port Free Trade Zone (Seaport) and the heating supply and service maintenance for the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang). The Company has one wholly-owned subsidiary, Tianjin Tianbao New Energy, which is mainly responsible for providing comprehensive energy services, development and operation of distributed photovoltaic power stations and development of new energy business. The Company also has one non-wholly owned subsidiary, Lingang Thermal Power, which is principally engaged in steam production and supply business for the production process of the enterprises. On April 27, 2018, the Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange, becoming the first state-owned power operator in Tianjin engaging in co-generation of steam, electricity, heating and cooling listed on the Main Board of the Hong Kong Stock Exchange.

After approximately 28 years of development, the Company has formed a diversified industrial structure with the supply of electricity, steam, heating and other power as the mainstay, supplemented by value-added services such as the development and operation of distributed photovoltaic power stations, electricity commission maintenance and sales of electrical equipment. Unlike conventional power generation methods, the Company is committed to the "Green + Environmental Protection" concept, and focuses on green production and ultra-low emissions. The coal-fired co-generation technology adopted can realize the synergies of generating steam, electricity, heating and cooling simultaneously, and can achieve a thermal efficiency rate that is much higher than the industry average with fuel cost that is much lower than the industry average consumption value. By strictly controlling fuel quality and improving production technology, the average emission levels of sulfur dioxide, nitrogen oxides and flue gas are also lower than the ultra-low emission standards stipulated by laws and regulations. At the same time, the Company has been actively seizing the opportunities derived from national strategies and energy industry reform for many years. It has been selected as one of the first batch of incremental electricity distribution business reform pilot projects in the country and has become the first electricity sales enterprise in the Northern China region with operational rights of an electricity distribution network, thus achieved rapid growth in scale and efficiency.

The Company will take full advantages of the Hong Kong capital platform, continuously enhance its core competitiveness and value creativity, fully promote institutional and mechanical changes and management innovation, enhance design and research and development capabilities, improve operational efficiency and production capacity, strengthen market value management and increase shareholder returns, in order to reward the society and investors with better results of operations.

The organizational structure of the Company is as follows:



Chairman's Statement

Dear Shareholders,

I hereby present the annual performance of Tianjin Tianbao Energy Co., Ltd. as at and for the year ended December 31, 2020, and provide a brief outlook for the Group for 2021.

The novel coronavirus ("COVID-19") outbreak in early 2020 has not only affected the production and life of the people in China but has also caused serious disruptions to the economic order for the rest of the world. In response to this, the Group, as an energy operator of power supply and heat supply in the Tianjin Port Free Trade Zone, has launched a critical initiative featuring "Good Power Supply for Pandemic Fighting and Secured Production" to ensure energy supply for the residents and enterprises in Tianjin Port Free Trade Zone. This came as great support to the efforts in the prevention and control of the pandemic in Binhai New Area, bringing enterprises in Tianjin Port Free Trade Zone better capabilities in the pandemic prevention and control.

Faced with intense pandemic prevention and control efforts and the tough economic environment, party members and cadres of the Group led all staff to work restlessly to improve the business performance, focusing on works such as equity acquisition, new energy project development and equipment upgrading and transformation, and achieved satisfactory results.

2020 marks the final year of building a moderately prosperous society in all respects and the "13th Five-Year Plan" and also the foundation year of securing a successful launch of the "14th Five-Year Plan". The essence of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China clearly pointed out that green production and lifestyle should be widely developed, so that carbon emissions would steadily decrease after reaching its peak. The switch in China's energy structure from coal as a leading resource to diversified energy sources will accelerate, and clean energy such as solar, wind and heat pump have begun to play an important role. All employees of the Group carefully studied and assessed the future development and policy trends, expanded the scale of distributed photovoltaic power generation projects, improved the efficiency of resource utilization and reduced production costs through energy-efficient renovation and technology upgrade, implemented the requirements of the central meeting, and improved Shareholders' returns.

In June 2020, the Central Commission for the Comprehensive Deepening of Reform approved the Three-Year Action Plan on the Reform of State-owned Enterprises (2020-2022). The meeting pointed out that the next three years represents the key stage for the reform of state-owned enterprises, and it is necessary to promote the optimization of the layout and restructuring of the state-owned economy, and enhance the competitiveness, innovation, control, influence and risk resistance of the state-owned economy. With the further promotion of the national reform of state-owned enterprises, the Group will also conduct new exploration in areas such as staff assessment mechanism and senior management appointment system.

2021 will be a year of opportunities and challenges for the Group. We will focus on the preparation of the "14th Five-Year Plan" and the special supporting plans to ascertain the future development direction for the Group. Meanwhile, we will continue to accelerate the development of new energy projects, and based on the successful experience in the equity acquisition of Lingang Thermal Power, continue to increase development in the field of new energy, and enhance project negotiation and cooperation. Moreover, as a state-owned enterprise, we will comprehensively deepen the reform, strengthen the incentive and assessment mechanism, and promote the rapid and high-quality development of the Company.

To conclude, I, on behalf of Tianjin Tianbao Energy Co., Ltd., would like to express our sincere gratitude to all Shareholders for your support!

ZHOU Shanzhong
Chairman of the Board
Tianjin, the PRC

March 26, 2021

General Manager's Statement

Dear Shareholders,

In 2020, faced with the complicated domestic and international environment, especially the severe impact of the COVID-19 pandemic, China's economy still enjoyed a rapid recovery and better-than-expected results as a result of its strong resilience, laying a solid foundation for the commencement of the "14th Five-Year Plan". China has proposed its aims to peak its carbon emissions by 2030 and become carbon neutral by 2060. With this target, the optimization and upgrading of China's energy structure will be accelerated, prompting energy suppliers to increase the proportion of clean energy use and accelerating the increase in market share of renewable energy such as hydro, wind, solar and biomass energy. Under this backdrop, the Group, as an energy supplier, will face new challenges and opportunities.

Faced with the complex economic situation, all staff of the Group steadily promoted key projects of the year: the equity acquisition of Lingang Thermal Power completed successfully with the relevant industrial and commercial change registration completed in June 2020 and the smooth transition of the production and operation of Lingang Thermal Power also completed successfully. During the equity acquisition process, we planned and arranged the environmental protection modification of Lingang Thermal Power in advance, thus achieving the ultra-low emission standard three months ahead of schedule. Through almost a year of unremitting efforts, the "full circulation" of H Shares completed in July 2020, with all the 115,600,907 Domestic Shares being converted into H Shares and listed on the Main Board of the Hong Kong Stock Exchange. We made steady progress in technological upgrading. Energy-saving technological upgrading projects, such as the main transformation replacement for power transformation stations and concentrated water reverse osmosis in thermal power plants, have completed successfully. The flue gas deep residual heat recycling project of thermal power plant was being successfully selected into the typical case database of key energy-saving technology applications of the National Energy Conservation Center in October 2020. In 2020, the Group achieved electricity sales of 235.608 million kilowatt hours, steam sales of 1.404 million tons, on-grid energy of 54.236 million kilowatt hours, generated energy of 70.454 million kilowatt hours, operating income of RMB482.072 million and profit before tax of RMB38.817 million.

In the coming year, the Group will continue to deepen the reform, formulate high-quality "14th Five-Year" strategic plan, and define the development plan for the next five years based on the industry development direction and policy guidance. Taking the successful experience in the acquisition of Lingang Thermal Power as reference, we will enhance and accelerate the expansion and development in the field and projects of new energy in order to achieve breakthroughs in photovoltaic, air source heat pump, contractual energy management, energy storage and other projects, and create new profit growth points of the Group.

The management will continue to be committed to maximizing the interests of all Shareholders and creating sustaintable and stable investment returns for investors.

XING Cheng
General Manager
Tianjin, the PRC

March 26, 2021

1. INDUSTRY REVIEW

At present, China's cogeneration industry has entered into a mature stage with steady growth of industry development. On March 22, 2016, the Administrative Measures for Cogeneration (the "**Measures**") was jointly released by the National Development and Reform Commission, the National Energy Administration, the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Ecology and Environment. The Measures include certain provisions in respect of planning and construction, unit selection, network source coordination, environmental protection, policies and measures, supervision and management. It has an important significance on guidance and a role in promoting the prevention and control of air pollution, improving energy utilization efficiency and promoting the healthy development of the thermal power industry. Therefore, local governments have actively issued plans for cogeneration in cities and counties or industrial parks. In the future, the development of cogeneration will abide by the principles of "unified planning, power determination by heat, focus on available capacity, structure optimization, energy efficiency improvement, environmental protection priority", forming a healthy development pattern for cogeneration industry with scientific planning, reasonable layout, efficient utilization and safe heating.

The Group completed the comprehensive transformation of ultra-low emission and energy saving for coal-fired units of its thermal power enterprises, which has significantly reduced coal consumption in power generation 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, adjust energy industry structure when appropriate, strengthen industry innovation research, and improve the operation 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, the transformation towards safe, clean, low-carbon and efficient energy system 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 system, promoting low-carbon development of hydrogen production by coal, and helping to achieve the goal of carbon neutrality.

Pursuant to the Notice of Tianjin Development and Reform Commission to Enterprises on Reducing Electricity Cost by Phrases to Support Resumption of Work and Production (Jin Fa Gai Jia Zong [2020] No.64) (市發展改革委關於階段性降低企業用電成本支持企業復工復產的通知（津發改價綜[2020]64號)) and the Notice of Tianjin Development and Reform Commission to Enterprises on Further Reducing Electricity Cost by Phrases (Jin Fa Gai Jia Zong [2020] No.231) (市發展改革委關於延長階段性降低企業用電成本政策的通知（津發改價綜[2020]231號)), save as customers in the high energy consumption industries, from February 1, 2020 to December 31, 2020, we charged our qualified customers only 95% of the original price of electricity. Pursuant to the Notice of Tianjin Development and Reform Commission on Reducing of on-grid Tariff for Natural Gas Power Generation and Electricity Price for Large Industries (Jin Fa Gai Jia Zong [2020] No.295) (市發展改革委關於降低天然氣發電上網電價和大工業電價有關事項的通知（津發改價綜[2020]295號), since October 5, 2020, the catalog price of electricity for large industrial enterprises has decreased by an average of 1.44 cents per kilowatt-hours. The above policies resulted in a decrease in income for the Group's electricity dispatch and sale business segment but had no material impact on our overall performance.

2. BUSINESS REVIEW FOR THE YEAR OF 2020

(1) Completion of the acquisition of Lingang Thermal Power

The Company entered into an equity transfer agreement with Tianjin Jinneng Binhai Heating Group Co., Ltd.* (天津津能濱海供熱集團有限公司) on February 17, 2020 in relation to the acquisition of 51% equity interests in Lingang Thermal Power, which was approved by the Shareholders on May 8, 2020. On June 11, 2020, the relevant industrial and commercial changes registration was completed and Lingang Thermal Power was renamed as Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司), marking the completion of the acquisition of Lingang Thermal Power.

Lingang Thermal Power is principally engaged in steam production and supply business. Lingang Thermal Power's business is generally similar to the Group's existing business, and synergies in various aspects such as production technology, human resources and management have been created between Lingang Thermal Power and the Company. The acquisition of Lingang Thermal Power is the Group's first attempt to expand through external acquisition after its listing on the Stock Exchange. This acquisition project has improved the Group's profitability and assets quality and is the first step taken by the Group in expanding its business area out of the Tianjin Port Free Trade Zone (Seaport). After completion of the acquisition of 51% equity interests in Lingang Thermal Power, the Company has carried out management optimization and environmental protection upgrade of Lingang Thermal Power based on its rich industry experience and technology. The Group has also actively expanded in the heating supply area where Lingang Thermal Power is located. For details, please refer to the Company's announcements dated February 17, 2020, March 9, 2020, May 8, 2020 and June 11, 2020 and the Company's circular dated March 12, 2020.

(2) Smooth progress and completion of the H Share "full circulation" programme

The Company submitted the application of H Share "full circulation" programme (being the conversion of the Domestic Shares into H Shares to be listed on the Stock Exchange) to the CSRC on January 8, 2020, obtained formal approval from the CSRC on June 1, 2020 and the listing approval from the Stock Exchange on July 9, 2020, and completed the conversion and listing of the Shares on the Main Board of the Stock Exchange on July 29, 2020.

During the Reporting Period, the Company became one of the first enterprises with its H Share "full circulation" application approved by the CSRC. All the Domestic Shares have been converted into 115,600,907 H Shares and listed on the Stock Exchange from July 29, 2020. This marks a new era for the high-quality development of the Group and lays a solid foundation for subsequent capital market activities, wider financing channels and steady improvement of the Group's brand value. For details, please refer to the Company's announcements dated January 8, 2020, January 16, 2020, June 1, 2020, July 9, 2020, July 17, 2020 and July 28, 2020.

(3) Technology upgrade and environmental protection transformation

For the purpose of promoting energy conservation and consumption reduction, and reduction in production and operation costs, in 2020, the Group enhanced its research efforts in special topics in relation to energy conservation transformation, strengthened the technological research and development of Haigang Thermal Plant, Lingang Thermal Plant and each power transformation station, replaced old equipment to improve regional power supply reliability, and completed various technological transformation projects such as additional concentrated water reverse osmosis facilities and transformation of the steam-driven feed water pump. The Group's flue gas deep residual heat recycling project of Haigang Thermal Plant was selected into the typical case database of key energy-saving technology applications of the National Energy Conservation Center. Lingang Thermal Plant completed the de-nitrification quality improvement and upgrading of five boilers and put all of them into operation, achieving ultra-low emission standard, in which its emission level of air pollutants as coal power units is comparable to those of gas-fired units (which are perceived as more environmentally friendly).

(4) Optimized the organizational structure and advanced the incentive assessment mechanism reform

According to the needs for strategic transformation and business development of the Group, the organizational structure optimization and corresponding personnel adjustments were completed in the first half of 2020. The original departments were streamlined and merged, in which their duties were reclassified and their names were changed to improve the work efficiency of the Group. A performance salary appraisal mechanism for all employees was established to achieve differentiation in salary levels. Administrative measures on professional and technical personnel position management were established to form a professional and technical promotion system that align the career of employees with the development of the Company.

(5) Explored into new energy power generation and contractual energy management projects

The Group actively researched and explored into new energy power generation and contractual energy management projects in order to accelerate the business transformation of the Group and align with the future industry development trends. In 2020, the Group completed the building of the energy monitoring system to realize unmanned substation monitoring, launched the second phase of the distributed photovoltaic power generation project, completed the main construction work for 0.915MW of storage facility during the year, conducted researches on the geothermal source and air source heat pump projects with an aim to provide technology and projects reserve for the future business expansion of the Group, and entered into the contractual energy management field for the first time and conducted works such as preliminary plan designing and energy-saving effect test with its customers .

(6) Production safety and epidemic prevention and control

The Group paid great importance to production safety, constantly strengthened its safety management, maintained equipment quality, ensured the safe and stable operation of all businesses, strictly complied with safety production laws and regulations, improved the safety rules and regulations system, and continuously strengthened its safety management of outsourcing units, implemented the 6S management requirements on a regular basis, thereby promoting a culture of safety. In 2020, no safety liability accidents occurred within the Group.

The Group actively responded to the national call to ensure energy supply for the production of enterprises and daily lives of households in the area, and supported the epidemic prevention and control, nucleic acid check and testing work in Tianjin Binhai New Area. Party members and cadres led all employees to solve the difficulties of customers caused by the epidemic, assisted them in recovering production, and enhanced their epidemic prevention capabilities.

3. THE IMPACT OF COVID-19 ON THE GROUP AND ITS RESPONSE

(1) The Impact of COVID-19 on the Group

Electricity dispatch and sale segment

Due to the impact of the COVID-19 pandemic, our customers in the Tianjin Port Free Trade Zone (Seaport) were greatly affected in the resumption of work and production in the first quarter of 2020. The electricity sale of the Group decreased by more than 10% year-on-year. In the second quarter of 2020, with the pandemic started to become under control, the enterprises resumed production comprehensively, and the Group's electricity sale increased slightly year-on-year. In the third and fourth quarters of 2020, as the impact of the COVID-19 pandemic on our production was essentially eliminated, the Group's electricity sale increased year-on-year. For the whole year of 2020, the Group's electricity sale decreased by 2.5% year-on-year. In actively responding to the national policies relating to the COVID-19 pandemic within the year, the Group reduced its customers' electricity bills, resulting in a decrease in the annual operating income and gross profit of the Group. Nonetheless, the pandemic had no material impact on the Group's overall electricity dispatch and sale business.

Power generation and supply segment

The Group's power generation and supply business had not been significantly affected by the COVID-19 pandemic and instead recorded growth. With regard to gas supply, the annual steam sales of the Company (excluding Lingang Thermal Power) in 2020 generally remained at the same level as that in 2019, with a slight increase of 1.1%. The output declined in the early stage of the COVID-19 outbreak as our customers in the Tianjin Port Free Trade Zone (Seaport) were unable to carry out work and production to the desired level. By leveraging on the national policy on ensuring the supply of products for people's livelihood and the success of pandemic prevention and control measures, all the enterprises in the region quickly recovered to their respective production level, and their demand for the Company's gas supply remained generally the same as that of the same period in 2019. After the Company's acquisition of 51% equity interests in Lingang Thermal Power and up to the end of 2020, steam sales volume of Lingang Thermal Power increased by 10.0% as compared to the same period in 2019. With regard to heat supply, in spite of the impact of the COVID-19 pandemic on our heat consumption customers in Tianjin Port Free Trade Zone (Seaport) in 2020, most of them signed tenancy agreements and the corresponding heating contracts on an annual basis, the Group did not record a significant reduction in the number of heat consumption customers in 2020. Affected by changes in governmental policies relating to heat supply in Tianjin Port Free Trade Zone (Seaport) and the impact of the Company's verification of customers' heating area it covered, we recorded a 27.3% increase in heat supply service area during the heat supply period as compared with that in 2019. With regard to cold supply, the cold supply area of the Group in 2020 decreased by 5.3% as compared with that in 2019, mainly because of the COVID-19 pandemic and the industry policies of certain customers which caused some of them to suspend or stop using our cooling services.

(2) The Group maintained sufficient liquidity

In 2020, the Group charged qualified customers 95% of the original electricity price in accordance with the requirements of national policies, resulting in a corresponding decrease in the Group's operating income. Moreover, the price of raw materials became more volatile, leading to a slight increase in the Group's demand for capital adequacy. Overall, the COVID-19 pandemic had no significant impact on the Group's financial position, and the Group's liquidity and working capital is relatively sufficient. According to the Circular of the CPC Central Committee and the State Council on Issuing the Action Plan for Preventing and Defusing Major Financial Risks (Zhong Fa [2009] No. 16)（《中共中央、國務院關於印發<打好防範化解重大金融風險攻堅戰行動方案>的通知》（中發[2009]16號））, the Notice of the CPC Tianjin Municipal Committee and Tianjin Municipal People's Government on Printing and Distributing the Implementation Plan for Preventing and Defusing Major Financial Risks in Tianjin (Jin Dang Fa [2019] No.22)（《中共天津市委、天津市人民政府關於印發<天津市打好防範化解重大金融風險攻堅戰實施方案>的通知》（津黨發[2019]22號））and requirements in Binhai New Area on preventing and reducing debt risks, having considered the impact of the COVID-19 pandemic on the current financing work, and based on the business expectations at the beginning of 2020, the Group planned to adopt various financing means such as comprehensive credit extension, working capital loan and project loan in order to avoid capital risks and ensure the normal operation of the Group's capital chain during the year.

(3) The Group's response to the COVID-19 pandemic

In view of the risks and uncertainties caused by the COVID-19 pandemic, to ensure a constant and stable provision of services to its customers, the Group actively dealt with the difficulties and firmly resolved the challenges in various aspects during 2020. The following measures were adopted:

1. During the COVID-19 pandemic period, while ensuring its own secured power supply and heat supply, the Group, advancing its professionalism, actively helped the enterprises in the area to identify hidden dangers, and developed a power supply guaranteed plan at isolation spots for immigration officers;

2. The Group strictly implemented the notices and requirements issued by Tianjin Epidemic Prevention and Control Headquarters, and did not slacken its efforts in pandemic prevention and control;

3. In order to prevent the interruption of supply of major raw materials after the COVID-19 outbreak, the Group stored important production raw materials in advance according to the cycle of the outbreak;

4. In view of the situation that our customers may suspend production due to the interruption of supply of raw materials, the production department of the Group established direct contact with our important customers so as to avoid heavy losses to the Group's production resulting from their production shutdown; and

5. Due to the impact of the COVID-19 pandemic in the adjacent provinces and cities, the transportation of raw coal and other related materials was severely restricted. Therefore, the Group has taken the following measures:

   (i) Clarifying the requirements on safety and pandemic prevention clauses in the bidding documents and contracts, and adopting railway transportation in addition to road transportation for the transportation of raw coal;

   (ii) Preparing for emergency bidding, in order to ensure that once the coal enterprises winning the bid fail to perform their contracts, apart from implementing the contractual requirements, the Group can quickly organize and engage new coal suppliers to guarantee coal supply;

   (iii) Pursuant to the national requirement of switching from road transportation to railway transportation, expanding the range of suppliers and continuously introducing coal suppliers with railway transportation advantages to promote the supply of raw coal;

   (iv) Strengthening market research and comparison to understand the market position of China Coal Index and obtain the market price in a timely manner; and

   (v) Carrying out inspection and control by the Group on the goods recently supplied from areas affected by recent outbreaks of the COVID-19 pandemic, and conducting strict testing on the relevant delivery personnel in accordance with the requirements of pandemic prevention in Tianjin.

4. OPERATING RESULTS AND ANALYSIS

According to the Company's statistics, in 2020, sales of steam amounted to 1.404 million tons, representing an increase of 101.4% from 697,000 tons over the corresponding period of the previous year, mainly due to the completion of the acquisition of 51% equity interests in Lingang Thermal Power which mainly sold steam during the Reporting Period, leading to an increase in overall sales of the Group's steam. Sales of electricity amounted to 235.608 million kilowatt-hours, representing a decrease of 2.5% from 241.747 million kilowatt-hours over the corresponding period of the previous year, mainly due to the lower electricity consumption as a result of the decreased business of users in the area affected by the COVID-19 epidemic and the Sino-US trade war. During the year, on-grid power generation amounted to 54.236 million kilowatt-hours, representing an increase of 12.6% from 48.184 million kilowatt-hours over the corresponding period of the previous year.

Taking into account the changing trend of operating income and profit before tax in 2019 and 2020, we have analyzed the indicators which significantly affected the operating income and profit before tax of the Company in 2020, details of which are as follows:

(1) Operating income

In 2020, the Group recorded consolidated operating income of RMB482.072 million, representing an increase from RMB373.634 million over the corresponding period of the previous year, mainly due to the increase in income from power generation and supply.

Electricity dispatch and sale segment

The income from our electricity dispatch and sale segment decreased by 8.2% from RMB176.857 million for the whole year of 2019 to RMB162.288 million for the whole year of 2020, mainly due to (i) the Group's active response to the requirements of reducing electricity cost for enterprises during the national epidemic prevention and control period so as to lighten the burden on enterprises pursuant to the Notice of Tianjin Development and Reform Commission to Enterprises on Reducing Electricity Cost by Phrases to Support Resumption of Work and Production (Jin Fa Gai Jia Zong [2020] No.64) (市發展改革委關於階段性降低企業用電成本支持企業復工復產的通知(津發改價綜[2020]64號)) and the Notice of Tianjin Development and Reform Commission on Policy of Extending Phased Reduction of Electricity Cost of Enterprises (Jin Fa Gai Jia Zong [2020] No.231)(《市發展改革委關於延長階段性降低企業用電成本政策的通知》(津發改價綜[2020]231號)), according to which we charged qualified customers (apart from customers in the high energy consumption industries) only 95% of the original price of electricity from February 1, 2020 to December 31, 2020; (ii) the Notice of Tianjin Development and Reform Commission on Reducing of On-grid Tariff for Natural Gas Power Generation and Electricity Price for Large Industries (Jin Fa Gai Jia Zong [2020] No.295) (市發展改革委關於降低天然氣發電上網電價和大工業電價有關事項的通知(津發改價綜[2020]295號)) setting out the catalog price of electricity for large industrial enterprises amounted to a decrease of an average of RMB1.44 cents per kilowatt-hour since October 5, 2020; and (iii) the lower electricity consumption as a result of the decreased business of users in the area affected by the COVID-19 epidemic and the Sino-US trade war.

Power generation and supply segment

The income from our power generation and supply segment increased by 82.0% from RMB167.715 million for the whole year of 2019 to RMB305.215 million for the whole year of 2020, mainly due to the completion of the acquisition of 51% equity interests in Lingang Thermal Power which mainly sells steam during the Reporting Period, leading to an increase in overall sales of the Group's steam.

Other segments

The income from other segments decreased by 49.9% from RMB29.062 million for the whole year of 2019 to RMB14.569 million for the whole year of 2020, mainly due to the shifting of business focus towards the new energy business by the Company's subsidiary, Tianjin Tianbao New Energy, and the decrease in the sales of goods business in 2020, resulting in a significant decrease in sales revenue.

(2) Other net income

In 2020, the Group recorded other net income of RMB2.079 million, representing a decrease of 57.9% as compared with the corresponding period of the previous year of RMB4.939 million, which was primarily due to the decrease in government grants.

(3) Segment costs

Electricity dispatch and sale segment

The costs of our electricity dispatch and sale segment decreased by 8.0% from RMB171.032 million for the whole year of 2019 to RMB157.331 million for the whole year of 2020, mainly due to the lower electricity consumption as a result of the decreased business of customers in the Tianjin Port Free Trade Zone (Seaport) caused by the COVID-19 epidemic and the Sino-US trade war, which reduced the amount of electricity the Group was required to purchase and the costs of the electricity the Group purchased.

Power generation and supply segment

The costs of our power generation and supply segment increased by 68.7% from RMB142.912 million for the whole year of 2019 to RMB241.075 million for the whole year of 2020, mainly due to the completion of the acquisition of the 51% equity interests in Lingang Thermal Power during the Reporting Period, which led to an increase in overall sales of the Group resulting in the increase in cost of purchase of fuel.

Other segments

The costs of other segments decreased by 64.4% from RMB25.418 million for the whole year of 2019 to RMB9.048 million for the whole year of 2020, mainly due to the decrease in cost of sales of the Company's subsidiary Tianjin Tianbao New Energy as a result of the shifting of business focus towards the new energy business and the decrease in goods sales.

(4) Segment gross profit

Electricity dispatch and sale segment

The gross profit from our electricity dispatch and sale segment decreased by 14.9% from RMB5.825 million for the whole year of 2019 to RMB4.957 million for the whole year of 2020, mainly due to the decrease in electricity consumption as a result of the decreased business of customers in the Tianjin Port Free Trade Zone (Seaport).

Power generation and supply segment

The gross profit from our power generation and supply segment increased by 158.6% from RMB24.803 million for the whole year of 2019 to RMB64.140 million for the whole year of 2020, mainly due to the increase in sales of steam.

Other segments

The gross profit from other segments increased by 51.5% from RMB3.644 million for the whole year of 2019 to RMB5.521 million for the whole year of 2020, mainly due to the shifting of business focus towards new energy business by the Company's subsidiary, Tianjin Tianbao New Energy, and the decrease in revenue from sale of goods, but the gross profit per unit of its relevant new products was higher than its previous products.

(5) EBITDA

EBITDA increased by 90.2% from RMB59.014 million for the whole year of 2019 to RMB112.256 million for the whole year of 2020, which was in line with the increase in operating income.

(6) Finance costs

In 2020, the Group recorded finance costs of RMB11.847 million, representing an increase of 71.3% as compared with the corresponding period of the previous year of RMB6.914 million, which was primarily due to the increase in interest costs as a result of additional long-term borrowings and short-term borrowings after acquisition of the 51% equity interests in Lingang Thermal Power.

(7) Fuel costs

In 2020, the Group recorded fuel costs of RMB124.810 million, representing an increase of 65.8% as compared with the corresponding period of the previous year of RMB75.276 million, which was primarily due to the increase in cost of purchase of fuel as a result of the increase in sales of steam after the acquisition of the 51% equity interests in Lingang Thermal Power.

(8) Profit before tax

The profit before tax increased by 175.8% from RMB14.076 million for the whole year of 2019 to RMB38.817 million for the whole year of 2020.

(9) Income tax expenses

In 2020, the Group recorded income tax expenses of RMB9.341 million, representing an increase of 149.3% as compared with the corresponding period of the previous year of RMB3.747 million, which was primarily due to the increase in profits for the year of 2020.

(10) Profit for the year attributed to the parent

Profit for the year attributed to the parent increased by 69.5% from RMB10.329 million for the whole year of 2019 to RMB17.510 million for the whole year of 2020.

5. FINANCIAL POSITION

(1) Assets and liabilities

Total assets increased by 50.0% from RMB540.250 million as at the end of 2019 to RMB810.313 million as at the end of 2020, mainly due to the increase in non-current assets after the acquisition of the 51% equity interests in Lingang Thermal Power. Total liabilities increased by 64.4% from RMB238.280 million as at the end of 2019 to RMB391.682 million as at the end of 2020, mainly due to the increase in borrowings after the acquisition of the 51% equity interests in Lingang Thermal Power.

As of the end of 2020, our current assets amounted to RMB179.462 million, representing an increase of 0.6% as compared with the end of 2019 of RMB178.432 million, of which cash and cash equivalents amounted to RMB126.916 million (end of 2019: RMB133.678 million), trade and bill receivables amounted to RMB31.836 million (end of 2019: RMB35.453 million), which was mainly revenue from sales of steam. Our current liabilities amounted to RMB276.446 million (end of 2019: RMB138.000 million), of which trade and other payables amounted to RMB47.805 million (end of 2019: RMB31.383 million), and non-current liabilities amounted to RMB115.236 million (end of 2019: RMB100.280 million).

(2) Cash and cash equivalents

As at the end of 2020, the Group recorded cash and cash equivalents of RMB126.916 million in aggregate, representing a decrease of 5.1% as compared with the end of the previous year of RMB133.678 million, which was primarily due to the repayment of RMB80.00 million in relation to the share capital reduction in 2016 to certain Shareholders.

(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 2020, the Group recorded a gearing ratio of 0.94, representing an increase as compared with the corresponding period of the previous year of 0.79, which was primarily due to the increase in liabilities.

6. OTHER SIGNIFICANT EVENTS

(1) Capital expenditure

In 2020, cash capital expenditure (inclusive of tax) of the Group was RMB30.315 million, of which expenses for procurement of transformers at the 2#35KV power transformation station amounted to RMB4.157 million, expenses of Tianjin Port Free Trade Zone (Seaport) 3 Megawatt distributed photovoltaic power generation project (phase 1) amounted to RMB2.764 million, expenses of Tianjin Port Free Trade Zone (Seaport) 4.26 Megawatt distributed photovoltaic power generation project (phase 2) amounted to RMB2.366 million, expenses of de-nitrification quality improvement and upgrading amounted to RMB15.391 million, expenses of de-plume project amounted to RMB3.476 million and expenses of procurement of other equipment amounted to RMB563,000.

(2) Liquidity and financial resources

As at December 31, 2020, the Group had cash and cash equivalents amounting to RMB126.916 million in aggregate; bank borrowings of RMB195.608 million which include short-term borrowings of RMB115.509 million (including long-term borrowings due within one year of RMB35.609 million) and the non-current portion of long-term borrowings of RMB80.099 million, while secured and guaranteed borrowings amounted to RMB50.000 million and unsecured borrowings amounted to RMB145.608 million, all of which were with fixed interest rate. There were no financial instruments entered into by the Group for hedging purpose. In addition, the Group had no investments in foreign currency.

(3) Material acquisitions and disposals

On February 17, 2020, the Company and Tianjin Jinneng Binhai Heating Group Co., Ltd. entered into an equity transfer agreement, pursuant to which the Company agreed to acquire 51% equity interests in Lingang Thermal Power for the total consideration of RMB139.130 million, consisting of the cash consideration payable by the Company to Tianjin Jinneng Binhai Heating Group Co., Ltd. as the vendor for the acquisition, being RMB100.880 million (inclusive of the deposit) and the provision of a guarantee in favour of Lingang Thermal Power for borrowings of RMB38.250 million. The acquisition was approved by the Shareholders on May 8, 2020, and the Company completed the relevant industrial and commercial changes registration and renamed the company as Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司) on June 11, 2020, marking the successful completion of the acquisition of Lingang Thermal Power.

(4) Significant investments

As of December 31, 2020, the Group did not have significant investments.

(5) Contingent liabilities

As of December 31, 2020, except for the provision of the joint and several liability guarantee by the Group for 51% of the remaining balance of a long-term loan of Lingang Thermal Power amounting to RMB25.500 million, the Group did not have contingent liabilities.

(6) Bank borrowings of the Group

As of December 31, 2020, the Group had bank borrowings of RMB195.608 million which include short-term borrowings of RMB115.509 million (including long-term borrowings due within one year of RMB35.609 million) and non-current portion of long-term borrowings of RMB80.099 million, while secured and guaranteed borrowings amounted to RMB50.000 million and unsecured borrowings amounted to RMB145.608 million, all of which were with fixed interest rate.

(7) Other debts of the Group

Except for the bank borrowings as disclosed in this Annual Report and the capital reduction amounts of RMB88.383 million due to certain Shareholders of the Company, the Group had no other interest-bearing debts.

(8) Charges on Group's assets

As of December 31, 2020, the Company's subsidiary Lingang Thermal Power had pledged its trade receivables as security for a bank loan with balance amounting to RMB50.000 million as of December 31, 2020, and the Company had pledged its 51% equity interests in Lingang Thermal Power with value of RMB51.000 million as security for a bank loan with balance amounting to RMB50.000 million as of December 31, 2020.

(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 Latest Practicable Date, the capital structure of the Company consisted of H Shares only.

(10) Share option scheme

As of December 31, 2020, 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 Hong Kong dollars and US dollars), the Group is not exposed to material foreign exchange rate risk. The Directors expect that fluctuation in the exchange rate of RMB will not have a material adverse effect on the operation of the Group. Accordingly, the Group did not enter into any hedging arrangement for reducing the risk of fluctuation in exchange rates during the Reporting Period.

7. 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 four important risks are policy risk, material procurement management risk, safety risk and performance appraisal management risk.

(1) Policy risk

Currently, the Group is exposed to the policy risks of adjustments of electricity price.

As the electricity price is directed by the state and the implementation of the tariff determination mechanism is in its transition period, if the electricity price is lower than the normal operating cost of the Group's power supply business, the profit of the Group would be directly affected.

To address the risks mentioned above, the Group has established and improved its risk prevention system. There is a specialized department responsible for following up and analyzing the impacts on the Group as a result of the changes in the external environment, so as to enable the raising of warning in a scientific manner, assessing the impacts and providing the corresponding measures in a truely manner.

(2) Material procurement management risk

For example, due to the adjustment of national policies and industrial restructuring, the supply-demand relationship would change and lead to price fluctuations and affect the schedule and procurement costs. Or due to external factors such as weather or emergencies, the purchased materials fail to be delivered in time. Or due to internal factors such as the procurement plan is not submitted in a timely and accurate manner or mismatches with the actual procurement demand, this will affect the normal production and operation activities of the Group.

To address the risks mentioned above, the Group has amended several original measures, such as materials procurement management measures, storage procedures and inventory management measures and coal purchasing management measures, and enhanced and regulated the relevant procedures. The Group has its strengthened information management for various procedures in materials procurement management system, such as materials procurement with approval, in-warehouse after inspections and out-warehouse recipients and improved the supervising level of materials procurement procedure. The Group also reviewed and evaluated the qualifications of the suppliers on the performance of contracts, delivery time, after-sales services and others for comprehensive evaluation of the suppliers, and removed the unqualified supplies from the list of suppliers and terminated the procurement and supply relationships with them.

(3) Safety risk

Safety production and operation of the Group does not only affect the Group itself, but would also affect the normal production order of other customers within its location. It will affect the efficiency of operation and even cause an accident due to the lack of training and safety trainings and inexperience of the front-line operators or their failure to follow the operating procedures. We would be unable to effectively protect assets or equipment in an emergency due to the lack or loss of fire prevention apparatus and anti-pollution equipment, emergency plan or inadequate drills. If we fail to carry out good inspection and maintenance of assets, such as machinery, equipment and pipelines, it would cause loss to the Group's interests and even affect its normal production and operation.

To address the risks as mentioned above, the responsible departments of the Group have carried out 13 professional skills and safety trainings during the Reporting Period, highlighting the important areas and summarizing technical experience so as to enhance the professional skills of the operators and safety awareness. We regularly checked the fire prevention apparatus and anti-pollution equipment and made records. The Group also developed equipment emergency response process to regulate the emergency operations, and carried out 32 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. We also conducted the maintenance of fixed assets on a regular basis, made records of daily maintenance and major overhauls and regularly performed the impairment tests.

(4) Performance appraisal management risk

For example, due to unscientific and unreasonable setting of performance appraisal indicators, and failure of the appraisal content to cover the main production and operation activities of each function, the appraisal results would not truly reflect the production and operation of the enterprise. Or due to lengthy appraisal cycle, untimely appraisal or biases of appraisers, halo effect, primacy effect, recency effect, central tendency, seniority or position tendency, the impartiality of the appraisal results would be affected.

The Group strictly implemented the performance appraisal management measures, defined performance goals by breaking down the strategic objectives and annual key projects, and formulated performance appraisal indicators according to different functions and post settings to regularly examine and appraise the employees at different levels from different functions. The Group adopted the method of monthly monitoring and quarterly appraisal to engage performance assessment of each department and employee every quarter. After the completion of performance appraisal, feedback on the appraisal results will be given. Performance bonus will be given based on the appraisal results and interviews will be conducted with those who fail in the appraisal for continuous improvement.

8. SUBSEQUENT EVENTS

Events subsequent to the Reporting Period are set out in note 31 to the consolidated financial statements in this Annual Report.

9. BUSINESS OUTLOOK FOR 2021

The Group will focus on its principal businesses such as heat and power supply, electricity dispatch and sale and heat supply to industrial parks, actively develop distributed energy and comprehensive energy services in order to ensure the sustainable and stable development of the Group. With the driving force of "capital operation" and "technical innovation", we will promote the Group to achieve fast and high quality development during the "14th Five-Year Plan" period.

In 2021, the Group will strive to accomplish the following tasks:

1. To work out high-quality strategic plan and supporting special plans for the "14th Five-Year Plan"

The Group will increase its policy studies and market research, define the role of the Group in the market more clearly, determine the future development direction, and formulate the overall strategic plan and various special plans of the Group. By formulating the strategic plan for the "14th Five-Year Plan", we will clarify the strategic focus of the Group's business development in the next five years and improve the Group's performance.

2. To accelerate the development of new energy projects

We will increase development in the field of new energy, strengthen project negotiation and cooperation, accelerate feasibility analysis and studies in photovoltaic projects, air source heat pump projects, contractual energy management projects, energy storage projects, in order to achieve early breakthrough and create new profit growth points for the Group.

3. To increase investment in energy-efficient renovation projects

We will continue to tap into the potential of energy saving and consumption reduction field, further strengthen the technical research and development of the power transformation stations, Lingang Thermal Plant and Haigang Thermal Plant, promote the implementation of the recycled water renovation projects in Lingang Thermal Plant and the heat pipe network renovation and upgrading projects in Haigang Thermal Plant, in order to achieve further cost reduction and efficiency improvement.

4. To increase the acquisition projects pipeline and actively expand service areas

The Group will, based on its strategic positioning towards "integrated energy service provider of industrial parks", increase acquisition pipeline, and progressively achieve trans-regional business development. The Company's business currently only reaches the Haigang and Lingang areas of the Tianjin Port Free Trade Zone, with limited coverage and narrow scope of customer and industry base. The narrow scope of business services directly restricts the development of the Group. During the "14th Five-Year Plan" period, the Group will, based on the Tianjin Port Free Trade Zone, actively expand the business in the Tianjin Port Free Trade Zone and other areas of Tianjin by self-establishment or cooperation, and expand the projects to areas beyond Tianjin as and when appropriate to serve the local major enterprises and other special industries.

Human Resources

The Group upholds the principle of people-orientation, attaches great importance to build talents team and strives to create a sustainable and harmonious working atmosphere. The human resources conditions of the Group in 2020 are as follows:

1. OVERVIEW OF HUMAN RESOURCES

As of December 31, 2020, the Group had 69 employees. The education level of employees is generally high, and the holders of bachelor degree or above accounted for 79.7% of the total. The number of employees in each business segment and the age and academic structure of employees are as follows:

1. Business Segment Structure

Function	Number of employees	Percentage
Management, administration, finance	26	37.7%
Marketing	7	10.1%
Procurement	4	5.8%
Engineering and technology	32	46.4%
Total	**69**	**100.0%**

2. Age Structure

Age ranges	Number of employees	Percentage	Cumulative percentage
Under 35	18	26.1%	26.1%
36-45	25	36.3%	62.4%
46-55	23	33.3%	95.7%
56 and above	3	4.3%	100.0%
Total	**69**	**100.0%**	**-**

3. Education Structure

Education level	Number of employees	Percentage	Cumulative percentage
Master's degree and above	6	8.7%	8.7%
Bachelor's degree	49	71.0%	79.7%
College and below	14	20.3%	100.0%
Total	**69**	**100.0%**	**–**

2. EMPLOYEE INCENTIVES

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. Under the combination of incentives and restraints, objective performance evaluations enable employees to focus on the main tasks when performing their duties, and to identify unsatisfactory aspects of their works, so as to improve themselves continuously.

3. EMPLOYEES' REMUNERATION

Employees' remuneration includes basic salary and performance-based salary, and the latter is related to both the performance evaluation of the Group and that of the respective employees. As of December 31, 2020, we had incurred staff cost (including salary, welfare and bonus) of RMB24.382 million.

4. EMPLOYEES' TRAININGS

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 internal employees' trainings of the Group are conducted by the management and the head of relevant departments, or professional trainings by external training institutions, ensuring that our employees can continue to have the required skills to gain relevant knowledge and capability of their work, thereby helping the Group to maintain its market competitiveness.

In 2020, 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 2020, the Company organized five safety production trainings for all employees, and 25 professional skills trainings for the employees from different departments involving work standards, continuing education, finance, taxation, legal and information system.

5. EMPLOYEES' BENEFITS

The Group strictly complies with the PRC Labor Law, the PRC Employment Contract Law and the PRC Social Insurance Law by paying social insurance, housing provident fund as well as enterprise annuity to reinforce employees' sense of belonging and happiness.

The Group is not allowed to use the contributions to the forfeited defined contribution retirement plans to reduce the current level of contributions.

EXECUTIVE DIRECTORS

Mr. ZHOU Shanzhong (周善忠), aged 42, is currently the chairman of the Board and executive Director and chairperson of the nomination committee of the Company, takes charge of overall work of the branch committees, the Board and the safety committee of the Company, and concurrently works as the secretary to the Board. From August 2018 to October 2019, Mr. ZHOU served as the head of corporate management department and the head of parallel car management department of Tianbao Holdings, one of the controlling shareholders of the Company. Mr. ZHOU worked in Tianbao Holdings as the head of corporate management department (safety supervision department) from September 2015 to August 2018. From January 2017 to November 2017, Mr. ZHOU also served as a Director of the Company. From October 2014 to September 2015, he worked in Tianbao Holdings as the deputy head of the asset management department. From July 2013 to October 2014, he served as the vice general manager of Tianbao Investment, one of the shareholders of the Company. From May 2011 to July 2013, he served successively as the assistant to the general manager and the vice general manager of Tianjin Tianbao Jiajun Investment Co., Ltd. (天津天保嘉郡投資有限公司). From January 2006 to May 2011, he worked in Tianbao Holdings successively as an investment specialist in the investment department, a senior investment supervisor in the investment and development department, an assistant to the head of corporate management department and a deputy project manager and investment management of the Taiping Model Town (太平示範鎮) project. He was a director of Tianjin Tianbao Financial Management Co., Ltd. (天津天保財務管理有限公司) from June 2016 to November 2018. From July 2014 to November 2019, Mr. ZHOU has been serving as a director of Tianjin Aviation Logistics Development Co., Ltd. (天津航空物流發展有限公司). From November 2017 to November 2019, Mr. ZHOU had also served as an employee director of TFIHC and Tianbao Holdings, respectively, both of which are the controlling shareholders of the Company. He had also served as the general manager of Tianjin Port Free Trade Zone Land Development and Investment Co., Ltd. (天津港保税區土地開發招商公司) from March 2018 to November 2019, and a non-independent director of Tianjin Tianbao Infrastructure Co., Ltd. (天津天保基建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000965), from August 2017 to November 2019.

Mr. ZHOU graduated from the School of Management of Tianjin University (天津大學管理學院) with a doctorate degree in management science and engineering in January 2006.

Mr. XING Cheng (邢城), aged 57, is currently an executive Director and the general manager of the Company and is responsible for production, operation and management of the Company. He is also assisting the party branch secretary on party building work, and is in charge of the thermal power division and the safety technology department of the Group and has been the chairman of the board of directors and general manager of Lingang Thermal Power since May 2020. Mr. XING joined the Company on February 17, 2016. Mr. XING has rich experience in thermodynamics. Mr. XING joined Tianjin Tianbao Thermal Electricity Company Limited (天津天保熱電有限公司) ("**Tianbao Thermal**") in December 2006 as an assistant to the general manager and was promoted to the vice general manager in September 2008, responsible for the operation of thermoelectricity generation. Mr. XING left Tianbao Thermal in February 2016. He was the head of the thermal department of Tianjin Tianbao Public Facility Co., Ltd. (天津天保公用設施有限公司) between December 2004 and December 2006, responsible for the operation of thermal power. From September 1992 to December 2004, he worked at Tianjin Port Free Trade Zone Tianbao Thermal Co., Ltd. (天津港保税區天保熱力公司), responsible for production and general operation.

Mr. XING obtained a bachelor's degree in mechanical engineering (compression and refrigeration) from the Xi'an Jiaotong University (西安交通大學) in PRC in July 1986.

Mr. MAO Yongming (毛永明), aged 51, is currently an executive Director, a member of the remuneration committee and the deputy general manager of the Company. He is responsible for the Company's party fairs, labor union, mass organization, administrative management, human resource management, performance appraisal, informatization, power supply and distribution business, new energy business, and in charge of the electricity supply department, new energy department and general office. Mr. MAO has been the executive Director and general manager of Tianjin Tianbao New Energy and the deputy general manager of Lingang Thermal Power since May 2020. Mr. MAO joined the Company in April 1997. He was appointed as the vice general manager in December 2014 and was further re-appointed for the same position in January 2017 after the Company was converted into a joint stock limited liability company. He worked successively in the Company as an electrical engineer in the electricity supply department from April 1997 to April 2007; head of the electricity supply department from April 2007 to December 2011; vice manager and head of the electricity supply department from December 2011 to August 2013; assistant to general manager and head of the electricity supply department from August 2013 to December 2014.

Mr. MAO obtained his bachelor's degree in electrical automation from Tianjin University of Technology and Education (天津職業技術師範大學) in the PRC in July 1991 and his master's degree in environmental engineering from Tianjin University (天津大學) in July 2005.

NON-EXECUTIVE DIRECTORS

Mr. WANG Xiaotong (王小潼), aged 56, is currently a non-executive Director of the Company and the head of the enterprise management department and head of parallel car management department of Tianbao Holdings. Mr. WANG has been serving as the general manger of Tianjin Port Free Trade Zone Land Development and Investment Co., Ltd. (天津港保税區土地開發招商公司) since November 2019. Mr. WANG had been the general manager of Tianjin Tianbao International Logistics Group Co., Ltd. (天津天保國際物流集團有限公司) from August 2015 to October 2019. He served as the head of the enterprise management department (security supervision department) of Tianbao Holdings and the manager of Tianjin Konggang International Logistics Joint Stock Co., Ltd. (天津空港國際物流股份有限公司) from October 2014 to August 2015. He acted as the deputy head and head of the asset management department of Tianbao Holdings, as well as the manager of Tianjin Konggang International Logistics Joint Stock Co., Ltd. (天津空港國際物流股份有限公司) from August 2013 to October 2014. He worked in Tianjin Tianbao International Logistics Group Co., Ltd. (天津天保國際物流集團有限公司) as the vice general manager from January 2011 to August 2013, during which he was also the general manager and manager of Tianjin Konggang International Logistics Joint Stock Co., Ltd. (天津空港國際物流股份有限公司). He also served as the chairman and general manager Tianjin Tianyi Smart Property Service Co., Ltd. (天津天易智慧物業服務有限公司) (formerly known as Tianjin Tianbao Property Service Co., Ltd. (天津天保物業服務有限公司)) from November 2011 to June 2012. He acted as the vice general manager of Tianjin Tianbao Municipal Company Co., Ltd. (天津天保市政有限公司) and the general manager of Tianjin Konggang International Logistics Joint Stock Co., Ltd. (天津空港國際物流股份有限公司) between September 2008 and January 2011. He served as the head of the business department and assistant to general manager of Tianjin Tianbao International Logistics Group Co., Ltd. (天津天保國際物流集團有限公司), as well as the manager of the comprehensive logistic department from March 2003 to September 2008. Mr. WANG has been serving as the director of Tianjin Aviation Logistics Development Co., Ltd. (天津航空物流發展有限公司) and Tianjin Tianbao Infrastructure Co., Ltd. (天津天保基建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000965), since November 2019.

Mr. WANG graduated from Tianjin University of Light Industry (天津輕工業學院) in July 1986 with a bachelor's degree in plastics and rubber engineering.

Ms. DONG Guangpei (董光沛), aged 40, is currently a non-executive Director and a member of the audit committee of the Company. Ms. DONG has been the executive director of Tianbao Investment since October 2019 and its general manager since January 2020. Ms. DONG served as the investment commissioner, investment manager, head of investment review department, assistant to the general manager and vice general manager of Tianjin Free Trade Zone Investment Company Limited (天津保稅區投資有限公司) from January 2011 to January 2020. Ms. DONG served as the head of sales department of Tianjin Binhai Kaiyuan Property Development Co., Ltd. (天津濱海開元房地產開發有限公司) from January 2010 to December 2010, the head of sales department of Tianjin Tianbao Property Development Co., Ltd. (天津天保房地產開發有限公司) from May 2005 to December 2009, the head of sales department of Tianjin Hefu Huihuang Real Estate Marketing and Planning Co., Ltd. (天津合富輝煌房地產營銷策劃有限公司) from December 2004 to May 2005, and the head of sales management department of Tianjin Shunchi Rongxin Real Estate Co., Ltd. (天津順馳融信置地有限公司) from March 2004 to November 2004. She has also been serving as a director of Tianjin Binhai Industry Fund Management Co., Ltd. (天津市濱海產業基金管理有限公司) since August 2020. Since June 2020, Ms. DONG has been serving as a non-executive director of Bank of Tianjin Co., Ltd., a company Listed on the Stock Exchange (stock code: 1578). Ms. DONG has been the Chairman of Airbus (Tianjin) Jigs and Tools Company Limited (空中客車（天津）工裝夾具有限公司) and the director of Hong Kong Bao Chuang Investment Limited since September 2019. Since December 2018, Ms. DONG has been serving as a supervisor of Tianjin Tianbao Infrastructure Co., Ltd. (天津天保基建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000965) and a director of Bohai Securities Co., Ltd. (渤海證券股份有限公司). Ms. DONG served as a director of Hong Kong Baorong Development Limited (香港保融發展有限公司) between April 2015 and September 2019 and an executive director of Tianjin Tianbao Binhai Investment Services Co., Ltd. (天津天保濱海投資服務有限公司) between December 2014 and September 2019.

Ms. DONG graduated from the department of international finance of Tianjin University of Finance and Economics (天津財經大學) and obtained a master's degree in economics in December 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Wai Dune (陳維端), aged 68, is currently an independent non-executive Director and the chairperson of the audit committee of the Company and the chairman and chief executive officer of Crowe (HK) CPA Limited. He has over 39 years of experience in the finance sector, particularly in the areas of auditing and taxation. Mr. CHAN is a certified public accountant and is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the Taxation Institute of Hong Kong. He is also an associate chartered accountant of The Institute of Chartered Accountants in England and Wales. Mr. CHAN is currently serving various public positions such as the executive vice chairman of the Hong Kong Federation of Guangzhou Associations and a member and a standing committee member of China People's Political Consultative Conference of the Guangzhou Municipal Committee. Mr. CHAN was a member of the Selection Committee for the establishment of the First Government of the Hong Kong Special Administrative Region.

HKICPA reprimanded Mr. CHAN on February 2, 2010 and imposed a penalty due to his breach of professional standard issued by the HKICPA for his failure to separately present a reserved opinion in one item of the audit report when auditing the financial statements of a listed company in Hong Kong for the year ended July 31, 2004.

Based on the above information and his past performance, the Board (including all Directors but excluding Mr. CHAN) is of the view that the reprimand was not related to Mr. CHAN'S integrity and with his professional knowledge and experience, Mr. CHAN is considered to be fit and proper to act as an independent non-executive Director.

Mr. HAN Xiaoping (韓曉平), aged 63, is currently an independent non-executive Director, the chairperson of the remuneration committee and a member of the nomination committee of the Company. He established China Energy Net Consulting Co., Ltd. (北京中能網訊諮詢有限公司) in 2000 and has been serving as its managing director and chief information officer since then. Mr. HAN has been an independent non-executive director of GCL Energy Technology Co., Ltd. (協鑫能源科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002015) since June 2019. Mr. HAN has also been an independent non-executive director of Longitech Smart Energy Holding Ltd., a company listed on the Stock Exchange (stock code: 01281) since June 2016 and Beijing Jingneng Clean Energy Co. Ltd., a company listed on the Stock Exchange (stock code: 00579) since October 2014. In 1995, Mr. HAN co-founded Beijing Qunying Investment Co., Ltd. (北京群鷹投資有限公司), principally engaged in project investment and asset management, and served as its deputy chairman. Mr. HAN is also actively involved in the power and energy industry and holds positions in various organizations such as deputy director of China Energy Research Society Distributed Energy Professional Committee (中國能源研究會分佈式能源專委會).

Mr. HAN obtained his diploma in media management from the Cheung Kong Graduate School of Business (長江商學院) in 2007. He was nominated as a visiting professor of the North China Electric Power University (華北電力大學) in June 2006. Mr. HAN was awarded the outstanding contribution for distributed energy decade award (中國分佈式能源十年傑出貢獻人物獎) by the China Energy Research Society (中國能源研究會) in 2010, and second class research prize (課題研究二等獎) by the National Energy Administration of the PRC (中華人民共和國國家能源局) in 2012.

Ms. YANG Ying (楊瑩), aged 41, is currently an independent non-executive Director, and a member of the audit committee, remuneration committee and nomination committee of the Company. She has been a senior partner of Shanghai Allbright Law Offices (Tianjin) (上海錦天城(天津)律師事務所) since June 2015. Ms. YANG has also been the host of the television show "Law Lecture" (法律講堂), broadcasted on channel CCTV-12 and the guest lawyer of the television show "Hotline-12" (熱線12) since 2010. She was an executive chief of the Tianjin Bencheng Law Firm (天津本誠律師事務所) from July 2012 to June 2015. From February 2006 to February 2010, Ms. YANG was a practising lawyer in several law firms in PRC, including Tianjin Jinbo Law Firm (天津津博律師事務所) and Beijing Zhong Lun W&D (Tianjin) Law Firm (北京中倫文德(天津)律師事務所).

Ms. YANG obtained her doctorate degree in management from the University of Tianjin (天津大學) in PRC in February 2009. She was also awarded the Hexi District Youth Foundation Outstanding Progress Award (河西青聯優秀進步獎) for the years 2012 and 2013. Ms. YANG has served as a supervisor of the Tianjin business environment since January 2021 and a decision consulting expert of the Tianjin Development and Reform Commission since December 2020. She was listed as a Tianjin Municipal Government General Office Legal Adviser in October 2016.

SHAREHOLDER REPRESENTATIVE SUPERVISORS

Ms. XUE Xiaofang (薛曉芳), aged 54, is currently a shareholder representative Supervisor and the chairperson of the Supervisory Board. Ms. XUE has been the head of risk management department of Tianbao Holdings since September 2015, responsible for auditing and legal affairs. She joined the Company on January 19, 2017. Prior to this, she served successively as an accountant, auditor supervisor, auditor senior supervisor, assistant to the head of risk management department and deputy head of risk management department from August 2002 to September 2015 in Tianbao Holdings, responsible for the management of various financial matters, special audit as well as legal affairs. She was a supervisor between July 2007 and June 2014 and has also been a director of Tianjin Tianbao Infrastructure Co., Ltd. (天津天保基建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000965) since June 2014. Ms. XUE served as a supervisor of Tianjin Taiyangguang Electricity Technology Co., Ltd. (天津泰陽光電科技有限公司) from April 2007 to December 2013.

She was certified by the Ministry of Finance of the PRC as an accountant in October 1994. Ms. XUE obtained a bachelor's degree in auditing from the Tianjin University of Finance and Economics (天津財經學院) in July 1989. She was accredited as a certified internal auditor by the China Institute of Internal Audit (中國內部審計協會) in November 2003. She obtained senior auditor qualification accredited by the Tianjin Human Resources Bureau (天津市人力資源局) in February 2007. She obtained the international certified internal auditor (CIA) qualification (issued by China Institute of Internal Auditors with the authorization from the Institute of Internal Auditors (國際內部審計師協會)) in November 2003. She was awarded the "2011-2013 Tianjin Internal Auditor Advanced Worker Award" (2011-2013年度天津市內部審計先進工作者).

Mr. SHAO Guoyong (邵國永), aged 42, is currently a shareholder representative Supervisor of the Company. Mr. SHAO has been the head of risk management department in Tianjin Tianbao Commercial Factoring Co., Ltd. (天津天保商業保理有限公司) and the head of risk management department in Tianjin Binhai New Area Tianbao Microcredit Co., Ltd. (天津濱海新區天保小額貸款有限公司) since April 2018. He joined the Company on January 19, 2017. From January 2015 to April 2018, Mr. SHAO served as the deputy head of the risk management department in Tianjin Tianbao Commercial Factoring Co., Ltd. (天津天保商業保理有限公司). He joined Tianjin Tianbao Leasing Co., Ltd. (天津天保租賃有限公司) as the head of the legal department from June 2012 to January 2015. From January 2007 to May 2012, he worked as a practicing lawyer in Tianjin Guopeng Law Firm (天津國鵬律師事務所).

Mr. SHAO obtained his bachelor's degree in laws from the Tianjin University of Commerce (天津商學院) in PRC in June 2001 and his master's degree in laws from Nankai University (南開大學) in PRC in December 2015. Mr. SHAO holds a legal professional qualification certificate promulgated by the Ministry of Justice in PRC since November 2003. Mr. SHAO was awarded the "2014-2016 Tianjin Excellent In-house Legal Consultant Award" (天津市國資系統2014-2016年度優秀企業法律顧問) by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府國有資產監督管理委員會) in January 2017.

EMPLOYEE REPRESENTATIVE SUPERVISOR

Mr. YANG Kui (楊逵), aged 42, is currently the employee representative Supervisor, and has served as the director of the general office of the Company since March 2020 and the director of the general office of Lingang Thermal Power since January 2021. Mr. YANG joined the Company on October 1, 1997. He served as a staff responsible for power dispatch from October 1997 to December 2009, the deputy office supervisor from January 2010 to November 2013, and the chief office supervisor from November 2013 to December 2016. He was appointed as the head of safety monitoring department in January 2017, and has been transferred as the head of resources management department since April 2017. Mr. YANG served as the chief office supervisor from May 2019 to March 2020.

Mr. YANG obtained his professional degree in computer application from Tianjin Coastal Polytechnic School (天津濱海職業學院) in July 2001 and his bachelor's degree in information management and information technology from Tianjin Polytechnic Institute (天津理工學院) in July 2005.

He was awarded the "Excellent Youth Expert of the Free Trade Zone Airport Economic Zone" (保税區空港經濟區"優秀青年崗位能手") jointly by the Binhai New Area Youth League/Free Trade ZoneParty Committee/Free Trade Zone Human Resources and Social Security Bureau/Free Trade Zone Trade Union/Free Trade Zone Women's Federation (濱海新區團委／保税區黨委／保税區人力資源和社會保障局／保税區工會／保税區婦女聯合會) in April 2014, the "21st Session of The Tianjin Enterprise Management Modernization Innovation Achievement First Prize" (第二十一屆天津市企業管理現代化創新成果一等獎) by the Tianjin Enterprise Management Modernization Innovation Achievement Examination Committee (天津市企業管理現代化創新成果審定委員會) in February 2015, and the "2014-2015 Key Work (Project) Outstanding Contributors" (2014-2015年度重點工作(項目)傑出貢獻者) award by Tianbao Holdings in January 2016.

SENIOR MANAGEMENT

Mr. ZHOU Shanzhong (周善忠), aged 42, is currently the chairman of the Board and executive Director and chairperson of the nomination committee of the Company, and concurrently works as the secretary to the Board. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. ZHOU.

Mr. XING Cheng (邢城), aged 57, is the executive Director and general manager of the Company. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. XING.

Mr. MAO Yongming (毛永明), aged 51, is an executive Director, a member of the remuneration committee and the vice general manager of the Company. Please refer to the above "Executive Directors" for biographical details of Mr. MAO.

Mr. YAO Shen (姚慎), aged 49, is the deputy general manager of the Company. He is responsible for the Company's policy research, market analysis, customer services, new business development, contract management, legal management, construction management, system construction, risk control, audit, discipline inspection and supervision, and is in charge of the customer service department and audit and risk control department. Meanwhile, he has been serving as the deputy general manager of Lingang Thermal Power since May 2020. He was also the director of Tianjin Tianbao New Energy from September 2014 to January 2017. Mr. YAO joined our Group on July 5, 1994. He has more than 27 years of experience in electricity generation. He joined the Company in July 1994 as a technician in the engineering technology department from July 1994 to October 2003 and head of the engineering technology department from October 2003 to October 2007. Mr. YAO also worked in Tianjin Tianbao New Energy as a vice manager, and subsequently a manager, from October 2007 to December 2016. He served as the Company's head of the production technology department from January 2017 to January 2019 after the Company was restructured into a joint stock limited liability company. He was appointed as the vice general manager of the Company in November 2018.

Mr. YAO has been an associate constructor approved by Tianjin Construction Management Committee (天津市建設管理委員會) since March 2008. He obtained his bachelor's degree in electric machine and its control from the Tianjin University (天津大學) in PRC in July 1994.

Mr. ZHANG Yubo (張玉波), aged 51, is the deputy general manager of the Company. Mr. ZHANG joined the Group in August 2020. He is responsible for the Company's strategic management, investment management, market value management, state-owned property management, information disclosure, capital operation, three committees operation, budget management, capital management, tax management, asset management, procurement and bidding management, supplier management, material management, assists the chairman to handle the daily affairs of the Board, and is in charge of the investment and securities department, the financial assets department and the material management department. Mr. ZHANG has been serving as the deputy general manager of Lingang Thermal Power since October 2020. Mr. ZHANG served as the vice general manager of Tianjin Tianbao Municipal Company Co., Ltd. (天津天保市政有限公司) from September 2019 to August 2020. He served as an assistant to the general manager of Tianjin Tianbao Municipal Company Co., Ltd. from August 2018 to September 2019. Mr. ZHANG served as an assistant to the general manager of Tianjin Tianbao Asset Management Co., Ltd. (天津天保資產經營管理有限公司) from September 2013 to August 2018, and as a staff member and an assistant to the general manager of Tianjin Tianbao Asset Management Co., Ltd. from June 2012 to September 2013. From January 2007 to June 2012, he served as the deputy head of the general management department of Tianjin Tianbao Municipal Company Co., Ltd. From January 2000 to January 2007, he served as the planning statistics supervisor and the deputy head of finance department of Tianjin Tianbao Public Facility Co., Ltd. (天津天保公用設施有限公司). From April 1994 to December 1999, he served as the planning statistics supervisor of Tianjin Port Free Trade Zone Construction Services Company (天津港保税區建設服務總公司). Mr. ZHANG was a staff member of Tianjin No. 6 Construction Engineering Company (天津市第六建築工程公司) from July 1992 to April 1994.

Mr. ZHANG graduated from Tianjin Chengjian University (天津城市建設學院) in July 1992 with a bachelor's degree in construction management engineering.

Mr. FENG Wei (馮巍), aged 53, has been serving as the head of the Company's thermal power department since March 2020, and has concurrently served as an employee director and the head of thermal power department of Lingang Thermal Power from May 2020. He is responsible for the operation and power production in the Haigang Thermal Plant and Lingang Thermal Plant. Mr. FENG joined the Company on March 21, 2016. Mr. FENG began his career in Shaanxi Weinan Thermal Power Plant (陝西渭南熱電廠) as a staff from December 1988 to February 1989. He studied the operation of boilers in Xi'an Electric Power School (西安電力學校) from February 1989 to August 1989 and thermal power engineering of thermal energy and power engineering in the Northwest Electric Power Workers Secondary Specialized School (西北電力職工中等專業學校) from September 1989 to June 1992. He went back to Shaanxi Weinan Thermal Power Plant and worked for the boiler department from July 1992 to March 2003, as a boiler technician and later a specialized supervisor. He joined Shaanxi Huayang Thermal Power Group (陝西華陽熱電集團) as a head of power generation department from March 2003 to April 2008. Mr. FENG then worked in Tianbao Thermal as a boiler specialist from April 2008 to December 2009, deputy head of the production and operation department from December 2009 to December 2011, and deputy head of the enterprise management department from December 2011 to July 2013. He then served as the factory director of the Konggang Thermal Plant from November 2013 to August 2014 and of Haigang Thermal Plant from September 2014 to March 2016. He was appointed as the factory director of Haigang Thermal Plant from March 2016 to March 2020 by the Company after the Company completed the integration of Haigang Thermal Plant into our operations.

Mr. FENG is a senior engineer recognized by the Tianjin Engineering, Technological Series and Heating Professional (天津市工程技術系列供應專業) in December 2019. He completed a part-time distance learning course in thermal engineering and power engineering from Shaanxi University of Science and Technology (陝西理工大學) in PRC in January 2017.

Mr. PAN Xiushan (潘秀山), aged 53, has been serving as the head of the Company's electricity supply department since March 2020, and has concurrently served as a supervisor of Tianjin Tianbao New Energy since May 2020. Mr. PAN is responsible for power system planning and management, power grid construction and operation management, management of power grid equipment and personnel, maintenance management of power grid equipment, power metering management, etc.. Mr. PAN worked in the Company from May 1, 1998 to January 2017 during which he served successively as a regulator from May 1998 to November 2009, chief regulator from December 2009 to November 2014, and the head of electricity supply department and chief regulator from December 2014 to January 2017, responsible for the compliance matters and operation of electricity supplies, respectively. He was reappointed as the manager of Tianjin Tianbao New Energy from January 2017 to March 2020 after the Company was restructured into a joint stock limited liability company.

Mr. PAN has been an associate constructor approved by Tianjin Construction Management Committee (天津市建設管理委員會) since August 2006. In June 2005, he completed a course in computer science and technology from the Network Education College of Tianjin University (天津大學網絡教育學院) in the PRC.

Ms. WANG Hua (王華), aged 47, has been serving as the head of customer service department of the Company since March 2020. She is responsible for the sales and marketing of electricity and heating as well as customer service matters. Ms. WANG joined the Company on May 4, 1998 as a regulator. Thereafter she served successively as deputy head of the safety and monitoring department from June 2012 to January 2016, head of the safety and monitoring department from January 2016 to December 2016 in charge of production safety matters of the Company. She was reappointed as the marketing centre director of the Company from January 2017 to March 2020 after the Company was restructured into a joint stock limited liability company.

Ms. WANG completed a part-time professional course in accounting at Tianjin University of Commerce (天津商業大學) in the PRC in January 2008.

Mr. QI Song (齊頌), aged 48, has been serving as the head of security technology department of our Company since March 2020. He is responsible for the safety management, environmental protection management, equipment management, energy system management, production process improvement, scientific and technological project development and application, etc.. He joined the Group on July 5, 1995 as a staff in the production technology management from July 1995 to September 2007 and head of engineering technology department from October 2007 to February 2016, responsible for matters including power planning, bidding and tendering and electricity engineering. In March 2016, he was appointed as the head of production technology department, responsible for power planning, bidding and tendering and environmental protection. He was head of electricity supply department of the Company from January 2017 to March 2020 after it was restructured into a joint stock limited liability company.

Mr. QI has been an associate constructor approved by Tianjin Job Title Office (天津市職稱工作辦公室) since November 2005. He completed a professional course in industrial automation at Tianjin Polytechnic Institute (天津理工學院) in the PRC in July 1995.

COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢) is a company secretary of the Company and now a senior manager of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He was appointed as a joint company secretary of the Company on May 30, 2018 and a company secretary of the Company on February 28, 2019. He has over 10 years' experience in corporate secretarial services, finance and bank operations. He holds a bachelor's degree of Business Administration in Accounting and Finance from The University of Hong Kong (香港大學), and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charter holder, and a fellow of the Chartered Governance Institute and the Hong Kong Institute of Chartered Secretaries.

Report of the Board of Directors

The Board of Directors of the Company now presents the Group's annual report for the year of 2020 (the "**Annual Report**") and the audited financial statements prepared in accordance with the IFRS for the year ended December 31, 2020 (the "**Financial Statements**") to Shareholders.

CORPORATE INFORMATION AND INITIAL PUBLIC OFFERING

The Company was incorporated as a joint stock company in the PRC with limited liability on February 28, 2017. The H Shares of the Company were listed on the Main Board of the Stock Exchange on April 27, 2018 and all the Domestic Shares have been converted into H Shares and were listed on the Main Board of the Stock Exchange on July 29, 2020.

Basic information of the Company is set out in "Corporate Information" on pages 175 to 176 of this Annual Report.

PRINCIPAL BUSINESS

The Group is a power operator in the Tianjin Port Free Trade Zone (Seaport and Lingang). The Group is engaged in cogeneration of steam, electricity, heating and cooling. The Group's operations comprise (i) power generation and supply; (ii) electricity dispatch and sale; and (iii) development and operation of distributed photovoltaic power generation stations. The Group's power operations enable us to provide one-stop and comprehensive power services to our customers in Tianjin Port Free Trade Zone (Seaport and Lingang) and neighboring areas. Details of the principal subsidiaries of the Company are set out in note 13 to the financial statements.

RESULTS

The audited results of operations of the Group for the year ended December 31, 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 99 to 100 of this Annual Report. The financial position of the Group for the year ended December 31, 2020 is set out in the consolidated statement of financial position on pages 101 to 102 of this Annual Report. The consolidated cash flow of the Group for the year ended December 31, 2020 is set out in the consolidated cash flow statement on pages 104 to 105 of this Annual Report.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in the Management Discussion and Analysis on pages 8 to 21 of this Annual Report.

BUSINESS REVIEW

During the Reporting Period, the Group continued to expand its diversified industrial layout with power supply as the main business and value-added services as a supplement, incurred full effort to promote the "Green + Environmental Protection" concept, and committed to expanding new businesses of green production and ultra-low emissions. The Company has actively kept an eye on the opportunities arising from the national strategies and energy industry, so as to develop a long-term development strategy that can strengthen the sustainability of the Group's business. A review of the business of the Group during the year and a discussion on the Group's future business development are set out on pages 9 to 13 and page 21 of this Annual Report. A description of possible main risks and uncertainties that the Group may face is set out on pages 19 to 20 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out on pages 14 to 16 of this Annual Report. To the knowledge of the Directors, there has not been any important event affecting the Group since the end of the financial year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Group's environmental policies and performance is set out in the Environmental, Social and Governance Report on pages 64 to 93 of this Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group allocates systemic and staff resources to ensure continuous compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. During the Reporting Period, the Group has complied, to the best of the knowledge of Directors, with all relevant rules and regulations that have a significant impact on the Group.

SHARE CAPITAL

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 of December 31, 2020, the total share capital of the Company was 159,920,907 Shares, with par value of RMB1.00 each. Since the listing of the Shares on the Main Board of the Stock Exchange, the Company had not issue any new Shares in exchange for cash.

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, 2020.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

For the year ended December 31, 2020, none of convertible securities, options, warrants and other similar rights were issued and granted by the Company or its subsidiaries, nor any conversion rights or subscription rights were exercised pursuant to any convertible securities, options, warrants and other similar rights issued and granted by the Company or its subsidiaries at any time.

DEBENTURES IN ISSUE

Neither the Company nor any of its subsidiaries issued any debentures during the year ended December 31, 2020.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Shares of the Company were successfully listed on the Main Board of the Hong Kong Stock Exchange on April 27, 2018. A total of 44.32 million H Shares with par value of RMB1.00 each were issued at the price of HK$1.90 per Share through private placing and Hong Kong public offering, accounting for 27.71% of the total share capital after the issue, representing a financing scale of approximately HK$84.21 million. The net proceeds from the public offering, after deducting the underwriting commission and other estimated expenses in connection with the public offering, amounted to approximately HK$41.18 million (the "**IPO Proceeds**").

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. Since the date of obtaining the IPO Proceeds and up to December 31, 2020, HK$21.10 million has been utilized, including HK$5.70 million used for the update of No. 1 and No. 2 power transformation stations and HK$15.40 million used for upgrading the dust removal system, in which an outstanding amount of HK$0.20 million will be paid upon completion of the warranty periods of the projects in accordance with the relevant agreements. Through the selection of low cost premium construction companies through public bidding process, further improvision of the blueprint and construction plans during the construction, strict cost control at each stage of construction, and the engagement of professional cost consultancy to review and settle the completion of the projects, cost savings was achieved which led to the relevant unutilized IPO Proceeds of HK$4.52 million.

According to the Prospectus, net proceeds of HK$15.56 million will be used to establish Tianbao Electricity Sales Company. In the whole year of 2020, the Company actively promoted its electricity sales business. As arranged in accordance with the Notice of Tianjin Industry and Information Technology Bureau on Arrangement of Market-based Power Transaction in 2020 (《市工業和信息化局關於做好天津市2020年電力市場化交易工作的通知》) and the Notice of Tianjin Industry and Information Technology Bureau on Arrangement of Market-based Power Transaction in 2021 《(市工業和信息化局關於做好天津市2021年電力市場化交易工作的通知》) issued by Tianjin Industrial and Information Technology Bureau (天津市工業和信息化局), the market-based electricity sales business in Tianjin has commenced in May 2020 and the direct electricity transactions in Tianjin shall be carried out at a coal and gas to electricity ratio of 3.6:1 in 2020 and 2021, in which electricity sales companies shall purchase electricity from coal power plants and gas power plants respectively at a ratio of 3.6:1. However, as the cost of electricity generated through gas is higher than coal, the purchase price of electricity in market-based transactions by an electricity sales company from gas power plants is higher than that from coal power plants. Accordingly, such new mandatory coal and gas to electricity transaction ratio introduced since 2020 has led to higher cost of electricity purchase, resulting in a substantial decrease in profit margin of an electricity sales business. The environment for setting up an independent electricity sales company is still underdeveloped. The Company will continue to closely observe the openness, business scale and changes in government policies of the electricity sales market, and consider, formulate, revise and implement its utilization plan of the remaining IPO Proceeds within 2021 after giving thorough consideration to the Group's overall development direction and the promotion of each business segment and in line with the Group's "14th Five-Year" strategic development plan in order to provide the best benefits to the Shareholders and the Group. The Company will publish announcement(s) to provide relevant information to the Shareholders as and when appropriate.

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

EQUITY-LINKED AGREEMENT

For the year ended December 31, 2020, the Company did not enter into any equity-linked agreement and there was no equity-linked agreement.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. No permitted indemnity provision was made by the Company for the year ended December 31, 2020 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders of the Company did not pledge any of their Shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended December 31, 2020.

CHARGES ON THE GROUP'S ASSETS

For the year ended December 31, 2020, the Company's subsidiary Lingang Thermal Power has pledged its trade receivables as security for a bank loan with balance amounting to RMB50.000 million as of December 31, 2020, and the Company has pledged its 51% equity interests in Lingang Thermal Power with value of RMB51.000 million as security for a bank loan with balance amounting to RMB50.000 million as of December 31, 2020.

LOAN ARRANGEMENTS GRANTED BY THE GROUP TO ENTITIES

For the year ended December 31, 2020, the Group did not grant any loan to any entity which is subject to disclosure requirements under Rule 13.13 of the Listing Rules.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE 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, 2020 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 responsibility of its Controlling Shareholders nor breach the terms of any loan agreements for the year ended December 31, 2020.

SHARE OPTION SCHEME

As of December 31, 2020, the Company had not adopted any share option scheme.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Group has no provision on pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

DIVIDEND POLICY

In order to provide return to its Shareholders, and having considered the financial and business conditions of the Group after the Listing, the Board has approved and adopted a dividend policy (the "**Dividend Policy**"). According to the Dividend Policy, in the absence of any adverse circumstances which might reduce the profits that are distributable whether by losses or otherwise, the Company will distribute 30% to 50% of its profit for the year to Shareholders as annual dividends in any financial year in compliance with relevant laws and regulations of the PRC and Hong Kong and related considerations.

The declaration and payment of dividends shall remain to be determined at the sole discretion of the Board. Any declaration of dividends shall be conducted in accordance with all applicable PRC laws and regulations, the Articles of Association, all applicable laws and regulations of the place where the shares of the Company are listed, and other applicable laws and regulations.

A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, the Company's results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under CASBE or IFRS (whichever is lower), the Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations and other factors that the Directors may consider relevant without prejudice to the normal operation of the Group.

The Board shall continually review the Dividend Policy and reserve the absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time. The Company does not guarantee the payment of any specific amount of dividends for any given period of time.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders of the Company at the 2020 annual general meeting to be held on June 10, 2021, for their consideration and approval of the payment of a final dividend of RMB0.05 per Share (tax inclusive) for the year ended December 31, 2020 (the "**2020 Final Dividends**") payable to the Shareholders of the Company, whose names are listed in the register of members of the Company on June 21, 2021, in an aggregate amount of approximately RMB8.0 million. The 2020 Final Dividends will be denominated and declared in RMB and will be paid in RMB or in Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2020 Final Dividends are expected to be paid on or around August 3, 2021.

Pursuant to the PRC Enterprise Income Tax Law and its implementation rules, which came into force since January 1, 2008 and were amended on December 29, 2018 and other relevant rules, where the Company distributes the proposed 2020 Final Dividends to non-resident enterprise Shareholders whose names appear on the register of members of H Shares of the Company, it is required to withhold enterprise income tax at a rate of 10%. Any H Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently the dividends payable on such shares will be subject to the withholding of the enterprise income tax.

Pursuant to the PRC Individual Income Tax Law, the PRC Regulations for Implementation of the Individual Income Tax Law and other relevant laws and regulations, the foreign individuals who are the holders of H Shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H Shares, which shall be withheld and paid by such domestic enterprises on behalf of such individual H Shareholders. However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) effective from May 13, 1994 (the "**1994 Notice**") grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has obtained the record-filing receipt for the incorporation of foreign-invested enterprises and has completed registration processes with relevant industrial and commercial administration in November 2018, the foreign individual non-resident Shareholders who hold the Company's H Shares and whose names appear on the register of members of H Shares of the Company (the "**Individual H Shareholders**") are not required to pay PRC individual income tax when the Company distributes the 2020 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2020 Final Dividends to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H Shares of the Company.

According to the Articles of Association, the Hong Kong dollars to be used by the Company to pay cash dividends and other payments to the Individual H Shareholders shall be handled in accordance with the relevant foreign exchange administration regulations of the State.

The Company was not aware of any Shareholders that had waived or agreed to waive any dividend arrangement for the year ended December 31, 2020.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2020 Final Dividends, the H Share register of members of the Company will be closed from June 7, 2021 to June 10, 2021 (both days inclusive) and from June 17, 2021 to June 21, 2021 (both days inclusive), respectively, during such periods no transfer of H Shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares of the Company must lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on June 4, 2021.

In order to qualify for receiving the proposed 2020 Final Dividends (subject to the approval by Shareholders at the forthcoming AGM), holders of H Shares of the Company must lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on June 16, 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 10 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in consolidated statements of changes in equity, of which details of reserves available for distribution to Shareholders are set out in consolidated statement of changes in equity. The Company's reserves available for distribution to ordinary Shareholders as at December 31, 2020 included the retained profits of approximately RMB48.800 million (2019: RMB44.100 million).

DONATIONS

During the Reporting Period, the Group did not make any external donation.

BANK BORROWINGS AND OTHER BORROWINGS

The Group had bank borrowings of RMB195.608 million which include short-term borrowings of RMB115.509 million (including long-term borrowings due within one year of RMB35.609 million) and non-current portion of long-term borrowings of RMB80.009 million, while secured and guaranteed borrowings amounted to RMB50.000 million and unsecured borrowings amounted to RMB145.608 million, all of which were with fixed interest rate.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors, Supervisors and senior management of the Company for the year ended December 31, 2020 and up to the date of this report is illustrated below.

Name	Title in the Group	Date of appointment/ re-election
ZHOU Shanzhong	Executive Director and chairman of the Board of the Company Secretary to the Board of the Company	December 9, 2019/ January 17, 2020 August 28, 2020
XING Cheng	Executive Director of the Company General manager of the Company Director, chairman of the board of directors and general manager of Lingang Thermal Power	March 24, 2017/ January 17, 2020 January 19, 2017/ January 17, 2020 May 15, 2020
MAO Yongming	Executive Director of the Company Deputy general manager of the Company Executive director and general manager of Tianjin Tianbao New Energy Deputy general manager of Lingang Thermal Power	January 17, 2020 January 19, 2017 May 8, 2020 May 15, 2020
PENG Chong *(Note 1)*	Executive Director of the Company Chief financial officer of the Company Secretary to the Board of the Company Deputy general manager of Lingang Thermal Power	March 24, 2017/ January 17, 2020 January 19, 2017 February 28, 2019 May 15, 2020
DONG Guangpei	Non-executive Director of the Company	November 1, 2019/ January 17, 2020
WANG Xiaotong	Non-executive Director of the Company	January 17, 2020

Name	Title in the Group	Date of appointment/ re-election
YU Yang *(Note 2)*	Non-executive Director of the Company	November 22, 2017
CHAN Wai Dune	Independent non-executive Director of the Company	January 17, 2020
HAN Xiaoping	Independent non-executive Director of the Company	April 4, 2018/ January 17, 2020
YANG Ying	Independent non-executive Director of the Company	April 4, 2018/ January 17, 2020
LAU Tsz Bun *(Note 3)*	Independent non-executive Director of the Company	April 4, 2018
XUE Xiaofang	Chairperson of the Supervisory Board of the Company	January 19, 2017/ January 17, 2020
SHAO Guoyong	Supervisor of the Company	January 19, 2017/ January 17, 2020
YANG Kui	Supervisor of the Company Director of the general office of the Company Director of the general office of Lingang Thermal Power	January 19, 2017/ January 17, 2020 March 4, 2020 January 13, 2021
YAO Shen	Deputy general manager of the Company Deputy general manager of Lingang Thermal Power	November 12, 2018 May 15, 2020
ZHANG Yubo	Deputy general manager of the Company Deputy general manager of Lingang Thermal Power	August 28, 2020 October 16, 2020
FENG Wei *(Note 4)*	Factory director of Haigang Thermal Plant of the Company Head of thermal power department of the Company Employee director of Lingang Thermal Power Head of thermal power department of Lingang Thermal Power	January 19, 2017 March 4, 2020 May 15, 2020 May 15, 2020
PAN Xiushan *(Note 5)*	Manager of Tianjin Tianbao New Energy Head of electricity supply department of the Company Supervisor of Tianjin Tianbao New Energy	January 19, 2017 March 4, 2020 May 8, 2020

Name	Title in the Group	Date of appointment/ re-election
WANG Hua *(Note 6)*	Marketing centre director of the Company	January 19, 2017
	Head of customer service department of the Company	March 4, 2020
	Head of customer service department of Lingang Thermal Power	May 15, 2020
QI Song *(Note 7)*	Director of electricity supply department of the Company	January 19, 2017
	Head of security technology department of the Company	March 4, 2020
	Head of security technology department of Lingang Thermal Power	May 15, 2020

Notes:

(1) Mr. PENG Chong has resigned as an executive Director, chief financial officer, secretary to the Board of the Company and vice general manager of Lingang Thermal Power on August 28, 2020 due to job arrangements.

(2) Mr. YU Yang has retired as a non-executive Director of the Company on January 17, 2020 due to the expiration of his term.

(3) Mr. LAU Tsz Bun has retired as an independent non-executive Director and chairperson of the audit committee and remuneration committee of the Company on January 17, 2020 due to the expiration of his term.

(4) Haigang Thermal Plant was renamed to thermal power department due to organization adjustment of the Group.

(5) Mr. PAN Xiushan ceased to serve as manager of Tianjin Tianbao New Energy on May 8, 2020 due to job transfer arrangements.

(6) Marketing centre was renamed to customer service department due to organization adjustment of the Group.

(7) Mr. QI Song ceased to serve as director of electricity supply department on March 4, 2020 due to organization adjustment of the Group.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 24 to 31 of this Annual Report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors, the major terms of which include that (1) the tenure of each Director shall continue till the expiration of the term of the current session of the Board of Directors; and (2) the tenure may be terminated in accordance with respective terms of the contract.

The Company has entered into contracts with the Supervisors in respect of, among others, compliance with relevant laws and regulations, the Articles of Association and provisions of arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

The emoluments of our Directors and Supervisors are paid in the form of fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions. The details of the remuneration of the Directors and Supervisors of the Company are set out in note 7 to the financial statements.

The emoluments paid to our Directors and Supervisors are determined by such factors as the size of business, industry, work experiences and duties, meanwhile the performance by them in various committees are considered as well. The standards and amounts for the emoluments are proposed by the remuneration committee, reviewed by the Board and shall be valid after the final approval by Shareholders' general meeting.

During the year ended December 31, 2020, the emoluments of the senior managements of the Company (other than executive Directors) are set out as below:

Remuneration (HK$)	Number of individuals
0 to 1,000,000	6

The details of the emoluments of our Directors and the top five highest paid individuals of the Company are set out in note 8 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

After the end of the year of 2020 or at any time during the year, there were no transaction, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which any Director or Supervisor or any entity connected with the Director or Supervisor had a material interest directly or indirectly.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company, its holding companies, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year of 2020, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses.

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

As at December 31, 2020, 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 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 or short positions 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 THE SHARES

As at December 31, 2020, 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	Capacity	Number of H Shares/ underlying H Shares held (share) *(Notes 2 and 3)*	Percentage of total share capital (%)
Tianbao Holdings *(Note 1)*	Beneficial owner	109,606,538(L)	68.54
TFIHC *(Note 1)*	Interest of a controlled corporation	115,600,907(L)	72.29

Notes:

1. Tianbao Holdings is interested in 109,606,538 H Shares, and Tianbao Investment is interested in 5,994,369 H Shares. Since Tianbao Holdings and Tianbao Investment are wholly-owned subsidiaries of TFIHC, TFIHC is deemed to be interested in the H Shares held by Tianbao Holdings and Tianbao Investment by virtue of the SFO.

2. The letter "L" denotes the relevant person's long position in such Shares.

3. All Domestic Shares had been converted into H Shares and became listed on the Main Board of the Stock Exchange with effect from July 29, 2020.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2020.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this Annual Report and the Prospectus, at no time during the Reporting Period had the Company or its subsidiaries entered into any contract of significance with the Controlling Shareholder of the Company or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or its subsidiaries.

CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt one-off connected transaction during the year ended December 31, 2020.

CONTINUING CONNECTED TRANSACTIONS

The Group had conducted certain non-exempt continuing connected transactions with TFIHC during the year.

Connected transactions under		Connected persons	Annual caps for 2020 *RMB'000*	Actual transaction value in 2020 *RMB'000*
1.	Construction, Technical Support and Maintenance Services Framework Agreement	TFIHC	6,700	930
2.	Raw Material Supply Framework Agreement	TFIHC	28,127	231

CONTINUING CONNECTED TRANSACTIONS BETWEEN THE GROUP AND TFIHC

TFIHC jointly and indirectly owns approximately 72.29% of the Company's share capital. Therefore, TFIHC is a substantial shareholder of the Company. TFIHC is a connected person of the Company under Rule 14A.07 of the Listing Rules.

The Company entered into two framework agreements in respect of the continuing connected transactions with TFIHC, so as to regulate the connected transactions carried out between the parties. Details of such transactions are set out below:

Construction, Technical Support and Maintenance Services Framework Agreement

The Company entered into a construction, technical support and maintenance services framework agreement (the "**Construction, Technical Support and Maintenance Services Framework Agreement**") with TFIHC on April 4, 2018, pursuant to which the Group provides certain types of construction, technical support and maintenance services to Tianbao Group, including construction, spare parts services, training, maintenance, operation preparation services, technical studies and expert support services.

The Construction, Technical Support and Maintenance Services Framework Agreement, effective on the Company's Listing Date, is valid for a term commencing from the Listing Date and ending on December 31, 2020. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Construction, Technical Support and Maintenance Services Framework Agreement.

For the years ended December 31, 2018, 2019 and 2020, the annual cap for total fees payable to the Group from Tianbao Group under the Construction, Technical Support and Maintenance Services Framework Agreement was RMB6.7 million, RMB6.7 million and RMB6.7 million, respectively.

The Construction, Technical Support and Maintenance Services Framework Agreement had expired on December 31, 2020. Accordingly, the Company entered into the renewed construction, technical support and maintenance services framework agreement (the "**Renewed Construction, Technical Support and Maintenance Services Framework Agreement**") with TFIHC on November 25, 2020, which is valid for a term from January 1, 2021 to December 31, 2023. Pursuant to the Renewed Construction, Technical Support and Maintenance Services Framework Agreement, the Group shall provide certain types of construction, technical support and maintenance services to Tianbao Group, including construction, spare parts services, training, maintenance, operation preparation services, technical studies and expert support services. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Renewed Construction, Technical Support and Maintenance Services Framework Agreement. For the years ending December 31, 2021, 2022 and 2023, the annual cap for the total fees payable to the Group from Tianbao Group under the Renewed Construction, Technical Support and Maintenance Services Framework Agreement is RMB8.0 million, RMB8.0 million and RMB8.0 million, respectively.

Raw Material Supply Framework Agreement

The Company entered into a raw material supply framework agreement (the "**Raw Material Supply Framework Agreement**") with TFIHC on April 4, 2018, pursuant to which the Group purchases from Tianbao Group and Tianbao Group supplies to the Group coal and water.

The Raw Material Supply Framework Agreement, effective on the Company's Listing Date, is valid for a term commencing from the Listing Date and ending on December 31, 2020. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles stipulated in the Raw Material Supply Framework Agreement.

For the years ended December 31, 2018, 2019 and 2020, the annual cap for total fees payable by the Group to Tianbao Group under the Raw Material Supply Framework Agreement was RMB28.127 million, RMB28.127 million and RMB28.127 million, respectively.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 29 to the financial statement is a connected transaction or a continuing connected transaction for the Company as defined under the Listing Rules, nor are they connected transactions or continuing connected transactions for the Company exempt from the reporting requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Management of connected transactions and internal control

The Group has adopted the following internal control and corporate governance measures to ensure that continuing connected transactions comply with the requirements of the Listing Rules: (i) as part of the Group's internal control measures, the implementation of continuing connected transactions of the Group and the actual number and amount of relevant materials, products and services was monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with independent third parties; (ii) the relevant operational divisions of the Group reported regularly to senior management with respect to the actual performance of the transactions with Tianbao Group; (iii) pursuant to the Corporate Governance Code and Corporate Governance Report in accordance with Appendix 14 of the Listing Rules, the Directors, including the independent non-executive Directors, were able to seek independent professional advice in respect of the relevant transactions from external parties in appropriate circumstances; (iv) the Group engaged auditors to review the connected transactions between the Company and TFIHC to ensure that the transactions contemplated have been conducted in accordance with the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and (v) the Group duly disclosed in its annual reports and accounts the transactions with Tianbao Group during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interest of the Shareholders as a whole.

Review by and confirmation of independent non-executive Directors of the Company

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that such transactions were:

(1) carried out in the ordinary course of business of the Group;

(2) made on normal commercial terms; and

(3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Company's Shareholders as a whole.

Confirmation of the auditors

The auditors of the Company have performed the relevant assurance procedures regarding the above continuing connected transactions, and confirmed by way of a letter to the Board of Directors that for the year ended December 31, 2020 that in respect of these transactions:

(1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(3) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value as set by the Company.

Save as disclosed above, the Directors confirmed that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules with regard to the above mentioned connected transactions.

COMPLIANCE WITH THE NON-COMPETITION DEED

The Group entered into a non-competition deed with the Company's Controlling Shareholders, Tianbao Holdings and TFIHC, on April 4, 2018 in favor of the Group, pursuant to which each of our Controlling Shareholders has given certain non-competition undertakings to the Group (for itself and for the benefits of other members of the Group), to the effect that, it shall not, and it shall procure that its associates (other than any member of the Group) do not and shall not, directly or indirectly, whether on its own or through any entities, carry on, participate, be interested or engaged or otherwise be involved, whether for profit, reward, other benefit or otherwise, in any business or activity that is in competition with, or is likely to be in competition with, the business carried on by any member of the Group from time to time during the period when the non-competition deed remains valid and effective and will grant the Company options for new business opportunities and acquisitions, as well as pre-emptive rights and the right to acquire the Konggang Thermal Plant business. The independent non-executive Directors of the Company are solely responsible for reviewing, considering and deciding whether to exercise the options for acquisitions and pre-emptive rights and are responsible for reviewing, considering and deciding whether to exercise the right to acquire the Konggang Thermal Plant business.

During the year, the Company's independent non-executive Directors have reviewed the implementation of the non-competition deed and confirmed that the Controlling Shareholders have fully observed the non-competition deed without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2020, the total purchases from the five largest suppliers of the Group accounted for 84% of the total purchases during the year. The purchase from the largest coal supplier accounted for 47% of the total volume of fuel purchased during the year.

For the year ended December 31, 2020, the total sales to the five largest customers of the Group accounted for 48% of the total sales during the year. The sales to the largest customer accounted for 16% of the total sales during the year.

During the Reporting Period, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest suppliers or customers of the Company during the year.

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 Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules for the year ended December 31, 2020. Please refer to the section "Corporate Governance Report" in this Annual Report for details.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that our employees, customers and business associates are key to our sustainability journey. The Group strives to achieve corporate sustainability through engaging its employees, providing quality services for its customers, collaborating with business partners and supporting its community.

The Group places significant emphasis on human resources. The Group provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Group administers its employees' health and safety management system and ensures the adoption of the principles across the Group. The Group provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

The Group values the feedback from customers and inquires and understands their opinions by daily communication and other means. The Group has also established the mechanism relating to customer service and support. The Group treats the provision of customer service as an opportunity to improve our relationship with customers, address customers' concerns in a timely manner and in accordance with international standards.

The Group believes that its suppliers are equally important in producing quality products. Therefore, the Group proactively collaborates with its business partners to deliver quality and sustainable services.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued Shares as at the Latest Practicable Date, which is in line with the requirement under the Listing Rules.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2020, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's 2020 annual results and the audited financial statements for the year ended December 31, 2020 prepared in accordance with the IFRSs.

INDEPENDENT AUDITORS

KPMG has been the auditor for the preparation of the Company's IFRSs financial statements since July 2016.

In June 2020, the 2019 annual general meeting approved the reappointment of KPMG as the auditor for the preparation of the Company's 2020 IFRSs financial statements until the date of conclusion of the 2020 annual general meeting of the Company.

In March 2021, the Board of Directors proposed to engage KPMG as the auditor for the preparation of the Company's 2021 IFRSs financial statements from the date of conclusion of the 2020 annual general meeting of the Company to the date of conclusion of the 2021 annual general meeting of the Company. This proposal shall be effective after the approval by the 2020 annual general meeting of the Company.

FINANCIAL SUMMARY

A summary of results of operation and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this Annual Report. The financial summary does not constitute part of the audited consolidated financial statements of the Group.

By order of the Board
Tianjin Tianbao Energy Co., Ltd.

ZHOU Shanzhong
Chairman of the Board

Tianjin, the PRC
March 26, 2021

Report of the Supervisory Board

In 2020, all members in the Supervisory Board, in strict compliance with the PRC Company Law and other laws, regulations, rules and directives and the relevant provisions of the Articles of Association, the Rules of Procedure of the Supervisory Board and the Listing Rules, had been performing its supervisory duties on the Directors and senior management's fulfilling of their respective responsibilities in the Company and giving full play the Supervisory Board's role of supervision, aiming at guarding the long-term benefits of the Company and the interests of all of our Shareholders. We hereby report the main works we have done during the Reporting Period as follows:

I MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board held four meetings in 2020. The convening of the meetings, the signing of the resolutions and the exercise of the Supervisors' rights were in compliance with the relevant provisions of the PRC Company Law, the Listing Rules, the Articles of Association and the Rules of Procedure of the Supervisory Board. During the Reporting Period, the Supervisory Board has considered and confirmed the contents of the annual report and annual results announcement for the year ended December 31, 2019; the contents of the interim report and the interim results announcement for the six months ended June 30, 2020; reviewed and approved the 2019 environmental, social and governance (ESG) report and the report of the Supervisory Board; reviewed and approved the proposal of profit distribution plan in 2019; the proposal of summary of report on the audit performance of the auditor of the Company in 2019 and renewing the Company's auditors in 2020; the proposal of evaluation of Directors, Supervisors, and senior management in 2019; the proposal of remuneration plan of Directors in 2020; the proposal of the remuneration plan of Supervisors in 2020; the proposal of the remuneration plan of senior management in 2020; the proposal on election of chairperson of the second session of the Supervisory Board; the proposal on adjusting auditor's service fee of the Company in 2020, and the proposal on amending Administrative Measures on Information Disclosure and Administrative Measures on Connected Transactions. Besides, members of the Supervisory Board attended all the previously held Board meetings, provided suggestions and opinions on the meeting's subject and its supervisory duties, and conducted proper supervision over the procedures and substance of each meeting held, which enabled the Shareholders' legal rights have been exercised and each of the meetings has been held legally and orderly.

II PRESENT AT/ATTEND MAJOR MEETINGS

In 2020, the Supervisors presented at three general meetings and attended nine Board meetings. By attending those meetings, the Supervisors not only sought to understand the operation and management of the Company, but also actively participated in the consideration and discussion of proposals to provide opinions and suggestions, and effectively supervised procedures for convening these meetings, and the discussion of subjects the meetings.

III ROUTINE EXAMINATION AND RESEARCH

In 2020, the Supervisory Board watched closely the compliance of operation of the Company to ensure that internal operation of the Company always respects related systems and regulations of the Listing Rules.

IV INDEPENDENT OPINION AND SPECIAL EXPLANATIONS

The Supervisory Board has mainly conducted the following works:

1. By supervising duty performance of Directors and senior management of the Company and the legality of the operation of the Company, the Supervisory Board was of the view that the board of the Company was able to make decisions according to the law and in strict compliance with requirements such as the PRC Company Law, the Articles of Association and the major decision making processes for its operation is legal and valid. The Company further completed and optimized internal management system and internal control mechanisms including Working Rules of Independent Directors, Administrative Measures on Connected Transactions, Administrative Measures on Information Disclosure, Administrative Measures on Equity Investments, Internal Auditing Management Measures, Comprehensive Risk Management Measures, Comprehensive Budget Management Measures, Administrative Measures on Guarantees, and Financing Management Measures. The Company disclosed important information on the Company in a timely manner according to securities regulatory and management requirements so that the information was disclosed in a regulated manner, and the securities trading system for the informed parties of insider information was conducted well; the Company also adopted Appendix 10 of the Listing Rules headed “Model Code for Securities Transactions by Directors of Listed Issuers” as its model code for securities transactions by Directors, Supervisors and personnel in possession of inside information of the Company. Directors and senior management of the Company have all performed their duties in accordance with related laws and regulations, the Articles of Association and resolutions of the general meetings and meetings of Directors, devoted to their duties while forging ahead and adhered to incorruptibility and self-discipline. Besides, no actions which violated laws and regulations, the Articles of Association, or harmed the interests of the Company or Shareholders have ever been found during the execution of their duties for the Company.

2. By communicating with the accounting firm in charge of providing audit and review services to the Company, the Supervisory Board reviewed financial statements of the Company, considered periodical reports of the Company and the audit report submitted by accounting firm, and periodically attended to the report prepared by internal audit department of the Company on the conduct of internal audit work, and carried out effective supervision and inspection on the financial management and operation of the Company. The Supervisory Board was of the view that during 2020, the Company had sound financial management system and mechanism, regulated management and reasonable expenses. The Company’s 2020 financial statements were audited by KPMG who has issued the standard audit report with an unqualified opinion that the 2020 financial statements prepared by the Company has fairly reflected the financial condition and operating results of the Company.

3. The Supervisory Board supervised the utilization of the proceeds by the Company. The Supervisory Board was of the view that the Company was able to manage and utilize the proceeds according to national laws and regulations and the commitments made by it in the Prospectus, and the Supervisory Board will continue to supervise and inspect the utilization of such proceeds.

4. The Supervisory Board supervised the Company’s connected transactions and was of the view that connection transactions of the Company were carried out according to the provisions of the PRC Company Law, the Listing Rules and the Articles of Associations, as well as the Administrative Rules on Connected Transactions, the pricing of connected transactions is fair and has not breached the principles of openness, fairness and impartiality, and no acts which harmed the interests of the Company and minority Shareholders of the Company have been identified.

5. The Supervisory Board made a special explanation of the internal control of the Company and was of the view that during 2020, the internal control systems of the Company have been constantly improved and internal control evaluation has made solid progress with overall performance continuously improving, thus internal control targets can be realized reasonably.

In 2021, which is the first year of the Group's "14th Five-Year" strategic plan, the Supervisory Board will carry out its duties in supervising, strictly comply with relevant provisions of the PRC Company Law, the Articles of Association, the rules of procedure of the Supervisory Board and the Listing Rules, adhere to the principle of integrity, pay attention to major issues such as investments, related party transactions, and information disclosure of the Company by taking various approaches, supervise the Company, Directors and senior management, closely watch the production, operation and management condition of the Company, pay attention to important decisions and actions of the Company, inspect and supervise the Company's construction and operation condition in risk management, internal control, financial management and other aspects, and strengthen the self-construction of the Supervisory Board to strengthen supervision, so as to play its due role of contributing its efforts to the economic efficiency growth of the Company and firmly safeguard the interests of the Shareholders and the Company.

Chairperson of the Supervisory Board
XUE Xiaofang
Tianjin, the PRC

March 26, 2021

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high standard of corporate governance. The Board believes that high standard of corporate governance is essential for the Company to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has applied the principles set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

The Directors consider that the Company has complied with all code provisions as set out in the Corporate Governance Code during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors, Supervisors and relevant employees of the Company. Upon making specific enquiries to all of the Directors, Supervisors and relevant employees of the Company, all Directors, Supervisors and relevant employees confirmed that during the Reporting Period, each of the Directors, Supervisors, and relevant employees has strictly complied with the required standards set out in the Model Code.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Director, Supervisor or relevant employee during the Reporting Period.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the interests of the Company.

The Board shall regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board currently consists of eight members, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors.

The Board of the Company consists of the following Directors:

Executive Directors

Mr. ZHOU Shanzhong (周善忠) *(Chairman of the Board)*
Mr. XING Cheng (邢城) *(General Manager)*
Mr. MAO Yongming (毛永明) *(Vice General Manager)*

Non-executive Directors

Mr. WANG Xiaotong (王小潼)
Ms. DONG Guangpei (董光沛)

Independent non-executive Directors

Mr. CHAN Wai Dune (陳維端)
Mr. HAN Xiaoping (韓曉平)
Ms. YANG Ying (楊瑩)

Biographical information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management" on pages 24 to 31 of this Annual Report.

There are no financial, business, family or other material or relevant relationships between members of the Board, in particular between the chairman and the general manager.

According to Article 133 of the Articles of Association, the Board should consist of nine Directors. Mr. PENG Chong's resignation as an executive Director on August 28, 2020 after the conclusion of the Board meeting resulted in the Company's failure to comply with the provisions of Article 133 of the Articles of Association. However, Mr. PENG Chong's resignation has not resulted in the number of Board members being lower than the minimum quorum required by the PRC Company Law, and has not affected the Board's operation in accordance with applicable Chinese laws and regulations.

The Company will appoint a new Director according to the relevant rules and regulations of the PRC and the relevant election procedures under the Articles of Association. Furthermore, the Company is in the process of identifying suitable candidates to fill in relevant positions. Further announcement(s) will be made by the Company in relation to such appointments as and when appropriate.

CHAIRMAN OF THE BOARD AND GENERAL MANAGER

The positions of the chairman of the Board and the general manager of the Company are held separately. During the Reporting Period, the role of chairman of the Board of the Company is held by Mr. ZHOU Shanzhong, and that of general manager is held by Mr. XING Cheng. The chairman of the Board is responsible for presiding over and govern the Board so as to create the conditions for the effective performance of the Board as a whole and effective contributions by individual Directors and to ensure that the Board performs its responsibilities and all key and appropriate issues are discussed by the Board in a timely manner. The general manager has the delegated power to manage the Company and to oversee the activities of the Company on a day-to-day basis.

The division of responsibilities between the chairman of the Board and the general manager is defined and established in writing.

INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended December 31, 2020, the Board has complied with relevant requirements of the Listing Rules, and has appointed at least three independent non-executive Directors (representing at least one-third of our Board), with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

RE-ELECTION OF NON-EXECUTIVE DIRECTORS AND DIRECTORS

Code provision A.4.1 of the Corporate Governance Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors of the Company has been appointed for a specific term of three years and is renewable upon re-election by Shareholders.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company as well as the services and advices from the company secretary and senior management. The Directors may, upon request, seek independent professional advices in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters of the Group. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Group are delegated to the management.

For the year ended December 31, 2020, the Board held nine meetings to deal with various important matters of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each of the Directors keeps abreast of his/her responsibilities as a Director of the Company and of the conduct, business activities and development of the Group.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Group and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Group's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company arranges internally-facilitated briefings for Directors and issue reading materials on relevant topics to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Upon the election of the Board and the Supervisory Board of the Company in January 2020, the Company provided on-site training for all Directors and Supervisors (including the newly appointed Directors and Supervisors). Such training session covered a wide range of relevant topics including Directors' statements and undertakings, Supervisors' statements and undertakings, code for securities transactions by Directors and Supervisors, related insider dealing rules under the SFO, discloseable interests as required by the SFO, management of information disclosure, continuing responsibilities for information disclosure (such as general matters and inside information), connected transactions and discloseable transactions. In addition, relevant reading materials including legal and regulatory updates and seminar handouts have been provided to the Directors and Supervisors for their reference and studying. Each of the Directors and Supervisors has completed the aforementioned trainings.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which state clearly their authority and duties. The terms of reference of all of the committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Members of each Board committee comprise independent non-executive Directors and the list of the chairperson and members of each Board committee are set out under "Corporate Information" on page 175 of this Annual Report.

AUDIT COMMITTEE

The audit committee currently comprises three members, namely Mr. CHAN Wai Dune (chairperson), Ms. YANG Ying and Ms. DONG Guangpei, with the majority being independent non-executive Directors (including one independent non-executive Director with accounting expertise). None of the members of the audit committee is a former partner of the Company's existing auditors. The primary responsibilities of the audit committee are to review and supervise our Group's financial reporting process, risk management and internal control system. The terms of reference of the audit committee are available on the Stock Exchange's website and the Company's website.

During the year ended December 31, 2020, the audit committee held four meetings to review the annual results announcement and annual report for the 2019, the interim financial results announcement and interim report for the 2020, adjustment of the Company's auditor service fee for 2020, the special audit concerning the resignation of the former general manager of Tianjin Tianbao New Energy, and other matters of importance. For the work and reports of the audit committee on the risk management and internal control of the Company, please see the paragraph headed "Risk Management and Internal Control" in this section.

The audit committee also held two meetings with the external auditors without the presence of the executive Directors.

REMUNERATION COMMITTEE

The remuneration committee currently comprises three members, namely Mr. HAN Xiaoping (chairperson), Ms. YANG Ying and Mr. MAO Yongming, with the majority being independent non-executive Directors. The primary responsibilities of the remuneration committee are to make recommendations to our Board on the remuneration policies and structure of the remuneration for the Directors, Supervisors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. The terms of reference of the remuneration committee are available on the Stock Exchange's website and the Company's website.

During the year ended December 31, 2020, the remuneration committee held three meetings. The remuneration committee reviewed remuneration matters such as the evaluation of Directors, Supervisors and senior management in 2019, remuneration plan of Directors, Supervisors and senior management in 2020 and assessed the performance of each of the executive Directors during the Reporting Period and provided advices to the Board on these matters.

NOMINATION COMMITTEE

The nomination committee currently comprises three members, namely Mr. ZHOU Shanzhong (chairperson), Ms. YANG Ying and Mr. HAN Xiaoping, with the majority being independent non-executive Directors. The primary responsibility of the nomination committee is to make recommendations to our Board on the appointment of Directors and senior management. The terms of reference of the nomination committee are available on the Stock Exchange's website and the Company's website.

During the year ended December 31, 2020, the nomination committee held three meetings. The nomination committee reviewed the structure, personnel and composition of the Board of Directors, and evaluated the independence of independent non-executive Directors. The nomination committee also conducted a comprehensive investigation on the occupation, education, title, detailed work experience of all the general manager and vice general manager candidates, and underwent a qualification review for candidates according to the requirements and advised the Board of Directors on these matters.

The nomination committee considered that an appropriate balance of diversity of the Board is maintained.

BOARD DIVERSITY POLICY

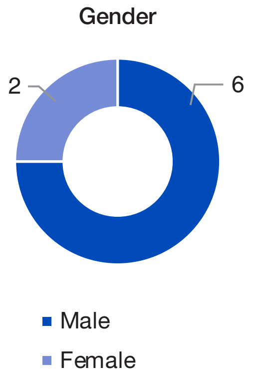
The Board has adopted the Board Diversity Policy with effect from December 2018. The Company recognizes the importance of diversity of the Board members to corporate governance and the Board effectiveness.

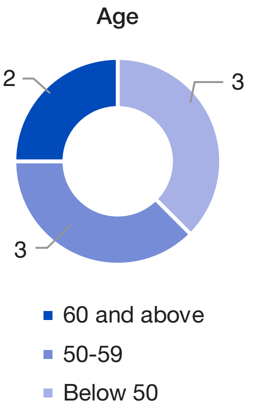
The nominations and appointments of members of the Board will continue to be made on merit basis based on its business needs from time to time while taking into account the benefits of diversity of the Board members. The nomination committee selected Director candidates based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, age, language, cultural background, educational background, industry experience and professional experience. The nomination committee will also ensure that recruitment and selection procedures of Director candidates are appropriately structured so that a diverse range of candidates is considered by the Company.

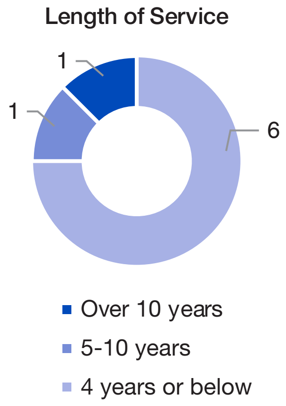
The nomination committee is responsible for reviewing this policy, developing and reviewing measurable objectives for implementing this policy and monitoring the progress on achieving these measurable objectives. The nomination committee shall review this policy and the measurable objectives at least annually to ensure the continuing effectiveness of the Board. The nomination committee shall also assess annually the diversity profile of the Company including gender balance of the Board and the Company's progress in achieving diversity objectives. The nomination committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

BOARD DIVERSITY

We are fully aware that a diverse Board will help to ensure the sustainable development of the Group and better assume corporate and social responsibilities. As of the Latest Practicable Date, the diversity of the Board of the Company is shown as follows:







In addition, the Company's nomination committee shall make nomination and recommendation to the Board for appointment and re-election of the Directors after taking into consideration of an analysis of the Board's skills, ensuring the Board can maintain different skills needed for the business on a continuous basis. All members of the Board have extensive experience in energy industry or company operation, among which, four Directors are experts in energy industry, five Directors have extensive experience in investment or related fields to assist the exploration of investment opportunities for the Group, two Directors also serve as the board member of other listed companies with the benefit of introducing good practical experience to the Group, two Directors have rich experience in risk and compliance governance, and two Directors have extensive experience in public administration and social activities. Members of the Board can also provide the Group with professional supervision, advice and experience in accounting, legal and other areas.

In addition, we intend to maintain and enhance the diversity of our Board. We will seek for external potential candidates as Directors as and when appropriate, and nominate and select our Directors based on our nomination policy and Board Diversity Policy, which ensures that we can obtain diversified opinions and benefits from different Directors.

NOMINATION POLICY

The nomination policy of the Company is as follows:

(1) the nomination committee shall review at least once a year the number, composition and organizational structure of the Board (including the skills, knowledge base, work experience and diversity of the Board members), and advise on personnel changes of the Board to consolidate the Company's development strategy;

(2) the nomination committee shall consider the criteria and procedures for selecting Directors, general manager and other senior management members and make recommendations thereon to the Board, develop or revise the Board Diversity Policy and focus on developing board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, perspectives, education background and previous experience;

(3) the nomination committee shall identify individuals suitably qualified to become the Board members and make recommendations to the Board on the nomination of individuals suitable for directorships, having due regard to the Company's Board Diversity Policy, the requirements in the Articles of Association regarding the appointment of directors of the Company, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experience, independence and gender diversity; and

(4) the nomination committee shall review the independence of independent non-executive Directors with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the nomination committee or the Board. If a proposed independent non-executive Director will be holding his/her seventh (or more) listed company directorship, the nomination committee shall assess his/her ability to devote sufficient time to the Board matters.

NOMINATION PROCEDURES

The procedures for nomination of the Directors and senior managements of the Company are as follows:

(1) the Board office and the nomination committee shall actively communicate with the relevant departments of the Company to assess the demand of re-election for new Directors and senior management members and prepare written materials;

(2) the nomination committee may extensively seek for candidates for Directors and senior management within the Company, the Company's subsidiaries/associated corporations/joint ventures as well as in the recruitment market;

(3) the nomination committee identifies individual(s) suitably qualified to become the Board member(s), having due regard to the relevant requirements, including but not limited to the Nomination Policy and the Board Diversity Policy, and assesses the independence of the proposed independent non-executive Director(s) as appropriate. The nomination committee shall obtain information of the occupation, academic qualifications, job title, detailed work experience and all the part-time positions of the preliminary candidates and prepare written materials;

(4) to seek for the written consent from the nominated candidates on the proposed nomination; otherwise, such nominated candidates shall not be considered as candidates for Directors, general manager and senior management members;

(5) to convene nomination committee meetings to review the qualifications of the preliminary candidates according to the job descriptions of Directors, general manager and senior management members;

(6) to submit proposals and relevant materials to the Board in respect of the candidates for Directors, the re-election of Directors and the candidates for senior management members within reasonable time prior to the election of new Directors, the re-election of Directors and senior management members; and

(7) to carry out other follow-up work according to the decision(s) and feedback of the Board.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision D.3.1 of the Corporate Governance Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with laws and regulations, the compliance with the Model Code and Employees Written Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND MEMBERS OF BOARD COMMITTEE

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended December 31, 2020 is set out in the table below:

	Attendance/number of meetings during the term of office				
Name of Director	**Board of Directors**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Shareholders' General Meeting**
ZHOU Shanzhong	9/9			3/3	3/3
XING Cheng	9/9				3/3
MAO Yongming *(Note 1)*	9/9		3/3		3/3
PENG Chong *(Note 2)*	8/8		0/0		3/3
WANG Xiaotong *(Note 3)*	9/9				2/2
DONG Guangpei	9/9	4/4			3/3
YU Yang *(Note 4)*	0/0				1/1
CHAN Wai Dune *(Note 5)*	9/9	4/4			2/2
HAN Xiaoping *(Note 6)*	9/9		3/3	3/3	3/3
YANG Ying	9/9	4/4	3/3	3/3	3/3
LAU Tsz Bun *(Note 7)*	0/0	0/0	0/0		1/1

Note:

(1) Mr. MAO Yongming has been an executive Director and member of the remuneration committee of the Company since January 17, 2020.

(2) Mr. PENG Chong has ceased to serve as a member of remuneration committee on January 17, 2020, and resigned as an executive Director of the Company on August 28, 2020 due to job arrangements.

(3) Mr. WANG Xiaotong has been an non-executive Director of the Company since January 17, 2020.

(4) Mr. YU Yang has retired as a non-executive Director of the Company on January 17, 2020 due to the expiration of his term.

(5) Mr. CHAN Wai Dune has been an independent non-executive Director and chairperson of the audit committee of the Company since January 17, 2020.

(6) Mr. HAN Xiaoping has been a member of remuneration committee of the Company since January 17, 2020.

(7) Mr. LAU Tsz Bun has retired as an independent non-executive Director and chairperson of the audit committee and remuneration committee of the Company on January 17, 2020 due to the expiration of his term.

In addition to regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of executive Directors during the Reporting Period, mainly discussing the Company's future plan for the business of distributed photovoltaic power generation.

RISK MANAGEMENT AND INTERNAL CONTROL

To comply with the requirements of risks management for listed companies, establish and improve the risk control and management system, process and warning mechanism as necessary for the operation and management of listed companies to ensure effective identification of risks, the Group, based on adjustments of internal organization, further conducted internal control and risks management, including amendments on various processes, rules and regulations, updates on the risk management list and the internal control manual (2020 Version), as well as strengthening the identification and collection of risks facing the Group for the year. Accordingly the integrity, reasonableness, and the implementation of the internal control measures by various departments of the Group have been organized and reviewed to effectively control the possibility of the occurrence of such risks. By introducing advanced risk management concepts and tools, improving the internal control system and meanwhile meeting the regulatory requirements for risk management and internal control, the Group's risk management and control capabilities are enhanced as a whole so as to continuously enhance its core competitiveness.

The Board fully understands its responsibilities for risk management and internal control systems, and for reviewing their effectiveness. The systems aim to manage rather than eliminate the risks of the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The major internal control policies established by the Company include budget control, operation activities analysis, financial reimbursement and approval control, credit and borrowing control. The management has confirmed to the Board and the audit committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2020.

The Board reviews the Company's risk management and internal control systems annually. The Board, as supported by the audit committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements/Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, executive officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may significantly affect the Company's ability to operate as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 94 to 98 of this Annual Report.

Where appropriate, a statement will be submitted by the audit committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the audit committee.

AUDITORS' REMUNERATION

The remuneration paid and payable to the Company's external auditors by the Company in respect of audit services and non-audit services for the year ended December 31, 2020 amounted to RMB1.839 million and RMB0.238 million, respectively.

COMPANY SECRETARY

Mr. LAU Kwok Yin served as the company secretary of the Company during the Reporting Period and as of the Latest Practicable Date. For the year ended December 31, 2020, Mr. LAU Kwok Yin have received no less than 15 hours of relevant professional training on reviewing the requirements under the Listing Rules and other compliance. The major contact person in the Company of Mr. LAU Kwok Yin was Mr. PENG Chong, an executive Director, and has been Mr. XING Cheng, an executive Director, after the resignation of Mr. PENG Chong as an executive Director of the Company.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The Company reviews the policy regularly to ensure its effectiveness.

To safeguard Shareholders' interests and rights, separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors.

All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each Shareholders' meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

Shareholders holding more than 10% of Shares (individually or together with others) of the Company shall be entitled to request for an extraordinary general meeting or class meeting.

Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board to convene an extraordinary general meeting or class meeting. Shares held by the abovementioned Shareholders shall be calculated as at the date of submitting the written request. The aforesaid shareholdings of the proposed Shareholders shall be calculated as of the day on which the written request is made by such Shareholders.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

When the Company convenes a general meeting, the Board of Directors, Supervisory Board and Shareholders holding more than 3% of the shares of the Company separately or jointly are entitled to propose resolutions to the Company. The Shareholders holding more than 3% of the Shares of the Company separately or jointly may submit adhoc proposals and submit them to the convener in writing ten days before the general meeting is held.

The proposal content shall fall into the terms of reference of the general meeting. There shall be definite topics and specific matters for the resolutions. The proposal shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their written enquiries or requests by the following means:

Address: No. 35 Haibinba Road
Tianjin Port Free Trade Zone
Tianjin City
PRC
(For the attention of the secretary to the Board)

Email: tianbaonengyuan@tjtbny.com

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identification in order for the Company to respond to. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The chairman of the Board, non-executive Directors, independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at general meetings to meet Shareholders and answer their enquiries.

THE ARTICLES OF ASSOCIATION

According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》(國函[2019]97號)), in order to improve the efficiency of the decision-making of the Company, with reference to the practices of other listed companies and in line with its actual situation, the Company amended the Articles of Association and the Rules of Procedures of the General Meeting of the Company regarding the notice period for convening general meetings, the rights of Shareholders to propose resolutions and the convening procedures in compliance with the PRC Company Law and relevant regulations on June 15, 2020. Such amendments have been considered and approved by Shareholders at the annual general meeting of the Company held on June 15, 2020. Details of such amendments are set out in the circular to the Shareholders dated April 23, 2020. 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, pursuant to the completion of the H share "full circulation" of the Company and based on the provisions and relevant requirements in laws and regulations, including, among others, the Company Law of the PRC, the Board, after referring to the actual situation of the Company and its operation and development needs, proposed to amend the Articles of Association, the Rules of Procedure of the General Meeting of the Company and the Rules of Procedure of the Board of the Company in accordance with principles of prudence, suitability and necessity. The proposed amendments to the Articles of Association, the Rules of Procedure of the General Meeting of the Company and the Rules of Procedure of the Board of the Company are subject to the approval of the Shareholders at the 2020 annual general meeting of the Company by special resolution, ordinary resolution and ordinary resolution, respectively. For details, please refer to the Company's announcement dated March 26, 2021.

1 ABOUT THIS REPORT

1.1 Overview

Tianjin Tianbao Energy Co., Ltd.* (hereinafter referred to as the "**Company**") is currently publishing its 2020 "Environmental, Social and Governance Report" (hereinafter referred to as the "**Report**"). The purpose of this Report is to disclose the policies, measures and performance in environmental, social and governance aspects of the Company and its subsidiaries (collectively the "**Group**", "**Tianbao Energy**" or "**We**") in 2020 to various stakeholders.

This Report is published in traditional Chinese and English. In case of any discrepancies in the content of the report, the traditional Chinese version shall prevail. The electronic version of the report can be read and downloaded through the official website of the Company and the website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

1.2 Reporting scope

The disclosure scope of this Report covers the power generation and supply business of the Group, which covers the period from January 1, 2020 to December 31, 2020 (hereinafter referred to as "**Reporting Period**", "**this Year**" or "**2020**"), and for information and data relating to Tianjin Tianbao Lingang Thermal Power Co., Ltd., a subsidiary acquired by the Company in 2020, for the period since its consolidation into the Group on 15 May 2020.

1.3 Reporting standard

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "**Guide**") in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited published by the Hong Kong Stock Exchange. This Report has complied with all the "comply or explain" provisions in the Guide and has been prepared in accordance with the four reporting principles in the Guide: Materiality, Quantisation, Balance and Consistency.

1.4 Feedback

Tianbao Energy attaches great importance to the opinions of stakeholders. If you have any suggestions or questions about the contents of this Report, please feel free to call or write to us through the following contact information:

Address: No. 35 Haibinba Road, Tianjin Port Free Trade Zone, Tianjin City, PRC
Postal code: 300461
Phone: +86-22-66276388
Fax: +86-22-66276388
Email: tianbaonengyuan@tjtbny.com

2 SUSTAINABLE DEVELOPMENT MANAGEMENT

2.1 Company culture

Company's goal: advanced management, excellent service, safety and reliability, outstanding efficiency, harmonious development

Company's spirit: diligent in learning, good at innovation, courageous to challenge, willing to contribute

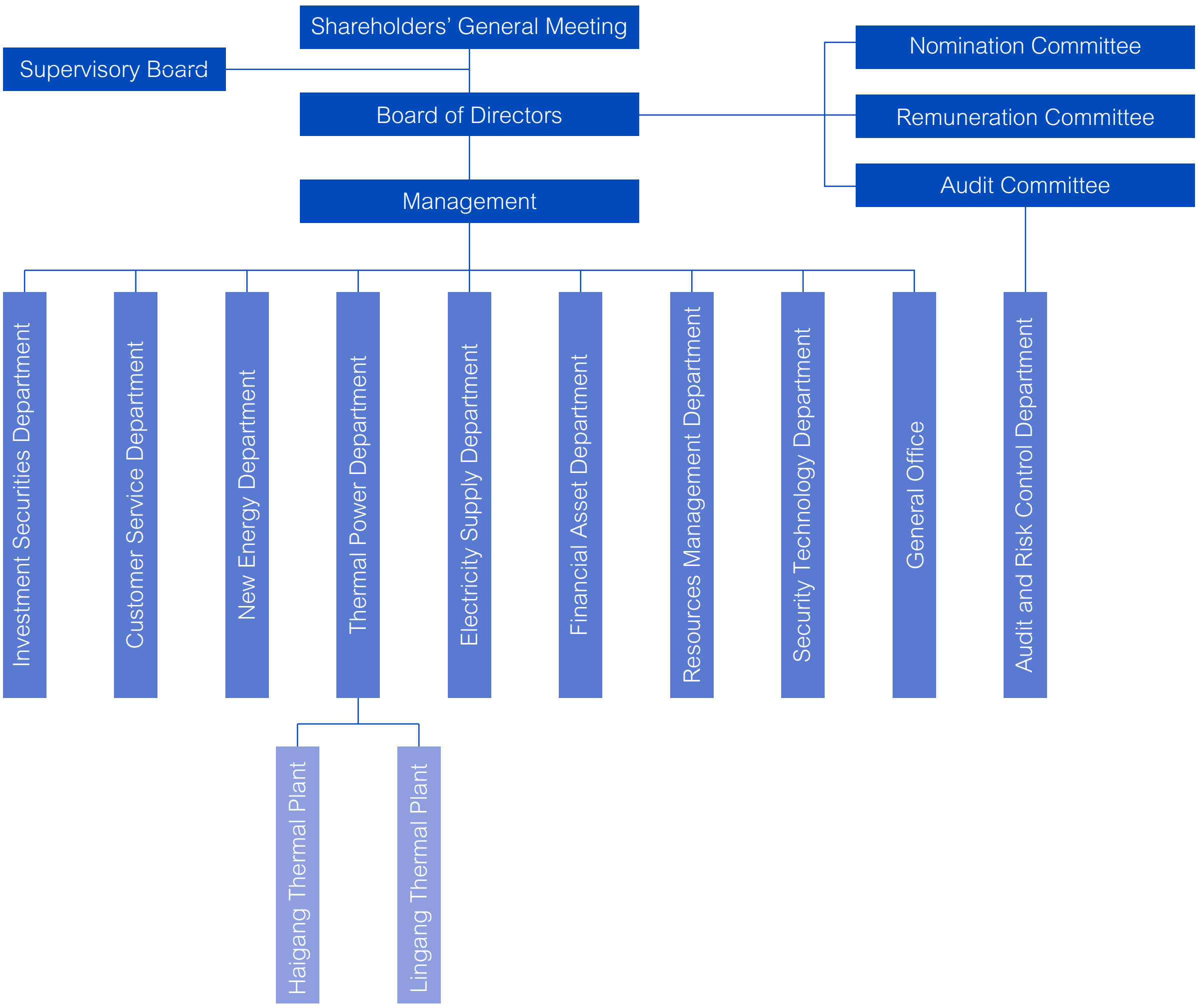
Company's vision: to become a leading power supply company in China

Company's mission: to provide efficient and comprehensive power services for the society, so that employees can show their value in life

2.2 Directors' responsibility

The Board of Directors has established environmental, social and governance related management policies, strategies, priorities and objectives by assessing the environmental, social and governance related risks and opportunities of Tianbao Energy, and has determined the reporting scope of this Report. At the same time, the Board of Directors ensures that the Company has an appropriate and effective risk management and internal control system, approves the disclosure content of this Report, and assumes overall responsibility for Tianbao Energy's environmental, social and governance strategies and reporting.

The organizational structure of the Company is as follows:



2.3 Organizational structure

In the compilation and preparation of this Report, the management of the Company led various functional departments to promote the screening of important topics, collection of materials and recording of related data. On the basis of completing the preparation of this Report, the Company has sorted out the environmental, social and governance related responsibilities of various departments, and tentatively formed its own environmental, social and governance management structure to better implement the relevant management responsibilities at all levels of the Company.

2.4 Active involvement in the sustainable development of the Group by the Board of Directors

The Board of Directors is responsible for the co-ordination of the Group's sustainable development, actively involving in the monitoring, identification, assessment, management of environmental, social and governance matters, reviewing relevant systems and proposals of the Group in a timely manner, leading and co-ordinating with each department of the Group in implementing corresponding measures, ensuring that the Group keeps abreast with the trend and follows the development of the state policies and the society, so as to enhance the sustainable development of the Group.

2.5 Communication with stakeholders

For the long-term interests and sustainable development of the Company, the Company and the Board of Directors actively maintain good relations and sufficient communication with stakeholders. The Company protects the interests of stakeholders by understanding the information needs of stakeholders and responding to the expectations of various stakeholders.

During the Reporting Period, the Group mainly maintained contact with key stakeholders through the following communication channels.

Key stakeholders	Communication channels
Shareholders and investors	Shareholders' meeting, company website, information disclosure, written inquiry by shareholders
Government and regulatory agencies	Information disclosure, regular inspection
Customers	Customer satisfaction survey, product and service complaint hotline
Staff	Staff training, regular meetings
Suppliers	Supplier inspection
Community and the public	Public welfare activities, community service activities

3 SAFE AND RELIABLE IN PROVIDING EFFICIENT AND COMPREHENSIVE POWER SERVICES

In the power production and supply business, we provide steam, heating, cooling and electricity supply services to our industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport) and the heating supply and service maintenance for the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang), while we sell electricity from cogeneration to Tianjin Electric Power Company, which is a local branch of State Grid. Through standardised and professional management, the Group provides high-quality and efficient power services and contributes to the development of Tianjin Binhai New District.

2020 annual performance	
Electricity generation: 70,454,400.00 kWh	Production of steam: 1,958,825.00 tons （value for the year of Lingang Thermal Power inclusive）/1,607,013.00 tons （value of Lingang Thermal Power from the date of acquisition to year end inclusive）
Total heating area: 1.492 million square meters	Total cooling area: 0.7336 million square meters

3.1 Quality management system

The Company's predecessor, Tianbao Electricity Company, passed the third-party audit and certification of ISO9001 quality management system in 1998. Over the past 20 years, the Group has undergone several conversions of ISO9001 standard and implemented GB/T19001-2016/ISO 9001:2015 standard on January 10, 2018. The Company's general manager organizes management review every year, and formally evaluates the on-going suitability and effectiveness of quality policy, quality objective, risk control and quality management system to ensure that the quality management system is always operating effectively. The Company continued to pass the third-party audit of ISO9001 quality management system in 2020.


CCCI
质量管理体系认证证书
注册号: 02119Q11155R7M
兹证明
天津天保能源股份有限公司
统一社会信用代码：9112011610310702XW
注册/办公地址：中国・天津市・天津自贸试验区（天津港保税区）海滨八路 35 号
质量管理体系符合标准
GB/T 19001-2016/ISO 9001:2015 和 GB/T 50430-2017
认证范围如下：
保税区电力供应、热力供应及服务，输变电工程专业承包。
注：GB/T 50430-2017 仅适用于施工范围。
本证书有效期自 2019 年 9 月 28 日至 2022 年 9 月 27 日
标准适用性细节参见组织的质量手册
认证范围涉及法律法规要求的行政许可、资质许可、强制性认证的，证书与资质共同使用有效。
在正常接受年度审核的情况下，与年度监督保持通知一并使用有效。
本证书信息可在国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询。
华夏认证中心有限公司
中国北京市海淀区北四环中路 211 号太极大厦
http://www.ccci.com.cn
总 经 理：
颁证日期： 2019 年 9 月 28 日
CNAS 中国认可 管理体系 MANAGEMENT SYSTEM CNAS C021-M

During the Reporting Period, the Company has strictly complied with the requirements for products and services under the Product Quality Law of the People's Republic of China and the Electricity Law of the People's Republic of China to ensure the provision of high quality and stable steam, heating, cooling and electricity supply services. The Company has established the Tianbao Energy Quality Management Manual and the Execution Document to provide systematic policy support for quality management.

In order to establish the Company's quality management standards, on August 21, 2020, the Company completed the revision and release of the Tianbao Energy Quality Management Manual, and specified the Company's quality management system in accordance with the Plan, Do, Check, Act (PDCA) quality management cycle method in detail.


副本

注册号：En19CC002

长城（天津）质量保证中心

能源管理体系认证证书

兹证明 天津天保能源股份有限公司

（统一社会信用代码:91120116103107O2XW）

位于 天津市自贸试验区（天津港保税区）海滨八路35号

邮编 300461

其能源管理体系符合 GB/T23331-2012/ISO50001:2011标准

RB/T 116-2014

该能源管理体系适用于

发电、供电、供热过程中所涉及的能源管理活动。

(有行政许可要求的，按行政许可范围)

颁证日期 2019年4月4日 有效期至 2021年8月30日

注：本证书应于2021年8月30日之前完成ISO 50001:2018标准转换，否则证书将于2021年8月31日失效。

长城（天津）质量保证中心 总经理

本证书信息可在本中心网站和国家认证认可监督管理委员会官方网站(www.cnca.gov.cn)上查询。

本证书需与通过年度监督评价审核后获得的《保持注册资格通知书》原件一并使用方可有效

中心地址：天津市河西区大沽南路501号恒华大厦3楼 邮政编码：300202

中心网站：www.isocgw.net

The procedure document Control Procedures for Heating Production and Supply Process further specifies the heating production and supply process in the Tianbao Energy Quality Management Manual, and stipulates the duties and work of the management and staff at all levels of Haigang Thermal Plant. The Control Procedures for Heating Production and Supply Process stipulates that equipment management personnel and professional and technical personnel shall perform production operations, operation status monitoring and equipment account management in accordance with relevant management measures, implement various safety measures and technical measures in accordance with the documents in the quality management system to ensure safe and reliable electricity generation and gas supply services, and ensure that the quality of electricity and steam and load requirements meet relevant standards. The Control Procedures for Electricity Supply Process further specifies the electricity supply process in the Tianbao Energy-Quality Management Manual, and stipulates the duties and work contents of the management and staff at all levels of the electricity supply department.

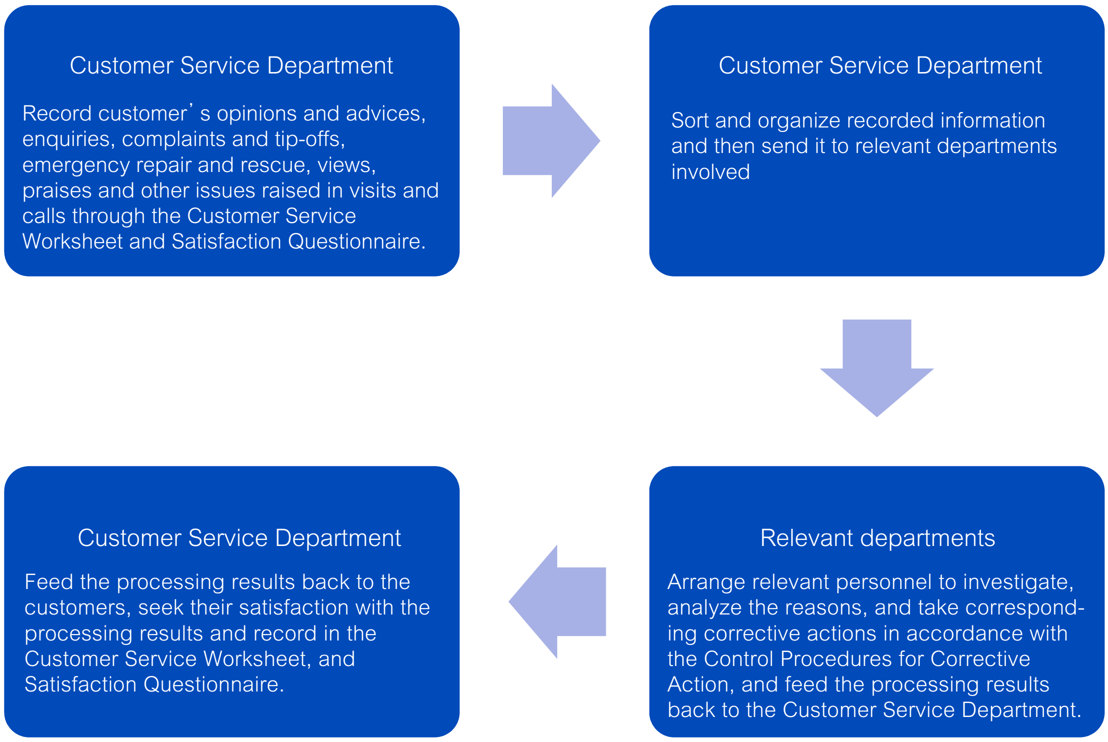
If in the process of heating production and supply, the quality of electricity and heating energy does not meet the national standards or the requirements under the contract, on the quality of electricity during the power supply service is unqualified, the relevant management personnel shall perform the operation according to the Control Procedures for Unqualified Product, and adjust the dispatch. Haigang Thermal Plant or the electricity supply department shall arrange the relevant departments to review, keep records and process in accordance with the Control Procedures for Corrective Action.

The Group attaches great importance to the maintenance and protection of intellectual property rights, and designates relevant department to record and manage all intangible assets such as patents and copyrights it holds. In 2020, the Group held 26 new utility model patents and 16 computer software copyrights in total.

Besides, the Company passed the GB/T23331-2012 energy management system certification in 2019 and passed the GB/T23331-2012 annual supervision and audit of energy management in 2020, and the certificates have been valid.

3.2 Quality customer service

On the basis of ensuring the perfect operation of the product and service quality management system, the Group further regulates the quality of customer service. In order to properly respond to customers' opinions and suggestions on products and services, we have formulated policies such as Customer Service Management Measures, and made the following requirements for the solutions to customer complaints on products and services:



The Customer Service Management Measures stipulate that the Group conducts customer satisfaction surveys in December of each year and conducts statistics and analysis on the survey results in January of the following year to obtain customers' needs and expectations and understand the Group's direction of improvement. In the survey results of customer satisfaction in 2020, the interviewed customers provided grades for the evaluation indexes including quality perception, quality expectation, corporate image, customer satisfaction, and the perceived value of the Company ranged from 8 to 10 points (10-point system), indicating recognition from customers of the Company's services.

Tianbao Energy also attaches great importance to protect the information and privacy of its customers and partners. In 2020, the Group strictly complied with the provisions of the Contract Law of the People's Republic of China on trade secrets. Regardless of whether the cooperation is established, it will not reveal or improperly use trade secrets of others. In accordance with the provisions of the Power Supply and Utilization Contract, Cooling Supply Contract, and Heating Supply Contract, the Group stipulates that any employee is prohibited from revealing confidential information of customers to other companies, media, networks, organizations and individuals. If an employee violates this regulation and causes losses to the customer, he or she will be punished according to relevant regulations.

In 2020, Tianbao Energy simplified the steps for power application and utilization, and significantly shortened the time of power availability and the time and cost of new installations and capacity expansion for customers, so as to better satisfy the needs of customers and provide higher quality services to customers.

3.3 Procurement risk management

Tianbao Energy's materials and service suppliers are an important part of the Group's provision of safe and reliable power services. Therefore, the Group pays great attention to the management of environmental and social risks and opportunities in the supply chain. Our raw material suppliers mainly include 11 coal suppliers (four from Tianjin, one from Shaanxi, one from Shanxi, one from Chongqing, one from Xiamen, one from Ningbo, one from Inner Mongolia, and one from Shandong) and one water supplier, which provide stable supply of raw materials and water to the Group. In addition, we outsource some of the operations and maintenance services of the Haigang Thermal Plant to third-party professional service providers.

In order to properly regulate the environmental and social risks in the supply chain, the Company has formulated the Response Control Procedures for Risks and Opportunities, regularly analyzes and evaluates the risks in the supplier review and procurement control process through the establishment of a risk and opportunity assessment team, and collaborates with relevant departments to develop countermeasures.

During the Reporting Period, both the Board of Directors and the management have taken different measures to monitor, identify, assess and manage procurement related risks. The Board of Directors reviewed the renewal of the continuing connected transaction framework agreements of the Company. The audit and risk control department of the Group, as the executive department of the audit committee of the Board of Directors, reviewed the compliance of the procurement contract before its execution, and organized relevant departments to conduct three times on-site sampling on the procurement of raw coal by the Group and submit them for inspection, and formed an Investigation Report and Recommendation on Management. Relevant matters have been reported to and considered and approved by the audit committee of the Board of Directors in the resolution in relation to the Improvement of Risk Management and Internal Control System Implementation of 2020 and the Work Plan for 2021 (《2020年完善風險管理及內部監控系統實施及2021年工作計劃》). In addition, the Group implemented the provisions on the supplier review and procurement control process in the policies such as Related Party Management System, Management System for Tendering, Comparison and Selection, Materials (Services) Procurement Management System, and Coal Purchasing System for all procurement activities. According to the above documents, during the procurement period, we require potential suppliers to submit qualifications, and then assess and evaluate suppliers based on their product and service quality, delivery schedule, pricing terms, and credit and financial status to form a list of qualified suppliers. According to the Coal Purchasing System, we also entrust a professional consulting company with relevant qualifications to review and determine the qualified coal suppliers that are short-listed, to ensure that their production processes comply with the laws and regulations and environmental protection standards of the place where they operate. Afterwards, qualified suppliers are selected through open tendering, bidding comparison and selection, and direct entrustment in accordance with the Management System for Tendering, Comparison and Selection and Materials (Services) Procurement Management System.

Before the purchased coal is used for production, the Group will sample and accept it according to the requirements of the Coal Purchasing System, and submit it to a qualified third party for inspection to ensure that the coal quality meets the standard of coal used for production.

For third-party service providers, the Group assigns employees to regularly supervise and assess their work to ensure that the services provided by the suppliers meet the contract requirements and relevant standards.

3.4 Guarantee of safe production

As the most directly relevant risk to the employees of the Group, the Board of Directors has proactively taken different measures to monitor, identify, assess and manage the risks relating to safety production. At the annual Board meeting, the Board of Directors requires the general manager to report the production safety situation of the whole year in the General Manager's Report, which will be considered by the Board of Directors. The Board of Directors formulated the Comprehensive Risk Management Measures, which stipulate the collection, identification, assessment, response, supervision, improvement and other work process of risk information on risks such as the operating risk causing the safety production incident. The chairman of the Board as the director of the safety production committee, carried out "Safety Lecture by Leaders" to give safety lessons to employees and presided over safety production meetings for 12 times, to announce the safety and prevention work, assign safety tasks and coordinate and resolve the existing problems.

During the Reporting Period, Tianbao Energy has complied with the Electricity Law of the People's Republic of China, Safe Production Law of the People's Republic of China, Fire Prevention Law of the People's Republic of China, Special Equipment Safety Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Regulation on Emergency Responses to Work Safety Accidents, Administrative Measures on Emergency Plan for Production Safety Accidents, Tianjin Safe Production Regulations, and other relevant national and local laws and regulations. During the year, the Company implemented related work to provide a safe working environment, ensure production safety, and prevent occupational diseases through the following management measures.

Institutional support

- The Group has formulated and implemented the Responsibility System for Safety in Production and the Safe Production Inspection and Hidden Danger Treatment System, which clarifies the relevant management responsibilities and implementation standards for safety inspection and hidden danger treatment.

Publicity training

- The Group organized 13 safety education and trainings such as trainings on responsibility system for safety in production, safety management for entrusted external parties, safety knowledge of fire work, emergency response plan and warning education for typical accident cases.

Regular assessment

- The Group tested the fire-fighting equipment, carried out detection of occupational hazards at the production site, and organized physical examinations for all employees at a regular interval.

In 2020, the Group did not have any case of death or injury due to work.

Figure: Tianbao Energy 2020 "Responsibility System for Safety in Production" training event

Figure: Tianbao Energy 2020 "Emergency Evacuation and Fire-fighting Exercise for Substation Fire" event

4 PUTTING PEOPLE FIRST AND HELPING EMPLOYEES REALIZE THEIR VALUE OF LIFE

Tianbao Energy always believes that employees are a driving force for realizing an enterprise's sustainable development. By taking the action of respecting our employees and creating an equal, diversified, anti-discriminatory, healthy, and safe working environment as our first priority, we build a platform for employees' growth and development to help them realize their value of life. In addition, the Group regularly analyses its human resources situation, including age structure, knowledge background, and professional capacity for the draft of human resources plan, to ensure a fair and equitable treatment towards staff of different gender, age, birthplace, race, and cultural background, thus avoiding any discrimination.

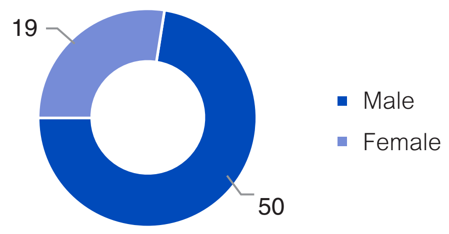
4.1 Recruitment

Tianbao Energy takes the enlargement of the Group's professional team as an important step to achieve sustainable development. Based on its actual business requirements, the Group introduces talented people to support key personnel, thereby providing an inexhaustible driving force for the sustainable robust growth of the Group.

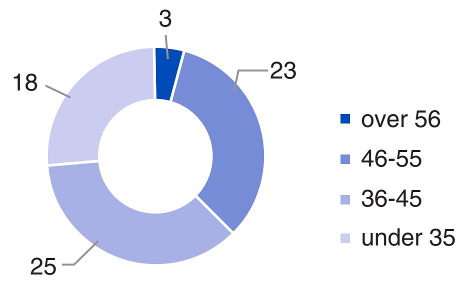
During the Reporting Period, the Group observed the Labor Law of the PRC, Employment Contract Law of the PRC (the "**Labor Contract Law**"), implemented Regulations of the Employment Contract Law of the PRC, and other laws and regulations, and developed the Integrated Administrative Measures for Human Resources as per the Labor Contract Law to regulate labor relations built with employees and to sign, perform, terminate and revise labor contracts. In addition, while strictly abiding by the Provisions of Prohibition on Child Labor, we do not employ child labor and carefully check the personal information of applicants during our recruitment to verify their identity data via multiple approaches like examining their ID cards, graduation certificates, etc. Anyone who provides false materials will not be hired.

As at December 31, 2020, there were 69 employees in total, all with registered residences of Tianjin, with relevant statistics as follows:

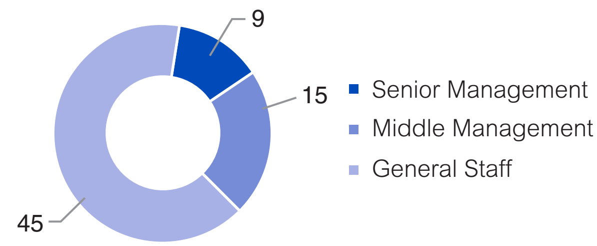
Number of employees by gender



Number of employees by age group



Number of employees by staff category[Note]



Note Senior Management includes the chairman of the Board; in 2020, the Company lost zero female employee aged 36-45, zero female employee aged 46-55, and zero male employee aged 46-55, and the overall employee turnover rate was 0%.

4.2 Talent Management

Good talent management is an important way to promote the harmonious and stable development of an enterprise and to attract and keep employees. We endeavor to protect employees' rights and interests, lay stress on their demands and needs, and create an inclusive, equal, and collaborative working environment with mutual trust. To better give play to the role of talents, the Group has set clear management procedures for post settings, recruitment, dismissal, and distribution of salaries and benefits in the Integrated Administrative Measures for Human Resources to guarantee employees' rights and interests like legal labor remuneration, benefits, and holidays, thus creating a stable and equal relation between labour and capital.

We purchase for our employees social insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance according to the Social Insurance Law of the People's Republic of China. To enhance and regulate the management of employees' attendance and vacation, the Group develops the Administrative Measures for Attendance and Vacation to implement a work scheme which includes five-day work week and welfare holidays like national statutory holidays, paid annual leave, sick leave, marriage leave, bereavement leave, maternity leave, paternity leave, etc. Furthermore, overtime working is not advocated in the Group in principle. However, in case of any exceptions, employees shall be given corresponding compensation in accordance with overtime working treatment regulations and such overtime working shall not be over 36 hours per month. If any violations or forced labor occur, the Company will hold the relevant personnel accountable as per relevant legal provisions and its policies.

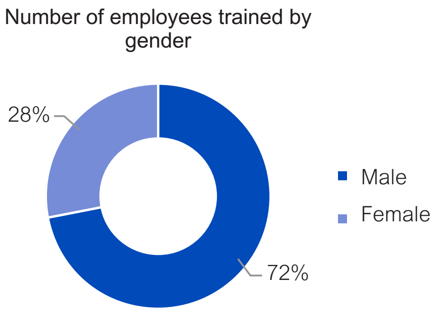
4.3 Growing Together

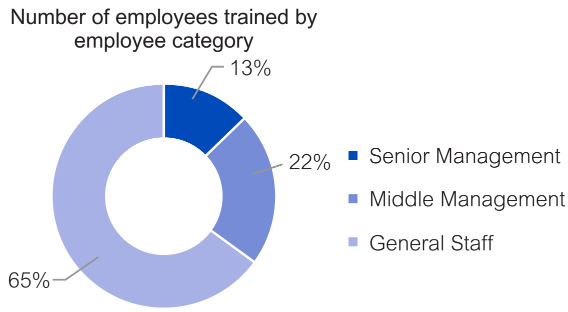
Tianbao Energy attaches great importance to employees' trainings and development. For the Group's sound development and employees' development, the Group provides continuous education and training programs for managers and other employees to continuously improve their skills and knowledge. The employees'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

To enhance employees' overall quality and inspire their enthusiasm and creativity to better adapt to the requirements of market changes and internal management, the Company specially formulated the Administrative Measures for Staff Training, which stipulate the management responsibility, procedure and scope of staff training, the enforcement and assessment of training programs, and other contents, laying a foundation for the effective implementation and regulation of staff training. This year, we organized various training activities including professional skills training, safe production and management training, quality management training, etc., greatly improving the professional skills and safe production management level of employees.

In 2020, the Group carried out comprehensive and diversified trainings for management personnel, technical personnel and skilled personnel, the trainings were layered and segmented so as to improve the professional capacity and management level of the employees. In 2020, the Group organized five safety production trainings for all employees, and 25 professional skills trainings for the employees from different departments involving different contents including, among which, 20 continuing education trainings, five safety trainings, two finance trainings, one taxation training, one legal training and one information system training.

During the Reporting Period, the Company provided 2,811 hours of training in total, and the related statistics of staff training in the Company were as follows:





4.4 Incorruptibility

We are fully aware of the profound significance of the construction of a clean and honest administration in an enterprise; therefore, strengthening the construction of business integrity and honesty has always been a major task in Tianbao Energy. As a state-owned enterprise, the Group continued to promote the construction of a Party-style honest environment.

As a leading organ of the Group, the Board of Directors implemented different measures to monitor, identify, assess and manage related risks, so as to become a model for all departments and employees. The executive directors, as Party branch members, actively carried out precautionary conversations, conducted integrity education on all leaders of middle-level, so as to guide leaders of middle-level and employees to learn the discipline rules of the Party and improve incorrupt awareness, fortify incorrupt ideology, keep a clean and incorrupt working style at all times. Each executive Director carefully implemented the main responsibility to strictly administer the Party in all aspects, conducted discussion with divisions and offices respectively, and, starting from the main responsibility and the main business, discussed deeply on the risk point existed in the job and conducted incorrupt education, to strengthen the incorrupt awareness of employees of the Company.

During the Reporting Period, we observed the Company Law of the PRC, the Criminal Law of PRC, the Anti-Money Laundering Law of PRC, the Provisions on the Honesty and Integrity of Leading Personnel in State-owned Enterprises, and other relevant laws and regulations, asked officers in mid-level management and above to sign the Letter of Undertaking the Main Responsibility of Building an Honest and Clean Party so as to implement a responsibility system for such building. To consolidate the control and prevention of integrity risks, the Group conducted post integrity investigation in light of the actual situation in work, enabling timely risk assessment and disposal procedure in case of any emergencies or major events.

We also formulated the Code of Conduct for Employees to supervise the execution of such behavioral norms and standards and conducted training education and inspection in time. Meanwhile, the Group strengthened integrity and honesty education via watching precautionary and educating videos, visiting educating exhibitions, and attending classes on integrity and through other forms to enhance the awareness of integrity risks. We earnestly gave play to the supervisory role of all employees in the Group via opening reporting channels, setting complaint mailboxes in conspicuous positions around working areas plus exposing tip-off phone numbers and email addresses to create a clean and righteous working environment.

During the Reporting Period, the Group did not receive any whistle-blowing or investigation concerning corruption cases.

5 ENERGY SAVING AND ENVIRONMENTAL PROTECTION – A LEADING DOMESTIC POWER SUPPLY ENTERPRISE

Tianbao Energy focuses on green production and ultra-low emissions in its energy production and supply business. Unlike conventional power generation plants, we have adopted coal-fired cogeneration technology utilizing backpressure turbines, which provides us with the synergies of generating steam, electricity, heating and cooling simultaneously, allowing us to achieve a thermal efficiency rate that is higher than the PRC industry average and a coal consumption rate that is lower than the PRC industry average. We further established systematic environmental protection management system, making continuous efforts to save energy and reduce emissions.

5.1 Involvement of the Board of Directors in relation to the Group's work on the environment during the Reporting Period

The Board of Directors adjusted the organizational structure of the Group during the year, specified the responsible department for environmental protection, and reorganized and prepared the environmental protection responsibilities for each department and position. The Group has developed a sound system relating to environmental protection. The executive Director led the supervision work on the environmental protection technology of the Group, thoroughly implemented the relevant requirements and requests of the country and the leaders on the supervision of environmental protection technology, considered and approved the implementation rules and working measures on the supervision of environmental protection of the Group. The executive Director organized the preparation, adjustment and announcement of the emergency response for the Group's environmental incidents. In particular, the chairman of the Board served as the commander-in-chief of the Emergency Environmental Protection Department, and the executive Director (general manager) served as the deputy commander-in-chief of Emergency Environmental Protection Department. The executive Director is responsible for the organization and review of the Annual Plan for Environmental Protection and Annual Plan for Emission Reduction, and organizing the supervision on the manual monitoring and automatic monitoring and other works on the pollution sources of waste gas, wastewater and noise.

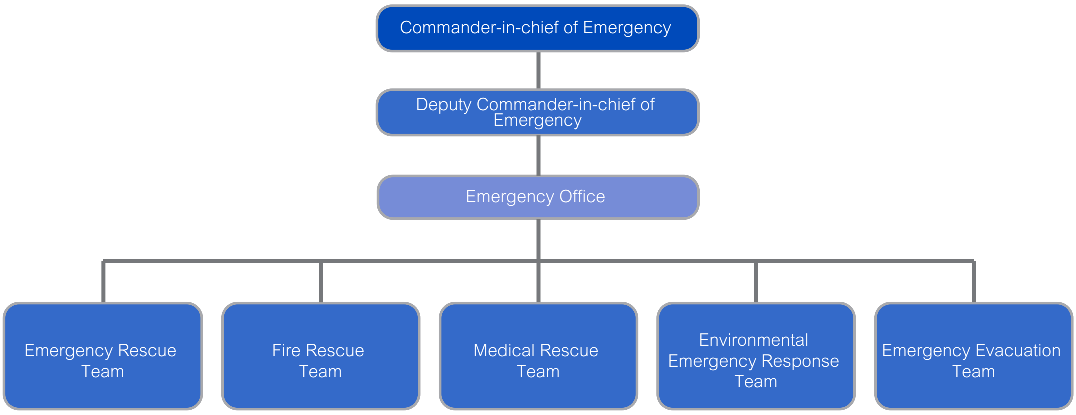
5.2 Environmental Protection Management System

During the Reporting Period, the Group observed the Environmental Protection Law of the PRC, which stipulates that all units and individuals have the obligation to protect the environment, and shall prevent and reduce environmental pollution and ecological destruction. The Group continued to pay close attention to the impact of its own business activities on environment and natural resources, including the use of energy (such as coal, electricity and etc.) and water resources, the emission of pollutants (such as SO2, NOx, smoke, wastewater, etc.) and greenhouse gas plus the generation of hazardous and non-hazardous waste during the process of producing steam and electricity. To reduce such impacts, the Company set environmental protection management system and developed and implemented Detailed Implementation Rules of Environmental Protection Management, specifically defining the duties and implementation procedures of each post in environmental protection actions to comply with national requirements on the whole.

Contents of Detailed Implementation Rules of Environmental Protection Management	
Contents of environmental protection management: • Detailed implementation rules of air pollutant control and management • Detailed implementation rules of wastewater drainage control and management • Detailed implementation rules of solid waste management • Household waste treatment • Detailed implementation rules of noise control and management	Contents of technical supervision on environmental protection: • Supervision on fuel and raw materials • Technical supervision on dust removers • Technical supervision on desulphurization and de-nitrification facilities • Supervision on wastewater treatment facilities • Supervision on noise control facilities • Technical supervision on ashes (slags) storage sites and comprehensive utilization facilities • Supervision on flue gas online detectors • Supervision on pollutant discharge • Supervision on wastewater drainage • Monitoring of noise • Supervision on ashes and slags

In addition, Tianbao Energy established an Emergency Environmental Protection Department and an Emergency Environmental Protection Office led by the General Manager plus five emergency working teams, with emergency rescue tasks being completed by the inter-coordination of various functional departments.

The structure of the headquarter of the Emergency Environmental Protection Department is as follows:



5.3 Management of Pollutants and Wastes

The Thermal Plant in Tianbao Energy generates air pollutants, wastewater, oil, ashes, slags and other wastes during its production process. In 2020, the Group strictly observed the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Environmental Noise Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the PRC on Prevention and Control of Water Pollution, the Environmental Protection Tax Law of the PRC, the Measures for Pollutant Discharge Licensing (Provisional) and other relevant laws and regulations, and controlled and reduced the discharge of pollutants and wastes by controlling the quality of coal we use, utilizing automated coal crushing technology and strict desulphurization, de-nitrification and de-dusting procedures.

The Environmental Protection Tax Law of the PRC that has been implemented on January 1, 2018 stipulates that enterprises shall pay taxes on air pollutants, water pollutants, solid wastes and noise pollution generated by them. In order to ensure a stable and standard-compliant hourly emission concentration of flue gas pollutants generated by its Thermal Plant plus the reduction of environmental protection tax paid on such basis, the Group continued to implement the Reward and Punishment Plan for Environmental Protection in Tianjin Tianbao Energy Co., Ltd. (Trial) (the "**Reward and Punishment Plan**") in 2020. For the Haigang Thermal Plant outsourced to external units, this Reward and Punishment Plan examines the emissions of smoke, SO_2 and NOx from these plants during the operation period operated by those units. Besides, assessment criteria, plans, reward and punishment systems are also regulated in this plan in a detailed way.

In 2020, the Group's discharge volume of polluting substances met the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008), the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), the Integrated Wastewater Discharge Standard (GB8978-1996) and the Integrated Wastewater Discharge Standard (DB12/356-2008) and other national and local technical standards about pollution emissions. Our pollution emissions during the Reporting Period were much lower than the standards of ultra-low emission of SO_2, NOx and smoke of 35/50/10 mg/m^3 set by the Implementation Plan of the Standards of Ultra-Low Emissions and Energy-saving Equipment Upgrade for Coal-Fired Power Plants jointly issued by the Ministry of Ecology and Environment of the PRC, the National Development and Reform Commission of the PRC and the National Energy Administration in December 2015, meeting the ultra-low emission requirements set by the State.

Upon the completion of the equity acquisition of Lingang Thermal Power, the Group carried out technological upgrade for the production equipment of Lingang Thermal Plant, and completed de-nitrification quality improvement and upgrading of five boilers. After the upgrading, Lingang Thermal Plant achieved ultra-low emission standard, with its emission level of air pollutants as coal power units is comparable to those of gas-fired units (which are perceived as more environmentally friendly).

The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste sets out related provisions on the prevention and control of environmental pollution by hazardous wastes and solid wastes respectively. In 2020, the Group observed the above mentioned legal regulations and implemented the Detailed Implementation Rules of Environmental Protection Management to conform to the separate collection and safe disposal of solid wastes. As for the hazardous wastes of waste mineral oil and waste oil tanks generated during its production process, the Group, in accordance with the Administrative Measures for Hazardous Waste Transfer Forms and other related regulations, hired a third party with the qualification of collecting, storing and disposing hazardous wastes issued by government environmental protection department for the collection, safe transport and proper disposal of waste oil and waste oil tanks. As for stove ashes, slags, MgO residues and other non-hazardous waste generated during its production process, the Group signed cooperative agreements with qualified third parties to collect, transport, recycle and harmlessly dispose such ashes and slags and apply reusable parts for building material production to reduce the generation of wastes.

5.4 Energy Saving and Emission Reduction of Greenhouse Gases

The main powers consumed by the Group are electricity, raw coal and diesel oil. The greenhouse gas emissions generated during the Group's business are mainly derived from coal combustion, desulphurizer application and the indirect emissions generated during the production process of purchased electricity; therefore, the Group saves energy consumption while reduces greenhouse gas emissions through enhancing scientific management of powers, increasing energy efficiency and other measures.

The Group formulated its energy saving goals in 2020 by actively responding to the Integrated Plans for Energy Saving and Emission Reduction in the "13th Five Year Plan" and the Notice on Matters about Carrying out Assessment in "One Hundred" Key Energy-using Units with Highest Consumption, "One Thousand" Key Energy-using Units with Higher Consumption and Other Key Energy-using Units issued by the State Council of PRC. To achieve its goals, the Company constantly improves its energy management structure construction and implements three-level management of company, department and team:

Energy-saving Leading Team

- The general manager of the Company is its leader, the heads of each department and the energy management personnel are its members.
- An energy-saving meeting is held in every quarter to summarize the implementation of energy-saving work and existing problems, analyze and discuss new technical measures for energy-saving, exchange energy saving experience, and deploy the next major tasks in energy-saving.

Full-time Energy-saving Management Department

- Be responsible for the allocation and assessment of energy-saving targets, control of power consumption, formulation of product energy consumption quota, submission of energy statistical reports, planning of power-related work and etc.

Energy-saving Team in All Departments

- Implement power management plan, promote the publicity of energy saving and consumption reduction among front-line staff, and execute evaluation criterion.
- Check the daily energy waste situation in their respective departments and supervise staff to work in accordance with energy management process.
- The allocation, standing books, maintenance, inspection report and other related work of energy monitoring equipment in each department.

Based on the construction and operation of the energy management system, the Company regularly issues the Energy-saving Situation Analysis Report of Tianjin Tianbao Energy Co., Ltd. to summarize, record and analyse the Group's energy-saving management and results.

In 2020, the Group completed its energy saving target of reduction of integrated energy consumption by 797.44 tons of standard coals via actively carrying out the following energy-saving reconstruction during the Reporting Period, and achieved the goal of 648 tons of standard coal energy savings set at the beginning of the year.

- For the high temperature recovery and transformation project of the No. 1 heat exchange station of Haigang Thermal Plant, by using the desalinated water heated by the heat pump unit, exchanged heat with the backwater of the large network of the heat exchange station, to reduce steam consumption;

- Replaced the thermal insulation layer of the steam supply pipe network, and repair the thermal insulation of the pipe network with corresponding measures, to effectively reduce the heat loss during steam transmission in the pipe network.

All of the above measures lowered the electricity consumption during production and operation process in varying degrees, thus further reduced the emission of greenhouse gases generated during the production process of the electricity used by the Company.

- The expired ultrafiltration membrane of Haigang Thermal Plant was replaced, to improve the water production rate and save the water production cost. In addition, the Company recycled condensed water from the heat exchange station, conducted ultrafiltration recycling of chemical wastewater from the desulphurization system and recovered flue gas condensed water from spray equipment and excess heat recovery system during its daily operation, for the purpose of saving water.

5.5 Environmental Performance Indicators

Air pollutants[2]

Indicator	Value of Haigang Thermal Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (From the date of acquisition to the year end)
SO_2	12.10 tons	6.27 tons	3.88 tons
NOx	25.33 tons	55.31 tons	34.29 tons
Particulate Matter	1.15 tons	4.73 tons	2.93 tons

Water resources

Indicator	Value of Haigang Thermal Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (From the date of acquisition to the year end)
Total water consumption	1,067,161.00 tons	1,441,767.00 tons	972,915.00 tons
Water consumption of unit power supply	0.40 kg/kWh	/	/
Water consumption of unit heat supply	0.43 tons/GJ	0.52 tons/GJ	0.52 tons/GJ
Wastewater discharge	129,320.00 tons	7,208.84 tons	4,469.48 tons
Recycling of industrial water	275,885.00 tons	/	/

2 Monitoring data from the Company.

Wastes[3]

Indicator	Value of Haigang Thermal Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (From the date of acquisition to the year end)
Hazardous waste generation	0.94 tons	108.48 tons	108.48 tons[4]
Hazardous waste generation of unit power supply	157.82 g/10MWh	/	/
Hazardous waste generation of unit heat supply	0.35 g/GJ	39.15 g/GJ	39.15 tons/GJ
Non-hazardous waste generation	21,950.00 tons	26,953.90 tons	16,711.41 tons
Non-hazardous waste generation of unit power supply	38.52 g/kWh	/	/
Non-hazardous waste generation of unit heat supply	8.18 kg/GJ	9.73 kg/GJ	9.73 kg/GJ

3 Hazardous waste includes waste oil and waste oil tanks; non-hazardous waste covers stove ashes and slags, recycled by a third party.

4 Hazardous wastes shall be disposed of concentratedly in the second half of the year.

Emission of greenhouse gases[5]

Indicator	Value of Haigang Thermal Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (From the date of acquisition to the year end)
Scope 1			
Emissions of fossil fuel combustion	387,088.95 tons CO_2	395,149.27 tons CO_2	262,599.49 tons CO_2
Emissions during desulphurization	328.09 tons CO_2	556.87 tons CO_2	300.30 tons CO_2
Scope 2			
Emissions from electricity purchased by the Thermal Plant	6,324.00 tons CO_2	12,429.10 tons CO_2	840.83 tons CO_2
Emissions from electricity purchased by working area	77.62 tons CO_2	/	/
Total			
Greenhouse gas emissions	393,818.66 tons CO_2	408,135.24 tons CO_2	263,740.62 tons CO_2
Greenhouse gas emissions of unit power supply	5.0 tons CO_2/10MWh	/	/
Greenhouse gas emissions of unit heat supply	146.68 kg CO_2/GJ	147.30 kg CO_2/GJ	147.30 kg CO_2/GJ

5 The calculating method is in compliance with the Guidelines on Accounting and Reporting of Greenhouse Gas Emissions from China's Power Generation Enterprises (provisional) issued by the National Development and Reform Commission of the PRC.

Resource Utilization

Indicator	Value of Haigang Thermal Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (For the Year 2020)	Value of Lingang Thermal Power Plant (From the date of acquisition to the year end)
Coal consumption	145,491.06 tons	148,255.00 tons	98,524.00 tons
Coal consumption of unit power supply	188.42 g standard coal/kWh	/	/
Coal consumption of unit heat supply	40.01 kg standard coal/GJ	46.07 kg standard coal/GJ	46.07 kg standard coal/GJ
Electricity consumption in comprehensive plants	22,960,811.00 kWh	14,055,300.00 kWh	9,508,420.00 kWh
Electricity consumption in working areas	87,778.00 kWh	/	/
Electricity consumption of unit power supply	1.54 kWh/10MWh	/	/
Electricity consumption of unit heat supply	0.03 kWh	5.07 kWh	5.07 kWh
Diesel oil consumption	28.34 tons	/	/
Diesel oil consumption of unit power supply	0.50 kg/10MWh	/	/
Diesel oil consumption of unit heat supply	10.56 g/GJ	/	/

6 WILLING TO CONTRIBUTE AND ACTIVELY FULFILL CORPORATE SOCIAL RESPONSIBILITY

On the basis of providing efficient and comprehensive power services to the society, Tianbao Energy actively fulfills its corporate social responsibility, actively seeks opportunities to help local communities and encourages employees to actively participate in activities such as poverty alleviation and improvement in community environment.

The Company responded to the "10,000 Party Members Connecting 10,000 Families" activity in Tianjin and started the support work by interconnecting with one poor family in Zhongtang Town in Binhai New District.

Figure: Company employees helping a poor family

7 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTENT INDEX

A. Environmental			
General Disclosures and KPIs	**Description**		**Chapter in Which Discourse is Made**
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		5 Energy saving and environmental protection – a leading domestic power supply enterprise
KPI	A1.1	The types of emissions and respective emissions data.	5.4 Environmental performance indicators
	A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Environmental performance indicators
	A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Environmental performance indicators
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Environmental performance indicators
	A1.5	Description of measures to mitigate emissions and results achieved.	5.3 Energy saving and emission reduction of greenhouse gases 5.2 Management of pollutants and wastes
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.2 Management of pollutants and wastes

Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		5.1 Environmental protection management system 5.3 Energy saving and emission reduction of greenhouse gases
KPI	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.4 Environmental performance indicators
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.4 Environmental performance indicators
	A2.3	Description of energy use efficiency initiatives and results achieved.	5.3 Energy saving and emission reduction of greenhouse gases
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5.3 Energy saving and emission reduction of greenhouse gases[5]
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable[6]
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.		5.1 Environmental protection management system
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Environmental protection management system

5 The Company's place of operation is located in the urban area of Tianjin. The majority of water used for production is taken from the municipal pipe network and the reclaimed water purchased from independent third parties. Therefore, there is no issue in sourcing water that is fit for purpose;

6 In the power generation and supply business, we provide steam, electricity, heating and cooling for our customers. Based on the nature of this business, the relevant indicators for packaging material used for finished products are not applicable.

<table>
<tr><th colspan="4">B. Social</th></tr>
<tr><th>General Disclosures and KPIs</th><th colspan="2">Description</th><th>Chapter in Which Discourse is Made</th></tr>
<tr><td colspan="4">Aspect B1: Employment</td></tr>
<tr><td>General Disclosure</td><td colspan="2">Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</td><td>4 Put People First and Help Employees Realize Their Value of Life</td></tr>
<tr><td rowspan="2">KPI</td><td>B1.1</td><td>Total workforce by gender, employment type, age group and geographical region.</td><td>4.1 Recruitment</td></tr>
<tr><td>B1.2</td><td>Employee turnover rate by gender, age group and geographical region.</td><td>4.1 Recruitment</td></tr>
<tr><td colspan="4">Aspect B2: Health and Safety</td></tr>
<tr><td>General Disclosure</td><td colspan="2">Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</td><td>3.4 Guarantee of safe production</td></tr>
<tr><td rowspan="3">KPI</td><td>B2.1</td><td>Number and rate of work-related fatalities.</td><td>3.4 Guarantee of safe production</td></tr>
<tr><td>B2.2</td><td>Lost days due to work injury.</td><td>3.4 Guarantee of safe production</td></tr>
<tr><td>B2.3</td><td>Description of occupational health and safety measures adopted, how they are implemented and monitored.</td><td>3.4 Guarantee of safe production</td></tr>
</table>

Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		4.3 Growing together
KPI	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Growing together
	B3.2	The average training hours completed per employee by gender and employee category.	4.3 Growing together
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		4.1 Recruitment 4.2 Talent management
KPI	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Recruitment 4.2 Talent management
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Recruitment 4.2 Talent management
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		3.3 Procurement risk management
KPI	B5.1	Number of suppliers by geographical region.	3.3 Procurement risk management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.3 Procurement risk management

Aspect B6: Product Responsibility[7]			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.		3.1 Quality management system 3.2 Quality customer service 3.4 Guarantee of safe production
KPI	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2 Quality customer service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Quality management system
	B6.4	Description of quality assurance process and recall procedures.	3.1 Quality management system
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.2 Quality customer service
Aspect B7: Anticorruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		4.4 Incorruptibility
KPI	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	4.4 Incorruptibility
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	4.4 Incorruptibility

[7] In the power generation and supply business, we provide steam, electricity, heating and cooling for our customers. Based on the nature of this business, product advertising, product labeling, and product recycling are not applicable.

Aspect B8: Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		6	Willing to contribute and actively fulfill corporate social responsibility
KPI	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sport).	6	Willing to contribute and actively fulfill corporate social responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6	Willing to contribute and actively fulfill corporate social responsibility

Independent Auditor's Report

Independent auditor's report to the shareholders of Tianjin Tianbao Energy Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Tianjin Tianbao Energy Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 99 to 105, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Assessing impairment of property, plant and equipment</td></tr>
<tr><td colspan="2">Refer to note 1(f) of the significant accounting policies and accounting estimates to the consolidated financial statements, and note 10 to the consolidated financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>In early 2020, the outbreak of COVID-19 caused great impact on the production of enterprises nationwide. From 1 February 2020, the Group charged its customers 95% of the original price of electricity according to the new electricity pricing policy during national epidemic prevention and control period to lighten the burden on enterprises, which had a negative impact to the Group's electricity dispatch and sale revenue.

As at 31 December 2020, the carrying amount of the net assets of the Group was more than its market capitalisation.

The Group's property, plant and equipment has a net book value amounting to RMB553,325,000 as at 31 December 2020, which accounted for 68% of the Group's total assets.

Management considered that there were indicators that the Group's property, plant and equipment relating to the Group's electricity dispatch and sale business and power generation and supply business may be impaired as at 31 December 2020.

Electricity dispatch and sale business in Seaport, power generation and supply business in Seaport and power generation and supply business in Lingang have been identified as three separate cash-generating units ("CGUs") for impairment assessment purpose.

For those CGUs where an indicator of impairment was identified, management compares the carrying amounts of the property, plant and equipment 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.</td><td>Our audit procedures to assess potential impairment of property, plant and equipment included the following:

– assessing management's identification of indications of potential impairment and considering whether there are any other indicators not already identified by management based on our knowledge of the business, and the current market conditions, our industry knowledge and other information obtained during the audit;

– assessing management's identification of the CGUs, the allocation of assets to each CGU, the use of the value in use model for determining the recoverable amounts and the methodology adopted in the preparation of the discounted cash flow forecasts with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;

– challenging the key assumptions and estimates used in the discounted cash flow forecast as at 31 December 2020, including those relating to future sales, future operating costs and the discount rates applied, which included involving our internal valuation specialists to assist us in comparing these key assumptions and estimates with external benchmarks (including the discount rate applied in the discounted cash flow forecast and the remaining useful economic lives and price volatility of the relevant assets of similar companies in the same industry) and in considering the key assumptions and estimates based on our knowledge of the Group and the industry in which it operates; and</td></tr>
</table>

Assessing impairment of property, plant and equipment	
Refer to note 1(f) of the significant accounting policies and accounting estimates to the consolidated financial statements, and note 10 to the consolidated financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
The impairment assessment involves significant degree of management judgement, particularly in relation to the key assumptions adopted, including selling prices, fuel price, revenue growth rates, the discount rate applied in the discounted cash flow forecast and the remaining useful economic lives and price volatility of the relevant assets. We identified assessing potential impairment of property, plant and equipment held by the Group as a key audit matter because the impairment assessments include a number of assumptions and estimates which require the exercise of significant management judgement and are inherently uncertain and could be subject to management bias.	– performing sensitivity analysis of the key assumptions adopted by management to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chu Man Wai.

KPMG

Certified Public Accountants

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

26 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020 – (Expressed in Renminbi "RMB")

	Note	2020 RMB'000	2019 RMB'000
Revenue	3	**482,072**	373,634
Cost of sales		**(407,449)**	(339,362)
Gross profit		**74,623**	34,272
Other net income	4	**2,079**	4,939
Administrative expenses		**(26,608)**	(19,117)
Profit from operations		**50,094**	20,094
Interest income		**570**	896
Interest expense		**(11,847)**	(6,914)
Profit before taxation	5	**38,817**	14,076
Income tax	6(a)	**(9,341)**	(3,747)
Profit for the year		**29,476**	10,329
Attributable to:			
Equity shareholders of the Company		**17,510**	10,329
Non-controlling interests		**11,966**	–
Profit for the year		**29,476**	10,329
Earnings per share	9		
Basic (RMB)		**0.11**	0.06
Diluted (RMB)		**0.11**	0.06

The notes on pages 106 to 171 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(g).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020 – (Expressed in Renminbi "RMB")

	Note	2020 RMB'000	2019 RMB'000
Profit for the year		**29,476**	10,329
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**29,476**	10,329
Attributable to:			
Equity shareholders of the Company		**17,510**	10,329
Non-controlling interests		**11,966**	–
Total comprehensive income for the year		**29,476**	10,329

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2020 – (Expressed in RMB)

	Note	**At 31 December 2020 RMB'000**	At 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**553,325**	344,009
Right-of-use assets for properties	*14*	**73,865**	14,989
Intangible assets	*11*	**3,124**	2,820
Goodwill	*12*	**537**	–
		630,851	361,818
Current assets			
Inventories	*15*	**11,802**	3,460
Trade and bill receivables	*17*	**31,836**	35,453
Contract assets	*16(a)*	**28**	1,102
Other receivables and assets	*18*	**7,880**	2,739
Cash and cash equivalents	*19*	**126,916**	133,678
Restricted deposits		**1,000**	2,000
		179,462	178,432
Current liabilities			
Loans and borrowings, current	*21*	**79,900**	–
Trade and other payables	*20*	**47,805**	31,383
Contract liabilities, current	*16(b)*	**22,442**	22,512
Salary and welfare payables		**3,110**	2,779
Lease liabilities, current	*22*	**79**	131
Current taxation	*24(a)*	**2,403**	1,195
Current portion of other non-current liabilities	*21, 25*	**120,707**	80,000
		276,446	138,000
Net current (liabilities)/assets		**(96,984)**	40,432
Total assets less current liabilities		**533,867**	402,250

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2020 – (Expressed in RMB)

	Note	**At 31 December 2020 RMB'000**	At 31 December 2019 RMB'000
Non-current liabilities			
Loans and borrowings	*21*	**80,099**	–
Lease liabilities	*22*	**1,148**	–
Deferred income	*23*	**21,821**	12,813
Contract liabilities	*16(b)*	**6,438**	6,925
Deferred tax liabilities	*24(b)*	**5,730**	1,984
Other non-current liabilities	*25*	**–**	78,558
		115,236	100,280
NET ASSETS		**418,631**	301,970
CAPITAL AND RESERVES			
Share capital	*26(b)*	**159,921**	159,921
Reserves	*26(c) (d)*	**154,761**	142,049
Total equity attributable to equity shareholders of the Company		**314,682**	301,970
Non-controlling interests		**103,949**	–
TOTAL EQUITY		**418,631**	301,970

Approved and authorised for issue by the board of directors on 26 March 2021.

Name: Zhou Shanzhong
Position: Director

Name: Xing Cheng
Position: Director

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020 – (Expressed in RMB)

		Attributable to equity shareholders of the Company						
	Note	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2019		159,921	79,137	10,723	54,654	304,435	–	304,435
Changes in equity for 2019:								
Profit for the year		–	–	–	10,329	10,329	–	10,329
Total comprehensive income		–	–	–	10,329	10,329	–	10,329
Dividends approved in respect of the previous year	*26(g)*	–	–	–	(12,794)	(12,794)	–	(12,794)
Appropriation to reserves		–	–	985	(985)	–	–	–
Balance at 31 December 2019 and 1 January 2020		**159,921**	**79,137**	**11,708**	**51,204**	**301,970**	**–**	**301,970**
Changes in equity for 2020:								
Profit for the year		**–**	**–**	**–**	**17,510**	**17,510**	**11,966**	**29,476**
Total comprehensive income		**–**	**–**	**–**	**17,510**	**17,510**	**11,966**	**29,476**
Impact on equity in connection with acquisition of a subsidiary		**–**	**–**	**–**	**–**	**–**	**96,883**	**96,883**
Dividends approved in respect of the previous year		**–**	**–**	**–**	**(4,798)**	**(4,798)**	**(4,900)**	**(9,698)**
Appropriation to reserves		**–**	**–**	**1,051**	**(1,051)**	**–**	**–**	**–**
Balance at 31 December 2020		**159,921**	**79,137**	**12,759**	**62,865**	**314,682**	**103,949**	**418,631**

The notes on pages 106 to 171 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020 – (Expressed in RMB)

	Note	2020 RMB'000	2019 RMB'000
Operating activities			
Profit before taxation		**38,817**	14,076
Adjustments for:			
Impairment loss of assets		**648**	448
Depreciation in property, plant and equipment		**35,131**	25,053
Amortisation in intangible assets and right-of-use assets for properties		**1,740**	650
Loss on disposal of property, plant and equipment		**44**	184
Interest expense		**11,419**	6,865
Exchange losses/(gains)		**867**	(548)
Amortisation in deferred income		**(1,554)**	(601)
Changes in working capital:			
Decrease in inventories		**153**	1,302
Decrease/(increase) in contract assets and trade and bill receivables		**5,351**	(2,929)
Decrease/(increase) in other receivables and assets		**2,124**	(2,220)
Increase/(decrease) in trade and other payables		**21,303**	(6,721)
Decrease in contract liabilities and receipts in advance		**(556)**	(3,279)
Increase in salary and welfare payables		**331**	650
Cash generated from operations		**115,818**	32,930
Income tax paid		**(11,686)**	(6,410)
Net cash generated from operating activities		**104,132**	26,520
Investing activities			
Proceeds from disposal of property, plant and equipment		**6**	5
Proceeds from government grants related to assets		**10,562**	1,983
Acquisition of a subsidiary, net of cash acquired		**(58,531)**	–
Payment for the purchase of property, plant and equipment and intangible assets		**(30,315)**	(22,631)
Net cash used in investing activities		**(78,278)**	(20,643)

The notes on pages 106 to 171 form part of these financial statements.

	Note	2020 RMB'000	2019 RMB'000
Financing activities			
Dividends paid to shareholders of the Company and equity owners of subsidiary		**(9,698)**	(12,798)
Proceeds from bank loans		**129,900**	–
Repayment of bank loans		**(66,199)**	–
Interest paid		**(5,296)**	–
Payment to shareholders for capital reduction		**(80,000)**	–
Capital element of lease rentals paid		**(227)**	(678)
Interest element of lease rentals paid		**(36)**	(20)
Net cash used in financing activities		**(31,556)**	(13,496)
Net decrease in cash and cash equivalents		**(5,702)**	(7,619)
Cash and cash equivalents at 1 January		**133,678**	140,400
Effect of foreign exchange rate changes		**(1,060)**	897
Cash and cash equivalents at 31 December	*19*	**126,916**	133,678

The notes on pages 106 to 171 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 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.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

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

The liquidity of the Group is dependent on its ability to maintain adequate cash flow from operations to meet its debt obligations as and when they fall due, and its ability to obtain adequate external financing to meet its committed future capital expenditures.

As at 31 December 2020, the Group had net current liabilities of RMB97 million. Notwithstanding the net current liabilities as at 31 December 2020, the Directors do not consider that material uncertainties related to events or conditions exist which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. This is because:

(i) the Group was profit making and generated net cash inflows from operating activities of approximately RMB104 million during the year ended 31 December 2020 and expects to continue to improve its working capital management. Based on cash flow projection prepared by management covering a period for at least the twelve months from the end of the reporting period, the Group would have adequate funds to meet its liabilities as and when they fall due;

(ii) the Group had available unutilised bank facilities of RMB25 million at 31 December 2020; and

(iii) Group has the ability to obtain new banking and other financing facilities and has the ability to renew or refinance the banking facilities upon maturity.

Consequently, the Directors are of the opinion that it is appropriate to prepare the Group's financial statements for the year ended 31 December 2020 on a going concern basis.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies

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

- Amendments to IFRS 3, *Definition of a Business*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Amendment to IFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

There is Nil COVID-19-related rent concessions granted to the Group during the year. Consequently, there is no impact of rent concessions recognised in profit or loss during the year. There is no impact on the opening balance of equity at 1 January 2020 as well.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interest

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

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

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

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) or (o) depending on the nature of the liability.

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interest *(continued)*

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Goodwill

Goodwill represents the excess of

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

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

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

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

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

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)):

- Buildings and structure, including right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest;
- Power generation plant and electric utility in service;
- Motor vehicles, including right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest;
- Construction in progress ("CIP"); and
- Other items of plant and equipment, including right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

–	Buildings and structure	25 – 40 years
–	Power generation plant and electric utility in service	5 – 40 years
–	Motor vehicles	5 – 10 years
–	Others	3 – 6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses. Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Software and others	3 – 10 years

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(i) As a lessee *(continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(f) and 1(i)(ii)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value; and

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with note 1(f); and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(j).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits, trade and bill receivables, and other receivables and assets); and

– contract assets as defined in IFRS 15 (see note 1(k).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and bill receivables, other receivables and assets, and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets (continued)

Measurement of ECLs (continued)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets *(continued)*

Basis of calculation of interest income

Interest income recognised in accordance with note 1(s)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest;
- pre-paid interests in leasehold land;
- intangible assets; and
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other non-current assets (continued)

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(i)(i)).

(j) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Inventories and other contract costs *(continued)*

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(j)(i)), property, plant and equipment (see note 1(f)) or intangible assets (see note 1(g)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(s).

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(i)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(l)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(l)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Contract assets and contract liabilities *(continued)*

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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(s)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(k)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(u)).

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group does not have defined benefit retirement plan obligations.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Income tax *(continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Supply of electricity and power

Revenue from supply of electricity and power represents the fair value of the consideration received or receivable for electricity and power sold in the ordinary course of the activities of the Group (net of VAT). Revenue is earned and recognised upon transmission of electricity and power to the customers or the power grid controlled and owned by the respective regional or provincial grid companies.

(ii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Service revenue

Service revenue refers to amounts received from service of electricity infrastructure. The Group recognise revenue when the relevant service is provided.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Revenue and other income *(continued)*

(iv) Construction revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimate total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and are subsequently recognised in profit or loss over the useful life of the related asset.

(vii) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Deferred tax assets

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

(ii) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, right-of-use assets for properties and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes or resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Electricity dispatch and sale business: selling electricity purchased from the local branch of State Grid to end-users in various industries in Tianjin Port Free Trade Zone (Seaport) and relevant service fee.
- Power generation and supply business: selling electricity to the local branch of State Grid, and providing steam, heating and cooling to the industrial and commercial customers in Tianjin Port Free Trade Zone (Seaport) and industrial steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang).
- Others: construction and operation maintenance of industrial facilities, trading of electronic components, photovoltaic power generation and selling.

(a) Disaggregation of revenue

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

	2020 **RMB'000**	2019 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Electricity dispatch and sale	**162,288**	176,857
– Power generation and supply	**305,215**	167,715
– Others	**14,569**	29,062
	482,072	373,634

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

The Group includes one (2019: three) customer with whom transactions have exceeded 10% of the Group's revenues. In 2020 revenues from these customers amounted to approximately RMB76 million (2019: RMB152 million).

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets, except for cash and cash equivalents. Segment liabilities include trade and other payables, contract liabilities, salary and welfare payables, deferred income and deferred tax liabilities.

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

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including the interest on loan and borrowings, interest on lease liabilities and the difference between the amount of the total undiscounted payable to the Shareholders and the corresponding present value of the payments. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter segment sales, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment results, assets and liabilities *(continued)*

For the year ended 31 December	Electricity dispatch and sale		Power generation and supply		Others		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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	**162,288**	176,857	**305,215**	167,715	**1,146**	20,798	**468,649**	365,370
Over time	**–**	–	**–**	–	**13,423**	8,264	**13,423**	8,264
Revenue from external customers	**162,288**	176,857	**305,215**	167,715	**14,569**	29,062	**482,072**	373,634
Inter-segment revenue	**3,364**	2,526	**–**	–	**–**	–	**3,364**	2,526
Reportable segment revenue	**165,652**	179,383	**305,215**	167,715	**14,569**	29,062	**485,436**	376,160
Reportable segment profit (adjusted EBITDA)	**11,624**	11,663	**95,923**	43,643	**4,709**	3,708	**112,256**	59,014
Depreciation and amortisation for the year	**5,722**	5,838	**29,326**	18,840	**1,031**	64	**36,079**	24,742
Reportable segment assets	**70,370**	71,517	**579,745**	314,569	**7,029**	16,937	**657,144**	403,023
Additions to non-current segment assets during the year	**3,959**	13,316	**362,851**	3,058	**39**	443	**366,849**	16,817
Reportable segment liabilities	**29,033**	32,613	**57,571**	30,178	**12,766**	10,617	**99,370**	73,408

3 REVENUE AND SEGMENT REPORTING *(continued)*

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

	2020 RMB'000	2019 RMB'000
Revenue		
Reportable segment revenue	**485,436**	376,160
Elimination of inter-segment revenue	**(3,364)**	(2,526)
Consolidated revenue	**482,072**	373,634

	2020 RMB'000	2019 RMB'000
Profit		
Reportable segment profit	**112,256**	59,014
Other net income	**525**	4,939
Interest income	**570**	896
Interest expense	**(11,847)**	(6,914)
Depreciation and amortisation	**(36,871)**	(25,702)
Unallocated head office and corporate expenses	**(25,816)**	(18,157)
Consolidated profit before taxation	**38,817**	14,076

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Assets		
Reportable segment assets	**657,144**	403,023
Unallocated head office and corporate assets	**153,169**	137,227
Consolidated total assets	**810,313**	540,250

3 REVENUE AND SEGMENT REPORTING *(continued)*

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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Liabilities		
Reportable segment liabilities	**99,370**	73,408
Unallocated head office and corporate liabilities	**292,312**	164,872
Consolidated total liabilities	**391,682**	238,280

(d) Geographic information

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

4 OTHER NET INCOME

	2020 RMB'000	2019 RMB'000
Government grants	**1,134**	3,958
Net foreign exchange (losses)/gains	**(867)**	548
Others	**1,812**	433
	2,079	4,939

5 PROFIT BEFORE TAXATION

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

		2020 RMB'000	2019 RMB'000
(a)	**Finance costs**		
	Interest expense on payables due to shareholders	**6,540**	6,845
	Interest on loans and borrowings	**4,843**	–
	Interest on lease liabilities	**36**	20
	Other financial costs	**428**	49
		11,847	6,914

		2020 RMB'000	2019 RMB'000
(b)	**Staff costs**		
	Contributions to defined contribution retirement plan	**1,049**	2,396
	Salaries, wages and other benefits	**23,333**	18,651
		24,382	21,047
(c)	**Other items**		
	Amortisation		
	– right-of-use assets for properties	**1,291**	331
	– intangible assets	**449**	319
	Depreciation	**35,131**	25,053
	Auditors' remuneration	**2,077**	1,321
	Purchase of electricity	**143,719**	157,781
	Fuel	**124,810**	75,276
	Outsourcing operation	**35,677**	18,910
	Net foreign exchange losses/(gains)	**867**	(548)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2020 **RMB'000**	2019 RMB'000
Current tax		
Provision for the year	**11,401**	5,753
Deferred tax		
Reversal of temporary differences	**(2,060)**	(2,006)
	9,341	3,747

The Group was subject to the statutory income tax rate of 25% for the year ended 31 December 2020 (2019: 25%).

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

	2020 **RMB'000**	2019 RMB'000
Profit before taxation	**38,817**	14,076
Notional tax on profit before taxation	**9,704**	3,519
Others	**(363)**	228
Actual tax expenses	**9,341**	3,747

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	**2020 Total RMB'000**
Chairman					
Zhou Shanzhong	–	427	219	67	**713**
Executive directors					
Xing Cheng	–	433	221	65	**719**
Peng Chong (resigned on 27 August 2020)	–	240	176	38	**454**
Mao Yongming (appointed on 17 January 2020)	–	377	176	60	**613**
Non-executive directors					
Yu Yang (resigned on 17 January 2020)	–	–	–	–	**–**
Dong Guangpei	–	–	–	–	**–**
Wang Xiaotong (appointed on 17 January 2020)	–	–	–	–	**–**
Independent non-executive directors					
Liu Zibin (resigned on 17 January 2020)	4	–	–	–	**4**
Han Xiaoping	90	–	–	–	**90**
Yang Ying	90	–	–	–	**90**
Chen Weiduan (appointed on 17 January 2020)	86	–	–	–	**86**
Supervisors					
Yang Kui	–	327	125	57	**509**
Xue Xiaofang	–	–	–	–	**–**
Shao Guoyong	–	–	–	–	**–**
	270	1,804	917	287	**3,278**

During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 8 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2019 Total RMB'000
Chairman					
Zhou Shanzhong (appointed on 9 December 2019)	–	57	40	11	108
Gao Hongxin (resigned on 9 December 2019)	–	280	198	60	538
Executive directors					
Xing Cheng	–	320	232	68	620
Peng Chong	–	224	166	56	446
Fang Wei (resigned on 28 February 2019)	–	33	10	9	52
Non-executive directors					
Yu Yang	–	–	–	–	–
Dong Guangpei (appointed on 1 November 2019)	–	–	–	–	–
Wu Tao (resigned on 1 November 2019)	–	–	–	–	–
Independent non-executive directors					
Liu Zibin	90	–	–	–	90
Han Xiaoping	90	–	–	–	90
Yang Ying	90	–	–	–	90
Supervisors					
Yang Kui	–	226	113	56	395
Xue Xiaofang	–	–	–	–	–
Shao Guoyong	–	–	–	–	–
	270	1,140	759	260	2,429

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three are directors (2019: three) whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2019: two) individuals are as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other emoluments	**715**	536
Discretionary bonuses	**301**	362
Retirement scheme contributions	**116**	121
	1,132	1,019

The emoluments of the 2 (2019: 2) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HK$Nil – HK$1,000,000	**2**	2

9 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 2020 of RMB17,510,000 (2019: RMB10,329,000) and the weighted average of 159,921,000 ordinary shares (2019: 159,921,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020 '000	2019 '000
Issued ordinary shares at 1 January and weighted average number of ordinary shares at 31 December	**159,921**	159,921

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

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Buildings and structure RMB'000	Power generation plant and electric utility in service RMB'000	Motor vehicles RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2019	16,806	618,234	1,200	25,494	9,800	671,534
Additions	–	1,039	–	1,018	13,870	15,927
Transfer from CIP	–	23,670	–	–	(23,670)	–
Disposals	–	(3,562)	–	–	–	(3,562)
At 31 December 2019	16,806	639,381	1,200	26,512	–	683,899
Addition through acquisition of subsidiary	141,005	74,852	393	2,596	22,596	241,442
Additions	–	1,149	–	1,907	–	3,056
Transfer from CIP	–	20,099	–	–	(20,099)	–
Disposals	–	(725)	(149)	(161)	–	(1,035)
At 31 December 2020	**157,811**	**734,756**	**1,444**	**30,854**	**2,497**	**927,362**
Accumulated depreciation:						
At 1 January 2019	(6,631)	(299,544)	(380)	(11,666)	–	(318,221)
Charge for the year	(527)	(22,334)	(601)	(1,590)	–	(25,052)
Written back on disposal	–	3,383	–	–	–	3,383
At 31 December 2019	(7,158)	(318,495)	(981)	(13,256)	–	(339,890)
Charge for the year	(4,215)	(27,761)	(182)	(2,973)	–	(35,131)
Written back on disposal	–	689	140	155	–	984
At 31 December 2020	**(11,373)**	**(345,567)**	**(1,023)**	**(16,074)**	**–**	**(374,037)**
Net book value:						
At 31 December 2020	**146,438**	**389,189**	**421**	**14,780**	**2,497**	**553,325**
At 31 December 2019	**9,648**	**320,886**	**219**	**13,256**	**–**	**344,009**

10 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

In May 2020, the Group acquired 51% of the shares and voting interests in Tianjin Tianbao Lingang Thermal Power Co., Ltd. (formerly named Tianjin Jinneng Lingang Thermal Power Co., Ltd., refer to as "Lingang Thermal Power"). As a result, the Group obtained control of Lingang Thermal Power. Further details of the net assets acquired are set out in note 26(h).

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2020 RMB'000	1 January 2020 RMB'000
Buildings and structure, carried at depreciated cost	**–**	–
Motor vehicles, carried at depreciated cost	**–**	128
Other properties leased for own use, carried at depreciated cost	**1,243**	–
	1,243	128

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

	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Buildings and structure	**–**	73
Motor vehicles	**128**	584
Others	**81**	24
	209	681
Interest on lease liabilities *(note 5(a))*	**36**	20
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2020	**524**	496
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**13**	18

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 19(c), 22 and 28, respectively.

11 INTANGIBLE ASSETS

	Software and others RMB'000
Cost:	
At 1 January 2019	3,181
Additions	1,208
At 31 December 2019	4,389
At 1 January 2020	**4,389**
Addition through acquisition of subsidiary	**142**
Other additions	**611**
At 31 December 2020	**5,142**
Accumulated amortisation:	
At 1 January 2019	(1,250)
Charge for the year	(319)
At 31 December 2019	(1,569)
At 1 January 2020	**(1,569)**
Charge for the year	**(449)**
At 31 December 2020	**(2,018)**
Net book value:	
At 31 December 2020	**3,124**
At 31 December 2019	2,820

12 GOODWILL

	At 31 December 2020 RMB'000
Cost	
Balance at 1 January 2020	–
Acquisition through business combination (note 26(h))	537
Balance at 31 December 2020	537
Impairment losses	
Balance at 1 January 2020	–
Impairment losses	–
Balance at 31 December 2020	–
Carrying amounts	
Balance at 1 January 2020	–
Balance at 31 December 2020	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% (not applicable for 2019). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 9.42% (not applicable for 2019). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

13 INVESTMENTS IN SUBSIDIARIES

As at 31 December 2020, the Company had two subsidiaries. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid up capital RMB'000	Proportion of ownership interest Group's effective interest	Held by the Company	Principal activity
Tianjin Tianbao New Energy Co., Ltd. 天津天保新能有限公司 (formerly known as Tianjin Baorun International Trading Electrical Engineering Co.,Ltd. 天津保潤國際貿易電氣工程有限公司)	Tianjin, People's Republic of China ("PRC") as a company with limited liability	16,709	100%	100%	Photovoltaic power generation, electricity infrastructure construction and sales of electronic component
Tianjin Tianbao Lingang Thermal Power Co., Ltd. 天津天保臨港熱電有限公司	Tianjin, People's Republic of China ("PRC") as a company with limited liability	100,000	51%	51%	Steam production and supply

* The English translation of the companies' names are for reference only. The official name of these companies is in Chinese.

14 RIGHT-OF-USE ASSETS FOR PROPERTIES

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Cost:		
At the beginning of the year	**16,568**	16,568
Addition through acquisition of subsidiary	**60,167**	–
At the end of the year	**76,735**	16,568
Accumulated amortisation:		
At the beginning of the year	**(1,579)**	(1,248)
Amortisation for the year	**(1,291)**	(331)
At the end of the year	**(2,870)**	(1,579)
Net book value:		
At the end of the year	**73,865**	14,989

Right-of-use assets for properties of the Group mainly represent the prepayments for the land use premium held under operating leases.

15 INVENTORIES

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Fuel	**10,969**	1,430
Goods and supplies	**833**	2,030
	11,802	3,460

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2020 RMB'000	2019 RMB'000
Cost of fuel used	**124,810**	75,276
Cost of goods and supplies sold	**796**	19,314
Write down of inventories	**(693)**	(419)
	124,913	94,171

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Contract assets		
Arising from performance under construction contracts, net of loss allowance	**28**	1,102

16 CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

(b) Contract liabilities

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Contract liabilities		
Current portion		
Electricity and power supply contracts		
– Billings in advance of performance	**22,442**	22,512
Non-current		
Prepaid facility usage fees	**6,438**	6,925
	28,880	29,437

	2020 RMB'000	2019 RMB'000
Movements in contract liabilities		
Balance at 1 January	**29,437**	32,716
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(131,896)**	(148,514)
Increase in contract liabilities as a result of billing in advance of services activities	**131,825**	145,721
Amortisation of deferred income	**(486)**	(486)
Balance at 31 December	**28,880**	29,437

17 TRADE AND BILL RECEIVABLES

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Accounts receivable, net of loss allowance	**30,507**	31,427
Bills receivable	**1,329**	4,026
	31,836	35,453

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:

	2020 RMB'000	2019 RMB'000
Within 3 months	**29,336**	32,704
4 to 6 months	**2,500**	1,522
7 to 9 months	**–**	1,149
10 to 12 months	**–**	33
Over 12 months	**–**	45
	31,836	35,453

Trade receivables are generally due within 30 – 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 27(a).

18 OTHER RECEIVABLES AND ASSETS

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Value added tax recoverable	**7,379**	1,092
Deposits with third parties	**22**	1,065
Advance to suppliers	**479**	582
	7,880	2,739

19 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Cash at bank	**126,916**	133,678

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Dividends payable RMB'000	**Bank loans and other borrowings RMB'000**	**Interest payables RMB'000**	**Lease liabilities RMB'000**	**Payable to shareholders for capital reduction RMB'000**	**Total RMB'000**
At 1 January 2020	–	–	–	131	158,558	158,689
Cash flows:						
Dividends paid	(9,698)	–	–	–	–	(9,698)
Proceeds from new bank loans	–	129,900	–	–	–	129,900
Repayment of bank loans	–	(66,199)	–	–	–	(66,199)
Payment to shareholders for capital reduction	–	–	–	–	(80,000)	(80,000)
Interest paid	–	–	(5,296)	–	–	(5,296)
Capital element of lease rentals paid	–	–	–	(227)	–	(227)
Interest element of lease rentals paid	–	–	–	(36)	–	(36)
Non-cash changes:						
Addition through acquisition of a subsidiary	–	131,907	720	–	–	132,627
Increase in lease liabilities from entering into new leases during the year	–	–	–	1,323	–	1,323
Interest incurred	–	–	4,843	36	6,540	11,419
Dividends declared	9,698	–	–	–	–	9,698
At 31 December 2020	–	195,608	267	1,227	85,098	282,200

19 CASH AND CASH EQUIVALENTS *(continued)*

(b) Reconciliation of liabilities arising from financing activities *(continued)*

	Dividends payable RMB'000	Lease liabilities RMB'000	Payable to shareholders for capital reduction RMB'000	Total RMB'000
At 1 January 2019	–	809	151,713	152,522
Cash flows:				
Dividends paid	(12,798)	–	–	(12,798)
Capital element of lease rentals paid	–	(678)	–	(678)
Interest element of lease rentals paid	–	(20)	–	(20)
Non-cash changes:				
Interest incurred	–	20	6,845	6,865
Dividends declared	12,794	–	–	12,794
Exchange adjustments	4	–	–	4
At 31 December 2019	–	131	158,558	158,689

(c) Total cash outflow for leases

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

	2020 RMB'000	2019 RMB'000
Within operating cash flows	**546**	18
Within financing cash flows	**263**	698
	809	716

These amounts relate to the following:

	2020 RMB'000	2019 RMB'000
Lease rentals paid	**809**	716

19 CASH AND CASH EQUIVALENTS *(continued)*

(d) Net cash outflow arising from the acquisition of a subsidiary

The recognised amounts of assets acquired and liabilities at the date of acquisition of the subsidiary comprise the following:

	At the date of acquisition RMB'000
Cash consideration paid	100,880
Less: cash and cash equivalents acquired	(42,349)
Net cash outflow	58,531

20 TRADE AND OTHER PAYABLES

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Trade payable to third parties	**39,819**	24,194
Deposit received	**6,376**	1,267
Payables for value added tax and other taxes	**395**	1,081
Payables for purchase of property, plant and equipment	**–**	4,147
Others	**1,215**	694
	47,805	31,383

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

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

	2020 RMB'000	2019 RMB'000
Within 3 months	**33,061**	29,159
4 to 6 months	**13,950**	751
7 to 12 months	**70**	195
Over 12 months	**724**	1,278
	47,805	31,383

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

21 LOANS AND BORROWINGS

At 31 December 2020, the bank loans and overdrafts were repayable as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year or on demand	115,509	–
After 1 year but within 2 years	35,724	–
After 2 years but within 5 years	32,927	–
After 5 years	11,448	–
	80,099	–
Current portion of other non-current liabilities	(35,609)	–
	159,999	–

At 31 December 2020, the bank loans and overdrafts were secured as follows:

	2020 RMB'000	2019 RMB'000
Unsecured bank overdrafts		
Bank loans		
– secured	50,000	–
– unsecured	145,608	–
	195,608	–

The Group obtained unutilised credit facilities in an aggregate amounted to RMB65 million as at the report date.

22 LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 **RMB'000**	2019 RMB'000
Within 1 year	**79**	131
After 1 year but within 2 years	**83**	–
After 2 years but within 5 years	**273**	–
After 5 years	**792**	–
	1,148	–
	1,227	131

23 DEFERRED INCOME

	2020 **RMB'000**	2019 RMB'000
Government grants	**21,821**	12,813

The Group received grants from the local government on the construction and upgrade of the heating pipelines and discharge facilities which have been recognised as deferred income and are subsequently recognised in profit or loss over the useful life of the related assets.

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 **RMB'000**	2019 RMB'000
Provision for Tax for the year	**11,401**	5,753
Provisional Profits Tax paid	**(10,193)**	(6,410)
	1,208	(657)
Balance of Profits Tax provision relating to prior years	**1,195**	1,852
	2,403	1,195

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Property, plant and equipment RMB'000	Credit loss allowance RMB'000	Depreciation charge of right-of-use assets RMB'000	Provision of Inventories RMB'000	Infrastructure compensation RMB'000	Interest-free payable to equity owner RMB'000	Total RMB'000
At 1 January 2019	(1,788)	17	–	91	1,855	(4,165)	(3,990)
Credited/(charged) to profit or loss	303	8	–	105	(121)	1,711	2,006
At 31 December 2019	(1,485)	25	–	196	1,734	(2,454)	(1,984)
Credited/(charged) to profit or loss	353	13	6	173	(121)	1,636	2,060
Addition through acquisition of a subsidiary	(5,782)	–	–	–	–	–	(5,782)
Others	–	(24)	–	–	–	–	(24)
At 31 December 2020	**(6,914)**	**14**	**6**	**369**	**1,613**	**(818)**	**(5,730)**

(ii) Reconciliation to the consolidated statement of financial position

	2020 **RMB'000**	2019 RMB'000
Net deferred tax liability recognised in the consolidated statement of financial position	**(5,730)**	(1,984)

25 OTHER NON-CURRENT LIABILITIES

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

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

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

During the year ended 31 December 2020, the Company paid to Tianjin Tianbao Holdings Limited of RMB80,000,000. As of 31 December 2020, the total undiscounted payable to the Shareholders was RMB88,384,000 (2019: RMB168,384,000), and the corresponding present value of the payments was RMB85,098,000 (2019: RMB158,558,000), which was recorded as current portion of other non-current liabilities (2019: RMB80,000,000).

26 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2019	159,921	79,137	10,723	48,051	297,832
Total comprehensive income	–	–	–	9,845	9,845
Appropriation to reserves	–	–	985	(985)	–
Dividends	–	–	–	(12,794)	(12,794)
At 31 December 2019	159,921	79,137	11,708	44,117	294,883
At 1 January 2020	**159,921**	**79,137**	**11,708**	**44,117**	**294,883**
Total comprehensive income	**–**	**–**	**–**	**10,517**	**10,517**
Appropriation to reserves	**–**	**–**	**1,051**	**(1,051)**	**–**
Dividends	**–**	**–**	**–**	**(4,798)**	**(4,798)**
At 31 December 2020	**159,921**	**79,137**	**12,759**	**48,785**	**300,602**

(b) Share capital

	2020 No. of shares ('000)	**2020** RMB'000	2019 No. of shares ('000)	2019 RMB'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**159,921**	**159,921**	159,921	159,921

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

26 CAPITAL AND RESERVES *(continued)*

(c) 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 Initial Public Offering (the "IPO") with the amount of RMB23,273,000 were credited to the Company's capital reserve.

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

(d) Statutory surplus reserves

According to the Company Law of the PRC, and 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.

(e) 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. As at 31 December 2020, the aggregate amount of reserves available for distribution to the shareholders of the Company is RMB48,785,000.

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, 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.

26 CAPITAL AND RESERVES *(continued)*

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

26 CAPITAL AND RESERVES *(continued)*

(f) Capital management *(continued)*

The Group's adjusted net debt-to-capital ratio at 31 December 2020 and 2019 was as follows:

	Note	2020 RMB'000	2019 RMB'000
Current liabilities:			
Loans and borrowings (current potion)	21	79,900	–
Lease liabilities	22	79	131
Current portion of other non-current liabilities		120,707	80,000
		200,686	80,131
Non-current liabilities:			
Loans and borrowings (non-current portion)	21	80,099	–
Lease liabilities	22	1,148	–
Other non-current liabilities		–	78,558
Total debt		281,933	158,689
Less: cash and cash equivalents	19	(126,916)	(133,678)
Adjusted net debt		155,017	25,011
Total equity		418,631	301,970
Adjusted net debt-to-capital ratio		37.0%	8.3%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

26 CAPITAL AND RESERVES *(continued)*

(g) Dividends

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

	2020 RMB'000	2019 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.05 per ordinary share (2019: RMB0.03 per ordinary share)	**7,996**	4,798

The final dividend proposed after the end of the reporting year has not been recognised as a liability at the end of the reporting year.

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

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.03 per ordinary share (2019: RMB0.08)	**4,798**	12,794

(h) Acquisition of subsidiary

In May 2020, the Group acquired 51% of the shares and voting interests in Tianjin Tianbao Lingang Thermal Power Co., Ltd. (formerly named Tianjin Jinneng Lingang Thermal Power Co., Ltd., refer to as "Lingang Thermal Power"). As a result, the Group obtained control of Lingang Thermal Power.

Lingang Thermal Power is principally engaged in selling steam to the industrial and commercial customers in Tianjin Port Free Trade Zone (Lingang). Taking control of Lingang Thermal Power will enable the Group to extend its power generation and supply business in Tianjin.

In the period from the acquisition date to 31 December 2020, Lingang Thermal Power contributed revenue of RMB137,039,000 and profit of RMB24,423,000 to the Group's results.

(i) Consideration transferred

The total consideration is paid by cash with the amount of RMB100.88 million and the Company undertook the guarantee for bank loan of Lingang Thermal Power with the amount of RMB38.25 million from Tianjin Jinneng Binhai Heating Group Co., Ltd. after the acquisition.

26 CAPITAL AND RESERVES *(continued)*

(h) Acquisition of subsidiary *(continued)*

(ii) Identifiable assets acquired and liabilities assumed

The above acquisition had the following effect on the Group's assets and liabilities assumed at the date of acquisition:

	At the date of acquisition RMB'000
Non-current assets	279,483
Current assets	59,634
Non-current liabilities	(80,489)
Current liabilities	(61,878)
Total identifiable net assets acquired	196,750

(iii) Analysis of the net inflow of cash and cash equivalents in respect of the acquisitions

	At the date of acquisition RMB'000
Cash consideration paid	100,880
Less: cash and cash equivalents acquired	(42,349)
Net cash outflow	58,531

(iv) Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	At the date of acquisition RMB'000
Total consideration transferred	100,880
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Lingang Thermal Power	96,407
Fair value of identifiable net assets	(196,750)
Goodwill	537

The goodwill is attributable mainly to the synergies expected to be achieved from integration of Lingang Thermal Power into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and contract assets The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits and bills receivables is limited because the counterparties are banks and financial institutions with high credit rating, for which the Group considers to have low credit risk.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 23% (2019: 25%) and 62% (2019: 58%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively within the electronics business segment.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade receivables and contract assets *(continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	2020		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**0.05%**	**29,353**	**15**
Less than 3 months past due	**1.15%**	**2,528**	**29**
4 to 6 months past due	**6.06%**	**–**	**–**
7 to 9 months past due	**11.42%**	**14**	**1**
10 to 12 months past due	**30.37%**	**20**	**6**
Over 12 months past due	**37.74%**	**–**	**–**
		31,915	**51**

	2019		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.02%	33,745	6
Less than 3 months past due	0.30%	1,527	5
4 to 6 months past due	2.61%	1,180	31
7 to 9 months past due	4.24%	34	1
10 to 12 months past due	17.10%	37	6
Over 12 months past due	37.74%	129	48
		36,652	97

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade receivables and contract assets *(continued)*

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and bill receivables and contract assets during the year is as follows:

	2020 **RMB'000**	2019 RMB'000
Balance at 1 January	**97**	68
Impairment losses recognised during the year	**(46)**	29
Balance at 31 December	**51**	97

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	**79,900**	**35,724**	**32,927**	**11,448**	**159,999**	**159,999**
Lease liabilities	**135**	**135**	**406**	**1,003**	**1,679**	**1,227**
Trade and other payables	**47,805**	**–**	**–**	**–**	**47,805**	**47,805**
Salary and welfare payables	**3,110**	**–**	**–**	**–**	**3,110**	**3,110**
Current portion of other non-current liabilities	**124,987**	**–**	**–**	**–**	**124,987**	**120,707**
Total	**255,937**	**35,859**	**33,333**	**12,451**	**337,580**	**332,848**

	2019					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities	133	–	–	–	133	131
Trade and other payables	31,383	–	–	–	31,383	31,383
Salary and welfare payables	2,779	–	–	–	2,779	2,779
Current portion of other non-current liabilities	80,000	–	–	–	80,000	80,000
Other non-current liabilities	–	88,384	–	–	88,384	78,558
Total	114,295	88,384	–	–	202,679	192,851

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	2020 **RMB'000**	2019 RMB'000
Fixed rate borrowings:		
Lease liabilities	**1,227**	131
Payable to shareholders for capital reduction	**85,098**	158,558
Bank loans	**79,900**	–
	166,225	158,689
Variable rate borrowings:		
Bank loans	**115,708**	–
Net exposure	**115,708**	–

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB2,114,000 (2019: RMB1,190,000)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through issuance of shares upon public offering which give rise to cash balances that are denominated in a foreign currency. The currencies giving rise to this risk are primarily Hong Kong dollars. The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Exposure to foreign currencies	
	2020	2019
	Hong Kong Dollars	Hong Kong Dollars
	RMB'000	RMB'000
Cash and cash equivalents	**14,529**	19,591
Gross exposure arising from recognised assets and liabilities	**14,529**	19,591

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	At 31 December 2020		At 31 December 2019	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
Hong Kong Dollars	**10%**	**1,090**	10%	1,469
	(10%)	**1,090**	(10%)	1,469

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

(e) Fair value measurement

As at 31 December 2020 and 2019, the carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values.

28 COMMITMENTS

Capital commitments outstanding at 31 December 2020 not provided for in the financial statements were as follows:

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Contracted for	**2,142**	–
Authorised but not contracted for	**–**	4,800
	2,142	4,800

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	**5,488**	4,466
Post-employment benefits	**596**	616
	6,084	5,082

Total remuneration is included in "staff costs" (see note 5(b)).

29 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Related party balances and transactions

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

Names of related parties	Nature of relationship
Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. (“Tianbao Group”) 天津保稅區投資控股集團有限公司	ultimate controlling company
Tianjin Tianbao Holdings Limited 天津天保控股有限公司	parent company
Tianjin Free Trade Zone Investment Company Limited 天津保稅區投資有限公司	a subsidiary of 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 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 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
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

29 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Related party balances and transactions *(continued)*

Names of related parties	Nature of relationship
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 Tianbao Import Vehicle Inspection Co., Ltd. 天津港保稅區天保進口機動車檢測有限公司	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
Tianjin Free Trade Zone Tianbao Jintie Logistics Co., Ltd. 天津自貿試驗區天保津鐵物流有限公司	a subsidiary of Tianbao Group
Tianjin Airport International Logistics Co., Ltd. 天津空港國物流股份有限公司	a subsidiary of Tianbao Group
Tianjin Free Trade Zone Environment Investment Development Co., Ltd. 天津港保稅區環境投資發展集團有限公司	equity owner of a subsidiary

* The English translation of the companies' names are for reference only. The official names of the companies are in Chinese.

29 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Related party balances

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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Due from Tianbao Group and its subsidiaries	**527**	236

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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Due to Tianjin Tianbao Holdings Limited	**88,383**	168,384
Advance received from Tianbao Group's subsidiaries	**684**	2,365
	89,067	170,749

As of 31 December 2020, the balance including the undiscounted payments value to the Shareholders for capital reduction of RMB88,383,000 (2019: RMB168,384,000).

(d) Related party transactions

	2020 RMB'000	2019 RMB'000
Sales of goods to		
Subsidiaries of Tianbao Group	**6,218**	7,293
Purchase of goods from		
Subsidiaries of Tianbao Group	**231**	392
Services provided to		
Subsidiaries of Tianbao Group	**930**	1,365
Payment for refund of capital		
Tianbao Group	**80,000**	–

29 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of purchase of goods and providing services above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transaction" of the Directors' Report. The related party transactions in respect of sales of goods above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are conducted on normal commercial terms that are comparable to or no less favourable to the Group than those offered to independent third parties and it is not secured by the assets of our Group.

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2020 RMB'000**	At 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment		**311,500**	331,089
Investments in subsidiaries		**122,138**	21,258
Right-of-use assets for properties		**14,656**	14,989
Intangible assets		**2,503**	2,256
		450,797	369,592
Current assets			
Inventories		**5,210**	2,301
Trade and bill receivables		**28,269**	26,736
Contract assets		**1,934**	1,102
Other receivables and assets		**35**	1,240
Cash and cash equivalents		**72,037**	125,062
Restricted deposits		**1,000**	2,000
		108,485	158,441
Current liabilities			
Loans and borrowings (current potion)		**50,000**	–
Trade and other payables	*20*	**29,281**	26,749
Contract liabilities (current portion)		**22,442**	22,491
Salary and welfare payables		**2,683**	2,399
Current taxation		**–**	1,035
Current portion of other non-current liabilities	*25*	**93,398**	80,000
		197,804	132,674
Net current (liabilities)/assets		**(89,319)**	25,767
Total assets less current liabilities		**361,478**	395,359

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	**At 31 December 2020 RMB'000**	At 31 December 2019 RMB'000
Non-current liabilities			
Loans and borrowings (non-current portion)		**41,700**	–
Deferred income		**12,351**	12,813
Contract liabilities (non-current portion)		**6,438**	6,925
Deferred tax liabilities		**387**	2,180
Other non-current liabilities		**–**	78,558
		60,876	100,476
NET ASSETS		**300,602**	294,883
CAPITAL AND RESERVES			
Share capital		**159,921**	159,921
Reserves		**140,681**	134,962
TOTAL EQUITY		**300,602**	294,883

Approved and authorised for issue by the board of directors on 26 March 2021.

Name: Zhou Shanzhong
Position: Director

Name: Xing Cheng
Position: Director

(Expressed in RMB unless otherwise indicated)

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Final Dividend

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 26(g).

32 IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic since January 2020 has brought about additional uncertainties in the operating environment of the Group and has impacted the Group's operations and financial position.

The further impact of the COVID-19 pandemic is still uncertain and subject to the development of the COVID-19 pandemic. Nonetheless, the Directors of the Company is optimistic that the COVID-19 pandemic will eventually be under full control, and the Group will continue to closely monitor the situation and implement contingency measures, where necessary in a view to reduce the impacts from the COVID-19 pandemic.

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be Tianjin Tianbao Holdings Limited and Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. respectively, which were incorporated in Tianjin. These entities do not produce financial statements available for public use.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

"AGM"	the 2020 annual general meeting of the Company to be held in June 2021
"Annual Report" or "Report"	this annual report of the Company for the Reporting Period
"Articles of Association"	the articles of association of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"CASBE"	China Accounting Standards for Business Enterprises
"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 report refers to Tianbao Holdings and TFIHC
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"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
"Haigang Thermal Plant"	the power plant located in Tianjin Port Free Trade Zone (Seaport) currently held by the Group
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"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
"Konggang Thermal Plant"	the power plant located in Tianjin Airport Economic Zone which is currently held by Tianbao Holdings, the controlling shareholder of the Company, which operates the energy production and supply business
"Latest Practicable Date"	April 16, 2021, being the latest practicable date prior to the printing of this Annual Report for ascertaining certain information contained herein

"Listing Date"	April 27, 2018
"Lingang Thermal Plant"	the power plant located in Tianjin Port Free Trade Zone (Lingang) currently held by the Group
"Lingang Thermal Power"	Tianjin Tianbao Lingang Thermal Power Co., Ltd.* (天津天保臨港熱電有限公司) (formerly known as Tianjin Jinneng Lingang Thermal Power Co., Ltd.* (天津津能臨港熱電有限公司)), a limited liability company established in the PRC on May 8, 2009, a non-wholly-owned subsidiary of our Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Companies
"PRC" or "China"	the People's Republic of China
"PRC Company Law"	Company Law of the PRC, as amended, supplemented or otherwise modified from time to time
"Prospectus"	the prospectus of the Company dated on April 16, 2018
"Reporting Period"	from January 1, 2020 to December 31, 2020, being the financial year of this Annual Report
"RMB" or "Renminbi"	the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	supervisors of the Company
"Supervisory Board"	the board of 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 wholly-owned subsidiary of Tianjin Port Free Trade Zone State-owned Assets Administration Bureau* (天津港保稅區國有資產管理局) established in the PRC, one of our Controlling Shareholders
"Tianbao Group"	collectively, TFIHC and its subsidiaries (excluding our Group)
"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
"Tianbao Investment"	Tianjin Free Trade Zone Investment Company Limited* (天津保稅區投資有限公司), a state-owned enterprise established in the PRC on January 18, 2002 and a wholly-owned subsidiary of TFIHC, one of our Shareholders
"Tianjin Tianbao New Energy"	Tianjin Tianbao New Energy Co., Ltd.* (天津天保新能有限公司) (formerly known as Tianjin Baorun International Trading Electrical Engineering Co., Ltd.* (天津保潤國際貿易電氣工程有限公司)), a limited liability company established in the PRC on November 21, 1994, a wholly-owned subsidiary of our Company

* *for identification purposes only*

REGISTERED NAME

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

DIRECTORS

Executive Directors

Mr. ZHOU Shanzhong (周善忠) *(Chairman of the Board)*
Mr. XING Cheng (邢城) *(General manager)*
Mr. MAO Yongming (毛永明) *(Vice general manager)*
(appointed on January 17, 2020)
Mr. PENG Chong (彭沖) *(resigned on August 28, 2020)*

Non-executive Directors

Mr. WANG Xiaotong (王小潼)
(appointed on January 17, 2020)
Ms. DONG Guangpei (董光沛)
Mr. YU Yang (于暘) *(retired on January 17, 2020)*

Independent non-executive Directors

Mr. CHAN Wai Dune (陳維端)
(appointed on January 17, 2020)
Mr. HAN Xiaoping (韓曉平)
Ms. YANG Ying (楊瑩)
Mr. LAU Tsz Bun (劉子斌) *(retired on January 17, 2020)*

AUDIT COMMITTEE

Mr. CHAN Wai Dune (陳維端) *(Chairperson)*
(appointed on January 17, 2020)
Ms. YANG Ying (楊瑩)
Ms. DONG Guangpei (董光沛)
Mr. LAU Tsz Bun (劉子斌) *(retired on January 17, 2020)*

REMUNERATION COMMITTEE

Mr. HAN Xiaoping (韓曉平) *(Chairperson)*
(appointed on January 17, 2020)
Ms. YANG Ying (楊瑩)
Mr. MAO Yongming (毛永明)
(appointed on January 17, 2020)
Mr. LAU Tsz Bun (劉子斌) *(retired on January 17, 2020)*
Mr. PENG Chong (彭沖)
(retired on January 17, 2020)

NOMINATION COMMITTEE

Mr. ZHOU Shanzhong (周善忠) *(Chairperson)*
Ms. YANG Ying (楊瑩)
Mr. HAN Xiaoping (韓曉平)

SUPERVISORY BOARD

Ms. XUE Xiaofang (薛曉芳) *(Chairperson)*
Mr. SHAO Guoyong (邵國永)
Mr. YANG Kui (楊逵)

COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢)

AUTHORIZED REPRESENTATIVES

Mr. XING Cheng (邢城) *(appointed on August 28, 2020)*
No. 35 Haibinba Road
Tianjin Port Free Trade Zone
Tianjin City
PRC

Mr. LAU Kwok Yin (劉國賢)
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Mr. PENG Chong (彭沖) *(resigned on August 28, 2020)*

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, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

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, *Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*
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
17-18/F, East Tower, World Financial Center
Building 1, 1 Dongsanhuan Zhonglu
Chaoyang District, Beijing, PRC

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

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

COMPANY'S WEBSITE

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* *for identification purposes only*