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

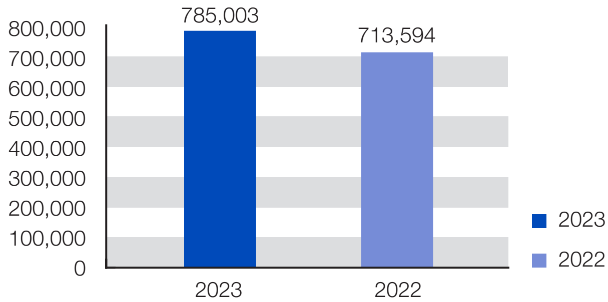
* For identification purposes only

Annual Report 2023

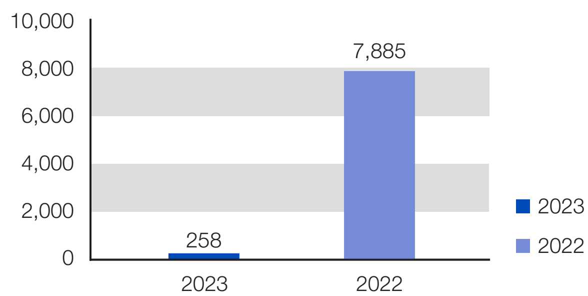
Contents

Financial Highlights

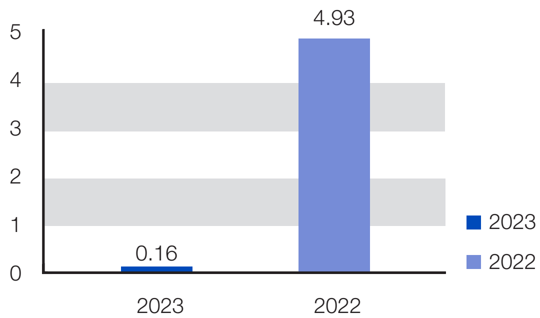
The Board of Directors announces the audited operating results for the year ended December 31, 2023 and a comparison with the audited operating results for the corresponding period of the previous year. For the year ended December 31, 2023, the Group recorded a consolidated operating revenue of RMB785.003 million, representing an increase of 10.0% as compared with RMB713.594 million for the corresponding period of the previous year. The profit attributable to equity shareholders of the Company was RMB0.258 million, representing a decrease of 96.7% as compared with RMB7.885 million for the corresponding period of the previous year. The earnings per Share were RMB0.16 cents, representing a decrease of 96.8% as compared with RMB4.93 cents for the corresponding period of the previous year.



Operating revenue (RMB'000)



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



Earnings per Share (RMB cent)

	Year ended December 31, 2023 RMB'000	Year ended December 31, 2022 RMB'000	Year ended December 31, 2021 RMB'000	Year ended December 31, 2020 RMB'000	Year ended December 31, 2019 RMB'000
Operating revenue	**785,003**	713,594	617,368	482,072	373,634
Profit from operations	**16,096**	35,292	21,752	50,094	20,094
Profit before tax	**3,372**	23,083	9,023	38,817	14,076
Income tax	**(702)**	(5,773)	(2,535)	(9,341)	(3,747)
Profit for the year	**2,670**	17,310	6,488	29,476	10,329
Attributable to:					
Equity shareholders of the Company	**258**	7,885	431	17,510	10,329
Non-controlling interests	**2,412**	9,425	6,057	11,966	–
Profit for the year	**2,670**	17,310	6,488	29,476	10,329
Earning per Share					
Basic (RMB cent)	**0.16**	4.93	0.27	10.95	6.46
Diluted (RMB cent)	**0.16**	4.93	0.27	10.95	6.46

	At December 31, 2023 RMB'000	At December 31, 2022 RMB'000	At December 31, 2021 RMB'000	At December 31, 2020 RMB'000	At December 31, 2019 RMB'000
Total assets	**1,089,093**	1,064,408	873,552	810,313	540,250
Non-current assets	**738,032**	742,794	594,758	630,851	361,818
Current assets	**351,061**	321,614	278,794	179,462	178,432
Total liabilities	**630,302**	598,951	461,329	391,682	238,280
Current liabilities	**392,149**	438,021	318,463	276,446	138,000
Non-current liabilities	**238,153**	160,930	142,866	115,236	100,280
Net assets	**458,791**	465,457	412,223	418,631	301,970
Capital and reserves					
Share capital	**159,921**	159,921	159,921	159,921	159,921
Reserves	**151,894**	155,474	147,196	154,761	142,049
Total equity attributable to equity shareholders of the Company	**311,815**	315,395	307,117	314,682	301,970
Non-controlling interests	**146,976**	150,062	105,106	103,949	–
Total equity	**458,791**	465,457	412,223	418,631	301,970

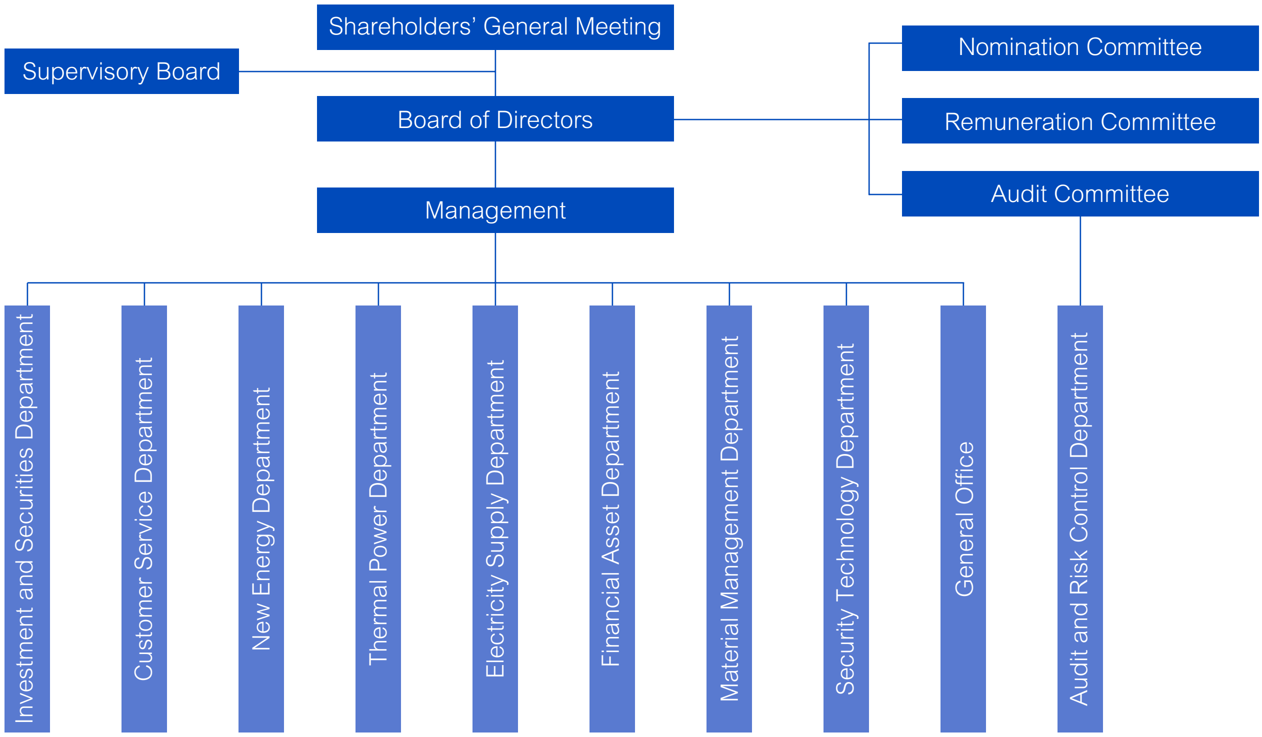
Corporate Profile

The Company was formerly known as Tianbao Electricity Company of Tianjin Port Free Trade Zone* (天津港保税區天保電力公司) 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. Currently, the Company mainly provides the power supply and guarantee service of electricity and heating for the Tianjin Port Free Trade Zone (Seaport) and 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 has two non-wholly owned subsidiaries, namely Lingang Thermal Power and Yangzhou Qingchang. Lingang Thermal Power is mainly responsible for power supply and guarantee service of electricity and heating for Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang). Yangzhou Qingchang is mainly responsible for the development, design and construction of solar photovoltaic power generation projects. On April 27, 2018, the Shares of the Company were listed on the Main Board of the 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 Stock Exchange.

After approximately 31 years of development, the Company has gradually developed into an integrated energy service provider in the Tianjin Port Free Trade Zone industry park. By relying on its professional capabilities and advantages in resources in the energy supply industry, the Company integrates innovation and aims to meet the needs of the customers in the industry park. The Company integrates and uses a variety of clean and renewable energy to provide integrated energy solutions such as electricity, heat, cooling and steam, so as to meet the overall needs of users, improve the regional business environment, and help achieve the national strategic goal of "carbon emission peak and carbon neutrality".

In the future, Tianbao Energy will continue to take maximizing the interests of Shareholders as the basic working standard, continue to improve quality and efficiency in traditional energy projects, and at the same time, intensify efforts to expand new energy projects, continuously improve the comprehensive strength of the listed company, and continue to make progress to achieve better results, so as to create greater value and returns for Shareholders.

The organizational structure of the Company is as follows:



Chairman's Statement

Dear Shareholders,

In 2023, the high-quality development of China's energy industry has achieved remarkable results, the capacity for secure and stable energy supply has steadily enhanced, the pace of green and low-carbon transformation of energy has accelerated, and the innovation of energy reform has deepened. Against the backdrop of the national strategic goal of carbon neutrality and carbon emission peak, the Group has ushered in historical opportunities for transformation and upgrading.

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China and a year of economic recovery and development after the three-year COVID-19 pandemic. In the face of the still severe and complex economic situation, the Group adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, coordinated and promoted the construction of key projects, new business expansion, reform of state-owned enterprises, safety and environmental protection and other work, further promoted market-oriented transformation on the basis of refining the main business, and implemented various key tasks for the year with high standards.

In 2023, the Group focused on improving operational efficiency and continued to promote transformation and upgrading. The power generation part of gas distributed energy station project of Lingang Thermal Power was successfully put into commercial operation, enhancing the profitability of the Group; The Group actively expanded new energy power generation market projects, explored high-quality new energy mergers and acquisitions opportunities, and increased the proportion of the Group's new energy business; Comprehensive and multi-channel cost reduction and efficiency improvement measures have been implemented to streamline the Group's operating costs and enhance operational efficiency.

In 2024, the Group will continue to deepen the reform of state-owned enterprises, solidly promote business upgrading, improve the level of fine management, adhere to high-quality development, and continuously improve the ability of value creation to bring greater returns to Shareholders.

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 27, 2024

General Manager's Statement

Dear Shareholders,

In 2023, in the face of the complex and severe international environment and the arduous tasks of domestic reform, development and stability, China's economy rebounded and reached RMB126 trillion in gross domestic product. The cumulative power generation installed capacity nationwide was 2,920,000,000 kW, representing a year-on-year increase of 13.9%. Among them, the installed capacity of solar power generation was approximately 610,000,000 kW, representing a year-on-year increase of 55.2%, and the installed capacity of wind power was approximately 440,000,000 kW, representing a year-on-year increase of 20.7%. China's clean energy continued to develop rapidly.

In this context, the Group has followed the development trend of the energy industry and accelerated the pace of transformation and upgrading. In 2023, on the basis that the gas distributed energy station project has been put into operation for heating, the Group successfully completed the commercial operation of the power generation part. The successful operation of the project has improved the profitability of the Group, and the total installed capacity of the Group's clean energy power generation in operation has exceeded the installed capacity of traditional coal power; acquisition of 95% of the equity interest in Yangzhou Qingchang, which holds 10.44MW of industrial and commercial distributed roof photovoltaic projects, marking the first step of the Group's new energy business outside Tianjin; The Company accelerated the market expansion of new energy business, implemented a number of distributed photovoltaic expansion projects, and reached cooperation intentions for a number of contractual energy management projects.

In 2023, the Group achieved an electricity sales volume of 248.897 million kilowatt hours, steam sales of 1.707 million tons, on-grid energy of 95.435 million kilowatt hours, generated energy of 112.354 million kilowatt hours, and achieved a new high in operating income of RMB785.003 million.

2024 is a critical year for the Group to comprehensively deepen and implement the spirit of the 20th National Congress of the Communist Party of China and promote the high-quality development of the Group. The Group will focus on the expansion of new energy business, seeking opportunities for equity mergers and acquisitions, promoting technological transformation, ensuring safe operation, etc., and will unswervingly adhere to the market-oriented direction, unite and work hard to promote the Company to achieve greater breakthroughs and significant leaps on the road of high-quality development with practical actions.

WANG Geng
General manager
Tianjin, the PRC

March 27, 2024

1. INDUSTRY REVIEW

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

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

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

2. BUSINESS REVIEW FOR THE YEAR OF 2023

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

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

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

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

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

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

3. Accelerated expansion of new energy projects

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

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

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

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

3. OPERATING RESULTS AND ANALYSIS

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

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

(1) Operating income

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

Electricity dispatch and sale segment

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

Power generation and supply segment

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

Other segments

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

(2) Other net income

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

(3) Segment costs

Electricity dispatch and sale segment

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

Power generation and supply segment

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

Other segments

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

(4) Segment gross profit

Electricity dispatch and sale segment

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

Power generation and supply segment

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

Other segments

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

(5) EBITDA

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

(6) Finance costs

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

(7) Fuel costs

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

(8) Profit before tax

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

(9) Income tax expenses

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

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

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

4. FINANCIAL POSITION

(1) Assets and liabilities

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

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

(2) Cash and cash equivalents

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

(3) Gearing ratio

The gearing ratio is calculated as the balance of liabilities as at the end of the Reporting Period divided by the balance of Shareholders' equity as at the end of the Reporting Period.

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

5. OTHER SIGNIFICANT EVENTS

(1) Capital expenditure and capital commitment

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

On December 31, 2023, the Group's provision for capital commitment was approximately RMB26.080 million, which was expected to be used for Lingang Thermal Power's gas distributed energy station project.

(2) Liquidity and financial resources

As at December 31, 2023, the Group had cash and cash equivalents amounting to RMB144.307 million in aggregate; loans and borrowings of RMB450.367 million which include short-term borrowings of RMB269.412 million and the non-current portion of long-term borrowings of RMB180.955 million, while secured and guaranteed borrowings amounted to RMB157.213 million and unsecured borrowings amounted to RMB293.154 million, of which RMB279.692 million were fixed rate borrowings and RMB170.675 million were floating interest rate borrowings. There were no financial instruments entered into by the Group for hedging purpose. In addition, the Group had no investments in foreign currency.

(3) Material acquisitions and disposals

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

(4) Significant investments

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

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

(5) Contingent liabilities

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

(6) Loans and borrowings of the Group

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

(7) Other debts of the Group

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

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

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

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

(9) Capital structure

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

(10) Share scheme

For the year ended December 31, 2023, the Company had not implemented any share scheme.

(11) Foreign exchange and exchange rate risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currencies (including bank deposits denominated in Hong Kong dollars and US dollars), the Group was not exposed to material foreign exchange rate risk. The Directors expect that fluctuation in the exchange rate of RMB will not have a material adverse effect on the operation of the Group. Accordingly, the Group did not enter into any hedging arrangement for reducing the exchange rate fluctuation risk during the Reporting Period.

6. RISK FACTORS AND RISK MANAGEMENT

Currently, the operation and development of the Group are not exposed to any significant risk factors. From the results of the Group's annual risk assessment, the top three important risks are policy risk, material procurement management risk and safety risk.

(1) Policy risk

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

To address the risks mentioned above, the Group:

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

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

(2) Material procurement management risk

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

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

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

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

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

(3) Safety risk

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

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

The Group carried out 48 professional skills and safety trainings during the Reporting Period, highlighting the important areas and summarizing technical experience so as to enhance the professional skills and safety awareness of the operators. We regularly checked the fire prevention apparatus and anti-pollution equipment and kept records. The Group also formulated the equipment emergency response process to regulate the emergency operations, and carried out 27 emergency drills with different hypothetical contexts during the Reporting Period so as to ensure that the employees have the ability to effectively keep themselves and the Group's assets safe in an emergency.

7. SUBSEQUENT EVENTS

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

8. BUSINESS OUTLOOK FOR 2024

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

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

1. To expand new businesses with all strength

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

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

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

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

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

4. **To ensure the implementation safety and environmental protection work**

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

Human Resources

The Group upholds the principle of people-orientation, attaches great importance to building talented team and strives to create a sustainable and harmonious working atmosphere. The human resources conditions of the Group in 2023 are as follows:

1. OVERVIEW OF HUMAN RESOURCES

As at December 31, 2023, the Group had 72 employees. The education level of employees is generally high, and the employees with a bachelor degree or above accounted for 87.5% of the total. The number of employees in each business segment and the specific age and academic structure of employees are as follows:

1. Business Segment Structure

Function	Number of employees	Percentage
Management, administration, finance	24	33.3%
Marketing	7	9.8%
Procurement	5	6.9%
Engineering and technology	36	50.0%
Total	**72**	**100.0%**

2. Age Structure

Age ranges	Number of employees	Percentage	Cumulative percentage
Under 35	13	18.1%	18.1%
36-45	27	37.5%	55.6%
46-55	26	36.1%	91.7%
56 and above	6	8.3%	100.0%
Total	**72**	**100.0%**	**–**

3. Education Structure

Education level	Number of employees	Percentage	Cumulative percentage
Master's degree and above	6	8.3%	8.3%
Bachelor's degree	57	79.2%	87.5%
College and below	9	12.5%	100.0%
Total	**72**	**100.0%**	**–**

4. Gender Structure

Gender	Number of employees	Percentage
Female employees	18	25.0%
Male employees	54	75.0%
Total	**72**	**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. Guided by assessment and incentive, we added special rewards for new project development, continuously optimize the evaluation methods for performance appraisal of all posts, and practically exert the role of assessment, so as to stimulate the enthusiasm of employees.

3. EMPLOYEES' REMUNERATION

Employees' remuneration includes position salary, performance-based salary and incentive bonus, among which, the performance-based salary is related to both the performance evaluation of the Group and the performance evaluation results of the respective employees. During the Reporting Period, we had incurred labour cost (including salary, welfare and bonus) of RMB26.689 million.

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

In 2023, the Group carried out comprehensive and diversified trainings for management personnel, technical personnel and skilled personnel according to different layers and segments so as to improve the professional capacity and management level of the employees. In 2023, the Company organized 48 safety production trainings for all employees, and 57 professional skills trainings for the employees from different departments which involving work standards, continuing education, finance, taxation, legal and information system.

5. EMPLOYEES' BENEFITS

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

Employees of the Group are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The Group contributes to the employees' retirement benefit scheme, the amount of which is calculated based on the applicable average wage and according to a certain percentage agreed by the local municipal government. The Group's contributions to the defined contribution plan, including the social pension insurance schemes and the annuity, are recognised as expenses when incurred. Forfeited contributions could not be utilized to reduce the existing level of contribution, thus, as at December 31, 2023, there were no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

6. EMPLOYEE DIVERSITY

The Group is committed to achieve gender equality by providing fair recruitment, training and promotion opportunities for all employees. By the end of 2023, women represented over 25.0% of the Group's total workforce. The Group adheres to the principle of gender equality in employment, actively increases the number of female employees, protects the legitimate rights and interests of female employees, provides equal opportunities for female employees in recruitment, training, promotion and career development, and actively creates a respectful, open and inclusive corporate culture. In addition, the Company is committed to fostering a working environment that is professional, inclusive and non-discriminatory for employees to unleash their potential. In our workplaces, differences are understood, appreciated and encouraged. Each employee, without regard to religion, age, gender or gender identity, disability, sexual orientation, is provided with fair opportunity on the Group's diverse platform.

For further information regarding encouragement of workforce diversity in recruitment, talent management and talent cultivation, please refer to the paragraph headed "4. Professional Team" in the section headed "Environmental, Social and Governance Report" of this annual report.

EXECUTIVE DIRECTORS

Mr. ZHOU Shanzhong (周善忠), aged 45, a senior engineer, is currently the secretary of the Party branch committee, an executive Director, the chairman of the Board 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. Mr. ZHOU has been an executive Director of Tianjin Tianbao New Energy since September 2022. Mr. ZHOU joined the Group in October 2019. 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 manager 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. (天津港保稅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) ("**Tianbao Infrastructure**"), 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) with a doctorate degree in management science and engineering in January 2006.

Mr. WANG Geng (王賡), aged 38, a senior engineer, is currently an executive Director and general manager of the Company and is responsible for the overall operational work of the Company, including new energy business development, equity investment, securities management, and manages the securities investment department and new energy business development and acts as the secretary to the Board. Mr. Wang has concurrently served as the manager of Tianjin Tianbao New Energy since September 2022. Mr. WANG joined the Group in April 2022. Mr. WANG was a training management manager of Xinneng Vocational Training School (Tianjin) Co., Ltd. (新能職業培訓學校（天津）有限公司) from September 2020 to March 2022. From July 2019 to September 2020, Mr. WANG was a business manager of the education segment of CGN New Energy Investment (Shenzhen) Co., Ltd. Beijing Branch New Energy Centre (中廣核新能源投資（深圳）有限公司北京分公司新能源學院). From June 2017 to July 2019, he was successively an employee, deputy manager of the technical centre and deputy manager of the strategic development department of SPIC (Tianjin) Distributed Energy Co., Ltd. (國電投（天津）分佈式能源有限公司). From January 2017 to June 2017, Mr. WANG was successively an employee and a Tianjin new energy project development manager of SPIC (Beijing) New Energy Investment Co., Ltd. (國家電投集團（北京）新能源投資有限公司). From November 2016 to January 2017, he was a manager of the strategy department of Shangen Photovoltaic (Tianjin) Co., Ltd. (尚恩光電（天津）有限公司). From August 2012 to November 2016, Mr. WANG was an employee of the low carbon business consultancy department of Tianjin Tianle International Project Consultancy and Design Company (天津天樂國際工程諮詢設計公司). From July 2009 to August 2012, Mr. WANG was an employee of the marketing and development department of Tianjin Jinneng Project Management Co., Ltd. (天津市津能工程管理有限公司).

Mr. WANG graduated from Nankai University (南開大學) with a bachelor's degree and Tianjin University (天津大學) with a postgraduate degree in Business Administration and a master's degree thereof in January 2022.

Mr. MAO Yongming (毛永明), aged 54, a senior engineer, is currently an executive Director, a member of the remuneration committee and the deputy general manager of the Company. He has been an authorised representative of the Company under the Listing Rules since December 2021. He is responsible for the Company's party fairs, labor union, the Communist Youth League, administrative management, department personnel, corporate management, corporate reform, operation management, informatization, state-owned property rights management, budget management, fund management, tax management, asset management, procurement and bidding management, supplier management and resources management, and in charge of the general office, financial asset department and resources management department. Mr. MAO joined the Company in April 1997. He served as an electrical engineer of the power supply department from April 1997 to April 2007, the head of the power supply department from April 2007 to December 2011, the deputy manager and the head of the power supply department from December 2011 to August 2013, the assistant to general manager and the head of the power supply department from August 2013 to December 2014, was appointed as the deputy general manager in December 2014 and has held the same position since the Company's transformation into a joint stock limited liability company in January 2017. Mr. MAO was an executive director and manager of Tianjin Tianbao New Energy and the deputy general manager of Lingang Thermal Power.

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.

Mr. YAO Shen (姚慎), aged 52, a senior engineer, is currently an executive Director and the deputy general manager of the Company. He is responsible for the Company's policy research, market analysis, customer services, power supply and distribution operation and maintenance, legal affairs, construction management, system construction, risk control, audit, discipline inspection and supervision, and is in charge of the customer service department, electricity supply department and audit and risk control department. Mr. YAO joined the Company in July 1994, and acted 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. From October 2007 to December 2016, Mr. YAO was successively the deputy manager and manager of Tianjin Tianbao New Energy, and as a director of Tianjin Tianbao New Energy from September 2014 to January 2017. 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 deputy general manager of the Company in November 2018. From May 2020 to November 2022, Mr. YAO served as the deputy general manager of Lingang Thermal Power.

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 a bachelor's degree in electric machine and its control from the Tianjin University (天津大學) in July 1994.

NON-EXECUTIVE DIRECTORS

Mr. WANG Xiaotong (王小潼), aged 59, is currently a non-executive Director of the Company. Since October 2019, Mr. WANG has been the head of the enterprise management department and head of parallel car management department and the head of the enterprise management department (parallel car management department) of Tianbao Holdings, respectively. 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) ("**Tianbao Logistics**") 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) ("**Konggang Logistics**") 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 Konggang Logistics from August 2013 to October 2014. He worked in Tianbao Logistics as the vice general manager from January 2011 to August 2013, during which he was also the general manager and manager of Konggang Logistics. He also served as the chairman and general manager of 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 Konggang Logistics between September 2008 and January 2011. He served as the head of the business department and assistant to general manager of Tianbao Logistics, as well as the manager of the comprehensive logistic department from March 2003 to September 2008. Mr. WANG has concurrently served as a supervisor of TFIHC and Tianbao Holdings since October 2020. Mr. WANG has been serving as a director of Tianbao Infrastructure since November 2019. Mr. WANG served as a director of Tianjin Aviation Logistics Development Co., Ltd. (天津航空物流發展有限公司) from November 2019 to January 2021.

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 43, 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 Tianbao Investment 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. Ms. Dong has been an executive director of Tianjin Tianbao Aviation Industry Development Co., Ltd.* (天津天保航空產業發展有限公司) and a director of Northern International Trust Co., Ltd.* (北方國際信託股份有限公司) since February 2023. Ms. DONG has concurrently served as a director of TFIHC and Tianbao Holdings from February 2021 to February 2022. 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 (香港保創投資有限公司) since September 2019. Since December 2018, Ms. DONG has been serving as a supervisor of Tianbao Infrastructure 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 71, 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 40 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, and also a member of the Institute of Chartered Accountants of Australia and New Zealand. Mr. Chan has been an independent non-executive director of Wai Chun Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1013) from November 2020 to August 2023 and a non-executive director of Domaine Power Holdings Limited, a company listed on the Stock Exchange (stock code: 442) since November 2021. Mr. CHAN is currently serving as the executive committee member and treasurer of Friends of Hong Kong Association Development Fund Limited. Mr. CHAN was a member of the selection committee for the establishment of the first and current sixth government of the Hong Kong Special Administrative Region, a member of the ninth to thirteenth of China People's Political Consultative Conference of the Guangzhou Municipal Committee, and has been a member of the Standing Committee of the Chinese People's Political Consultative Conference of the Guangzhou Committee since the 11th session.

According to the press release of the HKICPA dated May 5, 2022, Mr. CHAN was reprimanded for his audit of the financial statements of a Hong Kong listed company for the year ended December 31, 2005 and imposed a penalty. However, HKICPA has made no allegation of fraud or dishonesty and the reprimand was not related to Mr. CHAN's integrity.

HKICPA reprimanded Mr. CHAN and imposed a fine on him on February 2, 2010 due to his breach of a professional standard issued by the HKICPA in relation to the audit of the financial statements of a listed company in Hong Kong for the year ended July 31, 2004. There is no separate qualified opinion in one of the items in the audit report.

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. YOU Shijun (由世俊), aged 69, is currently an independent non-executive Director, the chairperson of the remuneration committee, a member of nomination committee of the Company. He has been the chairman of the board of directors of Tianjin Beiyang Heat Energy Technology Co., Ltd.(天津市北洋熱能科技有限公司) since August 2019. From July 2001 to February 2022, he was successively a professor, a doctoral advisor and the head of the Department of Building Environment and Equipment Engineering of the School of Environmental Science and Engineering of Tianjin University. From October 1997 to December 2000, he successively served as an associate professor and deputy head of the Department of Building Environment and Equipment Engineering of the School of Architectural Engineering of Tianjin University. He was a visiting scholar at the Hong Kong Polytechnic University from October 1996 to October 1997. From May 1985 to October 1996, he successively served as a lecturer, deputy dean and associate professor of the Department of Civil Engineering of Tianjin University.

Mr. YOU has served as a president of Chinese Association of Refrigeration since October 2020, a member of China Town Heating Association (中國城鎮供熱協會) since December 2019, a vice chairman of the Air-conditioning Heat Pump Professional Committee of Chinese Association of Refrigeration (中國製冷學會空調熱泵專業委員會) and a vice president of the national HVAC Technology Innovation Alliance (暖通空調產業技術創新聯盟) since April 2019, and the honorary president of Tianjin Refrigeration Association (天津市製冷學會) since October 2023.

Mr. YOU obtained a master's degree in Thermal Engineering from Tianjin University (天津大學) in April 1985 and a doctoral degree in Engineering Thermophysics from Tianjin University (天津大學) in August 2003.

Ms. YANG Ying (楊瑩), aged 44, 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 director and general manager of Qingyinghui Investment Management (Tianjin) Co., Ltd. (菁英匯投資管理(天津)有限責任公司) since December 2021. From June 2015 to December 2021, she has been a senior partner of Shanghai Allbright Law Offices (Tianjin) (上海錦天城(天津)律師事務所). Ms. YANG 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. She has 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) from 2010 to 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 been a supervisor of the business environment of Tianjin from January 2021 to December 2022, a decision consulting expert of the Tianjin Development and Reform Commission since December 2020, and was listed as a legal adviser of the General Office of Tianjin Municipal Government from October 2016 to December 2022.

SHAREHOLDER REPRESENTATIVE SUPERVISORS

Mr. LI Yingjie (李英傑), aged 40, currently is a shareholder representative Supervisor and the chairperson of the Supervisory Board. Mr. LI has been the deputy head of the risk control department of Tianbao Holdings since March 2022. Mr. LI was a deputy general manager of the strategy and investment development department of Tianjin Construction Engineering Group (Holding) Co., Ltd. (天津市建工集團（控股）有限公司) from September 2018 to March 2022. He served as the associate chief officer of Tianjin Economic and Technological Development Zone Development Bureau from March 2014 to September 2018 and the officer of Tianjin Economic and Technological Development Zone Development Bureau from September 2010 to March 2014. From August 2009 to September 2010, he was the section chief of the project department of China Construction Municipal Construction Co., Ltd. (中建市政建設有限公司).

Mr. LI has served as a director of Tianjin Tianbao Asset Management Co., Ltd. (天津天保資產經營管理有限公司), Tianjin Tianbao Thermal Electricity Company Limited (天津天保熱電有限公司) and Tianjin Tianbao Construction Development Co., Ltd. (天津天保建設發展有限公司), respectively since June 2022. He was a supervisor of Tianjin Construction Engineering Group (Holding) Co., Ltd. (天津市建工集團（控股）有限公司) from November 2021 to October 2022, and an arbitrator of Tianjin Arbitration Commission since June 2019.

Mr. Li graduated from Nankai University (南開大學) with a master's degree in law in June 2009.

Mr. SHAO Guoyong (邵國永), aged 45, 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

Ms. JIAO Dongxu (嬌東旭), aged 39, is an employee representative Supervisor and the deputy director of the general office of the Company. Ms. JIAO joined the Company in July 2008 and was the administrator of "three-remote" (remote control, remote signaling and telemetering) of the Company's power supply department from July 2008 to March 2020, the party's affairs administrator of the general office from March 2020 to July 2020, the deputy head of the audit and risk control department from July 2020 to July 2022, and the deputy director of the general office of the Company since July 2022.

Ms. JIAO obtained a bachelor's degree in electrical engineering from Northeast Electric Power University (東北電力大學) in Jilin Province in July 2008.

PERSON-IN-CHARGE AND SENIOR MANAGEMENT

Mr. ZHOU Shanzhong (周善忠), aged 45, is currently the chairman of the Board, executive Director and chairperson of the nomination committee of the Company. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. ZHOU.

Mr. WANG Geng (王賡), aged 38, is an executive Director and general manager of the Company, and acts as the secretary to the Board. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. WANG.

Mr. MAO Yongming (毛永明), aged 54, is an executive Director, a member of the remuneration committee and the deputy general manager of the Company. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. MAO.

Mr. YAO Shen (姚慎), aged 52, is an executive Director and the deputy general manager of the Company. Please refer to the above section headed "Executive Directors" for the biographical details of Mr. YAO.

Mr. LIU Lu (劉露), aged 52, is the deputy general manager of the Company. Mr. LIU joined the Group in December 2021 and is responsible for the Company's production safety, environmental protection management, production management of thermal power plants, pipe network operation, and technical management. He is in charge of the thermal power department, safety technology department, and the daily work of Lingang Thermal Power. Mr. LIU has concurrently served as the chairman since January 2022, and the general manager of Lingang Thermal Power from January 2022 to October 2023. Mr. LIU served as the deputy general manager of Tianbao Thermal from August 2018 to December 2021. From January 2007 to August 2018, he served as the project engineer and the deputy head of the engineering technology department of Tianbao Thermal, the vice director and the director of Haigang Thermal Plant, the director of Konggang Thermal Plant, and the deputy head and the head of the pipe network operation department. From April 2005 to December 2006, he was the boiler manager of Tianjin Konggang Thermal Power Co., Ltd. (天津空港熱電有限公司). From January 2003 to April 2005, he was the supervisor of the boiler and calcination workshop of Knauf Gypsum Board (Tianjin) Co., Ltd. (可耐福石膏板(天津)有限公司). From March 1999 to October 2002, he was the head of the Taoxiangyuan heating station of Tianjin Wanlong Group Shuntong Heating Power Company (天津市萬隆集團順通熱力公司). From August 1994 to March 1999, he was a technician in the heating headman area of the Tianjin Second Building Section of the Tianjin Railway Sub-administration.

Mr. LIU graduated from the branch of Tianjin University (天津大學) in July 1994, majoring in thermal power engineering. Mr. LIU was awarded the Tianjin Labor Award in 2007, and the title of "Outstanding Member of the Communist Party of Tianjin" in 2016.

COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢), aged 38, is a company secretary of the Company and now a vice president 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 14 years' experience in corporate secretarial services, finance and bank operations. He holds a bachelor's degree in 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 charterholder, and a senior fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute.

Report of the Board of Directors

The Board of Directors of the Company now presents the Group's annual report for the year of 2023 (the "**Annual Report**") and the audited financial statements prepared in accordance with the IFRSs for the year ended December 31, 2023 (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 had 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 183 to 184 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, together with electricity, heating and cooling. The Group's operations comprise (i) power generation and supply; (ii) electricity dispatch and sale; (iii) development and operation of distributed photovoltaic power generation stations; and (iv) contractual energy management, energy conservation management services, vehicle charging sales, electric vehicle charging infrastructure operation, and wind power generation technology services. 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, 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 108 of this Annual Report. The financial position of the Group for the year ended December 31, 2023 is set out in the consolidated statement of financial position on pages 109 to 110 of this Annual Report. The consolidated cash flow of the Group for the year ended December 31, 2023 is set out in the consolidated cash flow statement on pages 112 to 113 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 17 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 8 to 9 and pages 16 to 17 of this Annual Report. A description of possible main risks and uncertainties that the Group may face is set out on pages 15 to 16 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is set out on pages 10 to 13 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 63 to 102 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 maintains cordial working relationships with regulators through effective communications. During the Reporting Period, to the best of the knowledge of Directors, the Group has complied 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 at December 31, 2023, the total share capital of the Company was 159,920,907 H 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 issued 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, canceled or redeemed any of the Company's listed securities or redeemable securities during the year ended December 31, 2023.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

For the year ended December 31, 2023, no 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, 2023.

EQUITY-LINKED AGREEMENT

For the year ended December 31, 2023, 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, 2023 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGE OF SHARES BY THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders of the Company did not pledge any of their Shares in the Company to secure the Company's debts or to secure guarantees or other support of the Company's obligations for the year ended December 31, 2023.

CHARGES AND PLEDGES ON THE GROUP'S ASSETS

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

The equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB25.100 million as of December 31, 2023.

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

LOAN ARRANGEMENTS GRANTED BY THE GROUP TO ENTITIES

For the year ended December 31, 2023, 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, 2023 which gives rise to disclosure obligation under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its Controlling Shareholders nor breach the terms of any loan agreements for the year ended December 31, 2023.

SHARE OPTION SCHEME

As of December 31, 2023, 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 distributable profits 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 Board 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 Group's Lingang Thermal Power's gas distributed energy projects had not yet reached the level of smooth operation to be profitable since it was at the initial stage of operation in 2023 and the self-developed new energy projects in 2023 were in the handover stage and therefore had not made any contribution. Hence, the profit attributable to equity Shareholders of the Group is relatively low. The Group intends to carry out investment projects such as contract energy management and distributed photovoltaic projects in 2024. In order to maintain the sustainable and long term profitable development of the Company, the Board has resolved not to declare a final dividend for 2023 (2022: RMB0.024 per share).

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 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 (if any) 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, it is classified as a foreign-invested enterprise, 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 dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the dividends (if any) 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 PRC.

The Company was not aware of any Shareholders that had waived or agreed to waive any dividend arrangement for the year ended December 31, 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM, the H Share register of members of the Company will be closed from June 4, 2024 to June 7, 2024 (both days inclusive), during such periods no transfer of H Shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares of the Company must lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on June 3, 2024.

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 statement 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, 2023 included the retained profits of approximately RMB36.985 million (2022: RMB38.914 million).

DONATIONS

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

BANK BORROWINGS AND OTHER BORROWINGS

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

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, 2023 and up to the date of this report is illustrated below.

Name	Title in the Group	Date of the first appointment/ re-election
ZHOU Shanzhong	Executive Director and chairman of the Board of the Company	December 9, 2019/ January 17, 2023
WANG Geng	Executive Director of the Company	May 5,2022/ January 17, 2023
	General manager of the Company	April 1,2022/ January 17, 2023
	Secretary to the Board of the Company	January 17, 2023
MAO Yongming	Executive Director of the Company	January 17, 2020/ January 17, 2023
	Deputy general manager of the Company	January 19, 2017/ January 17, 2023
YAO Shen	Executive Director of the Company	May 30, 2022/ January 17, 2023
	Deputy general manager of the Company	November 12, 2018/ January 17, 2023
WANG Xiaotong	Non-executive Director of the Company	January 17, 2020/ January 17, 2023
DONG Guangpei	Non-executive Director of the Company	November 1, 2019/ January 17, 2023
CHAN Wai Dune	Independent non-executive Director of the Company	January 17, 2020/ January 17, 2023
YOU Shijun	Independent non-executive Director of the Company	August 29, 2022/ January 17, 2023
YANG Ying	Independent non-executive Director of the Company	April 4, 2018/ January 17, 2023
LI Yingjie	Chairperson of the Supervisory Board of the Company	July 28, 2022/ January 17, 2023

Name	Title in the Group	Date of the first appointment/ re-election
SHAO Guoyong	Supervisor of the Company	January 19, 2017/ January 17, 2023
JIAO Dongxu	Supervisor of the Company	January 11, 2022/ December 5, 2022
	Deputy head of the general office of the Company	July 31, 2022
LIU Lu	Deputy general manager of the Company	December 30, 2021/ January 17, 2023
ZHANG Yubo	Deputy general manager of the Company *(Note)*	August 28, 2020/ January 17, 2023

Note: Mr. ZHANG Yubo ceased to serve as the deputy general manager and chief financial officer of the Company on October 13, 2023 due to job transfer.

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 21 to 27 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 the Directors and Supervisors of the Company are paid in the form of fees, salaries, allowances and benefits in kind, discretionary bonuses and retirement scheme contributions. The executive Directors and the employee representative Supervisor of the Company will not receive any remuneration for their positions as Directors or Supervisors, but will receive remuneration for their other positions in the Company. 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 the Directors and Supervisors of the Company are determined by such factors as the size of business, industry, work experience and duties, meanwhile the performances 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, 2023, 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	1

The details of our Directors and the top five highest paid individuals of the Company are set out in note 7-8 to the financial statements.

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

After the end of the year of 2023 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 2023, 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, 2023, 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, 2023, 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)** *(Note 2)*	**Approximate percentage of total share capital (%)** *(Note 3)*
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
YUAN Andy Yun Nan	Beneficial owner	12,880,000(L)	8.05

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. The calculation is based on the total number of 159,920,907 H Shares in issue as at December 31, 2023.

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 2023.

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, 2023.

CONTINUING CONNECTED TRANSACTIONS

The Group had conducted certain non-exempt continuing connected transactions with connected persons (as defined under the Listing Rules) during the year.

Connected transactions under		Connected persons	Annual caps for 2023 *RMB'000*	Actual transaction amount in 2023 *RMB'000*
1.	Renewed Construction, Technical Support and Maintenance Services Framework Agreement	TFIHC	8,000	2,131
2.	2022-2023 Natural Gas Sale and Purchase Contract	PetroChina Natural Gas Sales Company Limited Tianjin Branch ("**Natural Gas Supplier**")	110,000	86,411
3.	Natural Gas Pipeline Transmission Contract	Tianjin PetroChina Compressed Natural Gas Co., Ltd. ("**Pipeline Transmission Supplier**")	7,500	5,450
4.	2023-2024 Natural Gas Sale and Purchase Contract	Natural Gas Supplier	298,000	178,437

Renewed Construction, Technical Support and Maintenance Services Framework Agreement

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 a 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, 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 Renewed Construction, Technical Support and Maintenance Services Framework Agreement is valid from January 1, 2021 to December 31, 2023. 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.

The related service fees are agreed and based on actual costs and expenses incurred in providing the relevant services on normal commercial terms after arm's length negotiations and on normal commercial terms between the relevant parties with reference to fees in the open market, which shall be no less favourable than the price for similar transactions between the Company and independent third parties. For the years ended December 31, 2021, 2022 and 2023, the annual caps for total fees payable to the Group from Tianbao Group under the Renewed Construction, Technical Support and Maintenance Services Framework Agreement were RMB8.0 million, RMB8.0 million and RMB8.0 million, respectively.

On the basis that the Renewed Construction, Technical Support and Maintenance Services Framework Agreement expired on December 31, 2023, the Company and TFIHC entered into the Renewed Construction, Technical Support and Maintenance Services Framework Agreement (the "**Renewed Construction, Technical Support and Maintenance Services Framework Agreement**") on December 20, 2023, with a term from January 1, 2024 to December 31, 2026. Pursuant to the Renewed Construction, Technical Support and Maintenance Services Framework Agreement, the Group will 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, contracted energy management services to save energy consumption of electricity, heat, cooling, water, etc. 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. The annual caps for the total fees payable by Tianbao Group to the Group under the Renewed Construction, Technical Support and Maintenance Services Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB8.0 million, RMB8.0 million and RMB8.0 million, respectively.

2022-2023 Natural Gas Sale and Purchase Contract

As Lingang Thermal Power is held as to 15.0% by PetroChina Kunlun Gas Co., Ltd.* (中石油昆侖燃氣有限公司) ("**LTP Investor**"), and the Natural Gas Supplier is a branch of PetroChina Natural Gas Sales Company Limited* (中國石油天然氣股份有限公司), an indirect holding company of the LTP Investor, the Natural Gas Supplier is a connected person of the Company at subsidiary level.

Lingang Thermal Power entered into the 2022-2023 Natural Gas Sale and Purchase Contract (the "**Natural Gas Sale and Purchase Contract**") with the Natural Gas Supplier on November 21, 2022, pursuant to which Lingang Thermal Power procured and received natural gas from the Natural Gas Supplier. The Natural Gas Sale and Purchase Contract shall be effective from November 21, 2022 to March 31, 2023. Such natural gas is produced, purchased and imported by the Natural Gas Supplier, including conventional natural gas, gasified LNG, shale gas, coalbed methane, coal-made natural gas and other gas sources. The volume of natural gas to be procured shall be no less than that agreed between the both parties. If the actual natural gas volume consumed by Lingang Thermal Power for the period is less than the agreed monthly minimum consumption volume, Lingang Thermal Power shall pay the Natural Gas Supplier an amount equal to 30% to the composite price in that month in respect of the short fall volume. Since the Natural Gas Sale and Purchase Contract took effect, Lingang Thermal Power basically meets the minimum consumption volume.

As negotiated and determined by Lingang Thermal Power and the Natural Gas Supplier through arm's length negotiation with reference to the general commercial terms and prices in the public market which is no less favourable than similar transactions conducted between the Company and Independent Third Parties, the price for procurement and sale of natural gas is based on the benchmark gate price for natural gas in Tianjin released by the National Development and Reform Commission and the maximum online transaction trading price in the respective month on the Shanghai Petroleum and Gas Exchange Centre or Chongqing Petroleum and Gas Exchange Centre. Payment shall be made before delivery and the sale and purchase price of natural gas shall be settled at month ends. The total procurement cost under the Natural Gas Sale and Purchase Contract is estimated based on the above mentioned pricing policy and the anticipated procurement volume. The total maximum transaction amount estimated during the contract term shall not exceed RMB120.0 million.

Natural Gas Pipeline Transmission Contract

As the LTP Investor is a 15.0% shareholder of Lingang Thermal Power and the Pipeline Transmission Supplier is a subsidiary of the LTP Investor, the Pipeline Transmission Supplier is a connected person of the Company at subsidiary level.

Lingang Thermal Power entered into the Natural Gas Pipeline Transmission Contract (the "**Natural Gas Pipeline Transmission Contract**") with the Pipeline Transmission Supplier on August 31, 2022, pursuant to which Lingang Thermal Power procures pipeline transmitted natural gas from the Pipeline Transmission Supplier, in which the fees for pipeline transmission shall be charged on a monthly basis. The Natural Gas Pipeline Transmission Contract shall be effective from August 31, 2022 to March 31, 2025.

The unit price of pipeline transmitted natural gas as determined by Lingang Thermal Power and the Pipeline Transmission Supplier through arm's length negotiation is based on the price of short-distance pipeline transmitted natural gas set by relevant national and local authorities in the PRC, with reference to the general commercial terms and prices in the public market that is no less favourable than similar transactions conducted between the Company and Independent Third Parties. The pipeline transmission price of natural gas shall include, among others, pipeline transmission fee, measurement service fee, operation and maintenance service fee and taxes, and shall be charged monthly according to actual consumption. In determining the annual caps under the Natural Gas Pipeline Transmission Contract, the Company has considered a number of assumptions and factors, including (i) the overall construction progress of the distributed energy station project of Lingang Thermal Power and the volume of transmitted natural gas required for its operation; (ii) the production plans and demand for steam of enterprises in Tianjin Port Free Trade Zone (Lingang); (iii) the transaction amount with the Pipeline Transmission Supplier under the Natural Gas Pipeline Transmission Contract from the effective date of the contract to the date on which the LTP Investor became a connected person of the Company; (iv) the business scale of Lingang Thermal Power expanded following the Group's business transformation and upgrade, the transmitted natural gas required in correspond with the increasing production capacity; and (v) the unit steam energy consumption estimated by the Company based on its industrial production experience. During term of the Natural Gas Pipeline Transmission Contract, the proposed total maximum transaction amount for the years ending December 31, 2023 and 2024 and the three months ending March 31, 2025 shall not exceed RMB7.5 million, RMB9.5 million and RMB3.0 million, respectively.

2023-2024 Natural Gas Sale and Purchase Contract

As Lingang Thermal Power is held as to 15.0% by LTP Investor, and the Natural Gas Supplier is a branch of PetroChina Natural Gas Sales Company Limited* (中國石油天然氣股份有限公司), an indirect holding company of the LTP Investor, the Natural Gas Supplier is a connected person of the Company at subsidiary level.

Lingang Thermal Power entered into the 2023-2024 Natural Gas Sale and Purchase Contract (the "**2023-2024 Natural Gas Sale and Purchase Contract**") with the Natural Gas Supplier on April 1, 2023, pursuant to which Lingang Thermal Power procured and received natural gas from the Natural Gas Supplier. The 2023-2024 Natural Gas Sale and Purchase Contract shall be effective from April 1, 2023 to March 31, 2024. Such natural gas is produced, purchased and imported by the Natural Gas Supplier, including conventional natural gas, gasified LNG, shale gas, coalbed methane, coal-made natural gas and other gas sources. The volume of natural gas to be procured shall be no less than that agreed between the both parties. If the actual natural gas volume consumed by Lingang Thermal Power for the period is less than the agreed monthly minimum consumption volume, Lingang Thermal Power shall pay the Natural Gas Supplier an amount equal to 30% to the composite price in that month in respect of the short fall volume. Since the 2023-2024 Natural Gas Sale and Purchase Contract took effect, Lingang Thermal Power basically meets the minimum consumption volume.

As negotiated and determined by Lingang Thermal Power and the Natural Gas Supplier through arm's length negotiation with reference to the general commercial terms and prices in the public market which is no less favourable than similar transactions conducted between the Company and Independent Third Parties, the price for procurement and sale of natural gas is based on the benchmark gate price for natural gas in Tianjin released by the National Development and Reform Commission and the maximum online transaction trading price in the respective month on the Shanghai Petroleum and Gas Exchange Centre or Chongqing Petroleum and Gas Exchange Centre. Payment shall be made before delivery and the sale and purchase price of natural gas shall be settled at month ends. The total procurement cost under the 2023-2024 Natural Gas Sale and Purchase Contract is estimated based on the above mentioned pricing policy and the anticipated procurement volume. The total maximum transaction amount estimated during the contract term shall not exceed RMB428.0 million.

Save as disclosed above, as defined under the Listing Rules, the related party transactions disclosed in note 28 to the financial statements did not constitute connected transactions or continuing connected transactions of the Company, or connected transactions or continuing connected transactions of the Company exempt from the reporting requirements 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 of the Group 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 were 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 the connected persons; (iii) pursuant to the Corporate Governance Code in accordance with Appendix 14 of the Listing Rules (which has been renamed as Appendix C1 of the Listing Rules with effect on December 31, 2023), 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 perform the relevant assurance procedures regarding the continuing connected transactions; and (v) the Group duly disclosed in its annual reports and accounts the transactions with the connected persons 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.

In addition, when reviewing the continuing connected transactions for the year 2023, the Company has (i) reviewed and updated its Administrative Rules on Connected Transactions and Connected Persons List, and re-circulated them to the Company and its subsidiaries and their respective personnel/senior management for compliance; (ii) further reiterate the importance of compliance with the Listing Rules to the personnel/senior management of its subsidiaries and remind the Company if there is any potential connected transaction to be reported to the Company in advance to determine if there is any potential connected transaction within the meaning of the Listing Rules. The Company will continue to monitor, review and enhance its internal control procedures to ensure timely compliance with the Listing Rules.

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, 2023 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, 2023, the total purchases from the five largest suppliers of the Group accounted for 71.9% of the total purchases during the year. The purchase from the largest coal supplier accounted for 11.6% of the total volume of fuel purchased during the year.

For the year ended December 31, 2023, the total sales to the five largest customers of the Group accounted for 53.7% of the total sales during the year. The sales to the largest customer accounted for 17.0% 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 Part I and Part II of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules (which has been renamed as Appendix C1 of the Listing Rules with effect on December 31, 2023) for the year ended December 31, 2023. 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 inquiries 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, 2023, 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 2023 annual results and the audited financial statements for the year ended December 31, 2023 prepared in accordance with the IFRSs.

INDEPENDENT AUDITORS

SHINEWING (HK) CPA Limited has been appointed as the auditor of the Company's IFRSs financial statements since June 2023. KPMG was appointed as the auditor of the Company's IFRSs financial statements since July 2016 until its retirement on June 12, 2023. In June 2023, the 2022 AGM approved the appointment of SHINEWING (HK) CPA Limited as the auditor of the Company's 2023 IFRSs financial statements until the date of conclusion of the 2023 AGM 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 27, 2024

In 2023, 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 4 meetings in 2023. 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 approved the resolution on the election of the Chairman of the third session of the Supervisory Board; considered and confirmed the contents of the annual report and annual results announcement as of December 31, 2022; the contents of the interim report and the interim results announcement for the six months ended June 30, 2023; reviewed and approved the 2022 environmental, social and governance (ESG) report and the 2022 report of the Supervisory Board; reviewed and approved the proposal of profit distribution plan in 2022, the proposal of evaluation of Directors, Supervisors, and senior management in 2022, the proposal of remuneration plan of Directors, Supervisors and senior management in 2023; considered and approved the resolution on the selection and appointment of the Company's auditor in 2023. 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 2023, the Supervisors presented at 2 general meetings and attended 13 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 2023, 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

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 Articles of Association, the Rules of Procedure of General Meeting, Rules of Procedure of the Board, Terms of Reference of the Remuneration Committee, Rules of Procedures of Management of Connected Transactions, Rules of Procedures of the Secretary to the Board of Directors, Rules for the Management of Information Disclosure, "1+3" Table of authorities and Duties of Corporate Governance Bodies and Internal Control Manual. 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 (which has been renamed as Appendix C3 of the Listing Rules with effect on December 31, 2023) 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. The Supervisory Board considered and approved the resolution in relation to the Selection and Engagement of Auditors of the Company for 2023. The Supervisory Board is of the view that the re-appointment of auditors of the Company for 2023 under the International Financial Reporting Standards is a good governance practice, and the winning bidder, SHINEWING (HK) CPA Limited, meets the requirements of the Company's Tender Management System.

3. 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 2023, the Company had sound financial management system and mechanism, regulated management and reasonable expenses. The Company's 2023 financial statements were audited by SHINEWING (HK) CPA Limited who has issued the standard audit report with an unqualified opinion that the 2023 financial statements prepared by the Company has fairly reflected the financial condition and operating results of the Company.

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 supervised the internal control of the Company. The Supervisory Board was of the view that during 2023, 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.

2024 is a critical year for the implementation of the "14th Five-Year Plan" by the state, and a year of progress and next development for Tianbao Energy's development plan of "new strategy, new business forms, new fields and new energy". 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 all Shareholders and the Company.

Chairperson of the Supervisory Board
LI Yingjie
Tianjin, the PRC

March 27, 2024

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 (which has been renamed as Appendix C1 of the Listing Rules with effect on December 31, 2023).

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 (which has been renamed as Appendix C3 of the Listing Rules with effect on December 31, 2023) as the code of conduct regarding securities transactions of the Company by the Directors, Supervisors and relevant employees of the Company. Upon making specific enquiries to all of the Directors, Supervisors and relevant employees of the Company, all Directors, Supervisors and relevant employees confirmed that during the Reporting Period, each of the Directors, Supervisors, and relevant employees has strictly complied with the required standards set out in the Model Code.

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

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 nine members, comprising four 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. WANG Geng (王賡) *(General manager)*
Mr. MAO Yongming (毛永明) *(Deputy general manager)*
Mr. YAO Shen (姚慎) *(Deputy 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. YOU Shijun (由世俊)
Ms. YANG Ying (楊瑩)

Biographical information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management" on pages 21 to 25 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.

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 Mr. WANG Geng is the general manager. The chairman of the Board is responsible for presiding over and governing 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

During the Reporting Period, 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 B.2.2 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.

The Company held the 2023 first extraordinary general meeting on January 17, 2023 to elect the Directors for the third session of the Board of the Company.

In addition, the term of office of an independent non-executive director of the Company should not normally exceed nine years unless his further appointment was considered and approved by Shareholders by way of a separate resolution and the reasons why the Board and the Nomination Committee believe the independent non-executive director is still independent and should be re-elected were explained in the circular to Shareholders. In addition, if all the independent non-executive directors of the Company have served more than nine years, the Company will disclose the names and terms of office of each of the existing independent non-executive directors in the circular of the AGM and appoint a new independent non-executive director at the next annual general meeting.

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 Board and the Chairman advocate the culture of openness and debate by facilitating the effective commitment of Director to the Board and ensuring constructive relationship between executive and non-executive Directors through discussion meeting, telephone communication and regular reports.

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 Company has formulated the working rules for each committee to ensure that 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 is responsible for the decisions for 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, 2023, the Board held 13 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.

In March, June, September and October 2023, the Company provided multiple training for all Directors and Supervisors. Such training session covered a wide range of relevant topics including corporate development strategies, cases of financing of listed companies, provisions of the Listing Rules and cases of non-compliance of listed companies, explanation on the financial supervision system and implementation of state-owned enterprises, etc. 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.

In addition, the management has provided monthly updates to Board members so that the Directors may keep abreast of the Group's affairs and have a better understanding to assess the Group's performance, financial position and prospects.

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 183 of this Annual Report.

AUDIT COMMITTEE

The audit committee currently comprises three members, namely Mr. CHAN Wai Dune (chairperson and an independent non-executive Director), Ms. YANG Ying (an independent non-executive Director) and Ms. DONG Guangpei (a non-executive Director), and Mr. CHAN Wai Dune has 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 and the report on other duties specified in Corporate Governance Code, including reviewing the report of financial and other information to Shareholders and the effectiveness and objectivity of the audit process, providing an important link between the Board and the Company's auditors, reviewing the independence and objectivity of the auditors, and reviewing the effectiveness of the risk management and internal control systems and the internal audit system. The terms of reference of the audit committee are available on the Hong Kong Stock Exchange's website and the Company's website.

During the year ended December 31, 2023, the audit committee held 4 meetings. The audit committee reviewed the annual results announcement and annual report for the 2022, the interim results announcement and interim report for the 2023 at the annual and interim meetings, discussed with the auditor on the audit and review work, and obtained the auditor's report on the work process and the financial position of the Company. The audit committee considered and approved the resolution in relation to the change of auditor and considered that the professional standards, service quality and ethical standards of the new auditor met the relevant requirements. The audit committee also reviewed the work reports and plans for risk management, internal control and internal audit at the annual and interim meetings. The audit committee kept a close eye on the effectiveness of the Company's risk control and internal audit system. 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 2 meetings with the external auditors without the presence of the executive Directors.

REMUNERATION COMMITTEE

The remuneration committee currently comprises three members, namely Mr. YOU Shijun (chairperson and an independent non-executive Director), Ms. YANG Ying (an independent non-executive Director) and Mr. MAO Yongming (an executive Director). The primary responsibilities of the remuneration committee are to review and advise on the appraisal, terms of service contract and remuneration for the Directors, Supervisors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The terms of reference of the remuneration committee are available on the Hong Kong Stock Exchange's website and the Company's website.

During the year ended December 31, 2023, the remuneration committee held 5 meetings. The remuneration committee reviewed remuneration matters such as the evaluation of Directors, Supervisors and senior management in 2022, remuneration plan of Directors, Supervisors and senior management in 2023, the remuneration of senior management, the performance appraisal and remuneration of the appointed management in 2022, the remuneration plan and pre-implementation standards and quarterly appraisal of the appointed management in 2023, and the amendments to the Terms of Reference of the Remuneration Committee, 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 and an executive Director), Ms. YANG Ying (an independent non-executive Director) and Mr. YOU Shijun (an independent non-executive Director). The primary responsibility of the nomination committee is to make recommendations to our Board on the appointment of Directors and senior management, mainly including reviewing the structure, size and diversity of the Board; formulating and maintaining a policy for the nomination of Directors; formulating and maintaining a policy concerning diversity of the Board; making recommendations to the Board on the nomination of individuals as Directors; assessing the independence of independent non-executive Directors, etc. The terms of reference of the nomination committee are available on the Hong Kong Stock Exchange's website and the Company's website.

During the year ended December 31, 2023, the nomination committee held 2 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 considered the nomination of the chairman of the third session of the Board, general manager and senior management.

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

BOARD DIVERSITY POLICY

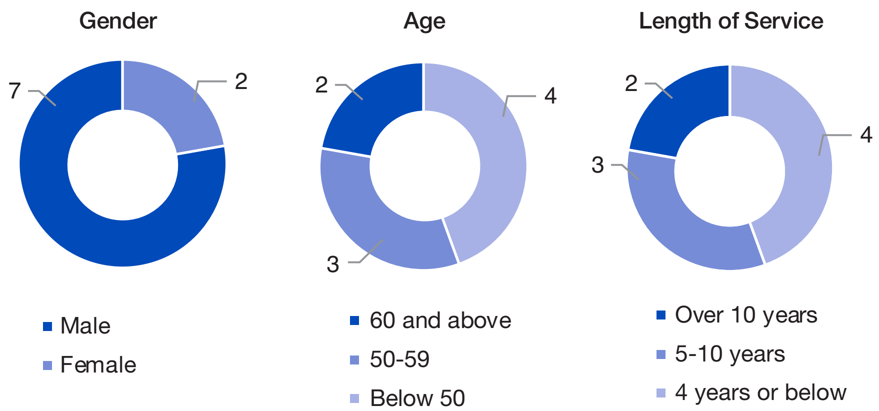
The Board has adopted the Board Diversity Policy with effect from December 2018. The Company recognizes the importance of diversity of the Board members to corporate governance and the Board effectiveness.

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 implementation and 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:



Since the implementation of the Board Diversity Policy, the Board has reviewed the policy and taken into account the objectives set out in the policy when reviewing the Board composition. In particular, when changing the composition of the Board, the Board has not only considered the knowledge, experience and industry background of the candidates, but also other factors such as the cultural background and diversified perspectives of the candidates. The Company currently has two female members on the Board, and the Board has achieved gender diversity. In selecting new Board members in the future, the Company will give equal opportunities and rights to female candidates and maintain the existing proportion of female members on the Board.

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 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, three 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, three Directors have rich experience in risk and compliance governance, and three 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 the requirements of gender diversity under the Listing Rules, our nomination policy and Board Diversity Policy, which ensures that we can obtain diversified opinions and benefits from different Directors.

For the employee diversity of the Group, please refer to the section headed "Human Resources" of this Annual Report.

NOMINATION POLICY

The nomination policy of the Directors 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 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 A.2.1 of the Corporate Governance Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, reviewed and supervised the training and continuous professional development of Directors, Supervisors and senior management, reviewed and supervised the the Company's policies and practices on compliance with laws and regulations, formulated, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors, and reviewed 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, 2023 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	13/13			2/2	2/2
WANG Geng	13/13				2/2
MAO Yongming	13/13		5/5		2/2
YAO Shen	13/13				2/2
WANG Xiaotong	13/13				2/2
DONG Guangpei	13/13	4/4			2/2
CHAN Wai Dune	13/13	4/4			2/2
YOU Shijun	13/13		5/5	2/2	2/2
YANG Ying	13/13	4/4	5/5	2/2	2/2

In addition to regular Board meetings, the Chairman also held 1 meeting with the independent non-executive Directors without the presence of executive Directors during the Reporting Period, mainly discussing the progress of new project development and equity acquisition.

RISK MANAGEMENT AND INTERNAL CONTROL

To comply with the requirements of risks management for listed companies, establish and improve the risk management system, process and warning mechanism as necessary for the operation and management of listed companies to ensure effective identification of risks, during the year, the Company further carried out internal control and risk management work according to the needs of actual operation development.

The Board of Directors takes a serious view on the construction and improvement of risk management and internal control system. The Board of Directors is responsible for assessing and determining the nature and extent of risks that the Company is willing to accept in order to achieve its strategic objectives, and for ensuring that the Company has in place and maintains appropriate and effective risk management and internal control systems, and for reviewing the effectiveness of such systems. Such risk management and internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance that there will be no material misrepresentation or loss. The Board of Directors continuously supervises the design, implementation and monitoring of the risk management and internal control system by the management of the Company. The Board takes effective measures to monitor the implementation of relevant controls and assist the Company with its long-term development objectives by improving operational efficiency and benefits, corporate governance, risk assessment, risk management and internal control.

The Company's risk management and internal control system mainly encompass clear organizational structure and management responsibilities, effective authorization, approval and accountability system, clear goals, policies and procedures, comprehensive risk assessment and management, sound financial accounting system, ongoing operating performance analysis and monitoring. These are instrumental in the Company's overall operation. The code of ethics for the senior management and the wider employees formulated and enacted by the Company ensures the moral value and competence of employees at all levels; the Company stresses the prevention of fraud risks. That means working out an internal reporting mechanism to encourage anonymous reporting of violations by the Company's employees, especially by the directors and senior managers.

The Company's internal control management system mainly consists of the internal control manual and related systems and methods. The Company continues to revise and improve the internal control system in response to the changes in the internal control environment and the needs of business development. Since 2018, the Company has formulated and enacted internal control manuals, implementation rules and supporting rules and regulations to ensure the implementation of the above systems given COSO's internal control framework, and with the assistance of external auditors and other consulting institutions. The Company has long been committed to strengthening the identification and collection of various risks it faces, and timely adjusts the Internal Control Management Manual based on the revision of its system and process. The Internal Control and Management Manual (version 2023) has been approved by the Audit Committee.

The Company regards comprehensive risk management as one of the priorities in its daily operation management, and takes into account the regulatory requirements of the capital market where the Company's stock is listed. On the back of the risk management theory, the Company makes possible the closed-loop management of risk sorting, risk assessment, key risk analysis, risk response and risk management tracking and monitoring. The Company steps up its effort in the management and control of risk processes. That means regularly tracking and reporting the risk management and control for possible major risks, making risks controllable and manageable. After years of commitments, the Company has established a standard and efficient comprehensive risk management system, and comprehensive risk supervision and prevention mechanism is improving.

As a functional department of the Company, the audit and risk control department is responsible for the Company's internal audit. In 2023, it supervised and inspected the quality and procedure of the Company's financial report, audited the soundness and effectiveness of the Company's internal control, and assisted independent auditors to complete the annual financial audit. Specifically, the work includes: checking the internal control for the Company's business process, and the integrity of the internal control design; and assisting the independent auditor to complete the inventory and letter confirmation procedures.

The Board reviews the risk management and internal control systems of the Company and subsidiaries annually. The Board, as supported by the audit committee and the audit and risk control department reviewed the management report, the internal audit findings as well as the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2023, and considered that such systems are effective and adequate and there are no significant areas of concern. The annual review also covered the accounting, internal audit, financial reporting functions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's ESG performance and reporting (1) the extent and frequency of communication of monitoring results to the Board (or its committees); (2) significant control failure or weakness that has been identified during the period(if any), and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and (3) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance. With regard to the ESG performance for the Reporting Period, please refer to the section headed "Environmental, Social and Governance Report" of this Annual Report.

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.

Since the review in 2021, the Board of Directors considered that the nature and severity of the major risks the Company faces had not changed materially. Furthermore, the Company has been working on its risk control and internal control systems to enhance its response to the changes in the business and external environment.

In 2023, the Company, in accordance with the requirements of Section D2 of Part II of the Corporate Governance Code of the Hong Kong Stock Exchange, pooled its resources against possible major risks to minimize their negative impacts. No major risk events occurred during the year. The Board of Directors and the Audit Committee have conducted regular reviews and annual reviews of the effectiveness of the Company's risk management and internal control system, including financial control, operation control and compliance control, and obtained the management's acknowledgment of the effectiveness of the Company's risk management and internal control system. For that, the Company believes that the system is effective and adequate.

The Company values the compliance with the laws and regulations issued by China and the countries and regions where it is listed and where the business operations are located. It observes all laws and regulations and timely takes the initiative to internalize the provisions of laws and regulations into its various rules and regulations. This aims to protect its legal operation and management, safeguard the lawful rights and interests and underpin its long-term and sound development.

In 2023, the Company focused on rapid response to market demand by empowering business innovation and operation innovation and improving the classified and hierarchical authorization control and affiliated company list in the internal control management system given external supervision, policy environment changes and key risk prevention and control requirements of the Company as well as the measures of deepening reform and business development changes.

During the course, the integrity, reasonability, and the implementation of the internal control measures by the Company have been sorted and reviewed to effectively control the possibility of the occurrence of such risks. By improving the internal control system with the introduced advanced risk management concepts and tools, the Company enhances its overall risk management for better core competitiveness while meeting the requirements of regulators for risk management and internal control.

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, 2023.

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 103 to 107 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 of the Company's external auditors for the year ended December 31, 2023 amounted to RMB0.868 million. During the Reporting Period, the Group did not request any non-audit services from the Company's external auditors and therefore no service fee was paid.

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, 2023, Mr. LAU Kwok Yin has received no less than 15 hours of relevant professional training on reviewing the requirements under the Listing Rules and other compliance. The principal contact person in the Company of Mr. LAU Kwok Yin was Mr. MAO Yongming, an executive Director.

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 ad hoc 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 Haibin 8th 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 originals of 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) shall make themselves available at general meetings to meet Shareholders and answer their enquiries.

The Board recognizes the importance of good and effective communication with all Shareholders. For the purpose of enhancing effective communication with Shareholders and other stakeholders, encouraging Shareholders to actively establish close relationship with the Company and facilitating Shareholders to effectively exercise their rights as Shareholders, the Company has formulated the Shareholders' communication policy, which stipulates the communication channels between Shareholders and the Company, including the Company's communication, announcements and other documents, the Company's website, Shareholders' general meetings and Shareholders' inquiries, and stipulates that the Company shall not disclose Shareholders' information without their consent.

The Company endeavors to ensure transparency by establishing and maintaining different channels of communication with Shareholders. The Company has a dedicated securities affairs department which serves as an important communication channel between the Company and its Shareholders and other investors, and is responsible for handling the investors relations. The Company has set up a specified telephone, facsimile and e-mail to actively respond to inquiries from Shareholders and investors through various means, and timely provide reasonable suggestions to the management. Shareholders may also directly put forward their opinions and suggestions to the Directors and management of the Company at general meetings and other occasions.

In addition to the Company's regular interim and annual results announcements to Shareholders and investors, the Company also announces its major business developments and activities through press releases, announcements and the Company's website in accordance with various laws and regulations.

The general meetings also provide an effective platform for the Shareholders to exchange views with the Board. The chairman of the Board as well as chairmen of the audit committee, nomination committee and remuneration committee, or in their absence, members of the respective committees, are available to answer shareholders' questions at the general meetings of the Company.

The Company's management ensures the external auditor attends the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and the independence of the auditor.

The Company reviews the Shareholders' communication policy annually to ensure its effectiveness. Having examined the implementation and effectiveness of the Shareholders' communication policy, the Company is of the view that the policy is effective in providing a channel for Shareholders to communicate on various matters affecting the Company, as well as the Company to solicit and understand the opinions of Shareholders and stakeholders.

THE ARTICLES OF ASSOCIATION

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

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

1 ABOUT THIS REPORT

1.1 Overview

This report is the sixth environmental, social and governance report (hereinafter referred to as the "**Report**") issued by Tianjin Tianbao Energy Co., Ltd. (hereinafter referred to as the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**", "**Tianbao Energy**" or "**We**"). This Report outlines our strategies, work and performance with regard to the environmental, social and governance (hereinafter referred to as "**ESG**").

1.2 Reporting scope

This Report covers the power generation and supply business of the Group for the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as "**this Year**", "**Reporting Period**" or "**2023**"), and collects policy documents for environmental and social areas as disclosed in the annual report. The scope of disclosure of KPIs for the social area is consistent with the annual report, and that for the environmental area is limited to Lingang Thermal Plant and Haigang Thermal Plant, where our principal business is conducted (unless otherwise specified).

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 Listing Rules (which has been renamed as Appendix C2 of the Listing Rules with effect on December 31, 2023). 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", "Quantitative", "Balance" and "Consistency".

Materiality: The materiality of the Group's ESG matters is determined by the Board of Directors, and the process and criteria for the communication with stakeholders and the identification of material issues are disclosed in this Report.

Quantitative: The statistical standards, methods, assumptions and/or calculation tools, and sources of conversion factors related to quantitative KPIs in this Report are described in the Definitions hereof.

Balance: This Report presents impartially the performance of the Group during the Reporting Period to avoid any choice, omission or presentation that may unduly affect the decision or judgment of the reader.

Consistency: The statistical methods for the disclosure of figures in this Report are consistent with previous years unless otherwise specified.

1.4 Reporting approval

This Report was approved by the Board on March 27, 2024 after confirmation by the management.

1.5 Reporting feedback

The Group is committed to establishing more detailed and sound sustainable development strategies. If you have any enquiry or comment on 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, let employees show their value in life

2.2 Board statement

To further facilitate the effective implementation of the Group's ESG matters and promote sustainable development, we established an ESG Working Group directly led by the Board in 2021, so as to supervise the Group's ESG matters more effectively. The Board is fully responsible for the Group's ESG strategy, policy and reporting. The Group stresses ESG risks, including possible major impacts imposed by climate change. We will perfect our ESG policies based on ESG risk identification and communication with stakeholders, and review ESG topics of great importance on a yearly basis, so as to identify our priorities in ESG governance.

Under the leadership of the Board, the ESG Working Group reviewed a materiality assessment this year to understand the concerns and requirements of stakeholders, so as to determine the Group's ESG management policies, strategies, priorities and goals. The Group has established relevant ESG goals. The Board and the ESG Working Group shall hold meetings regularly to discuss and consider various ESG issues, track and review ESG-related performance and progress toward goals. The goals can demonstrate the achievements of Tianbao Energy's ESG policies and management system, and will improve the relevant policies according to the progress of the goals. This year, we have reviewed the goals and checked the progress. In the future, we will continue to review the progress against relevant goals to further improve sustainable development work.

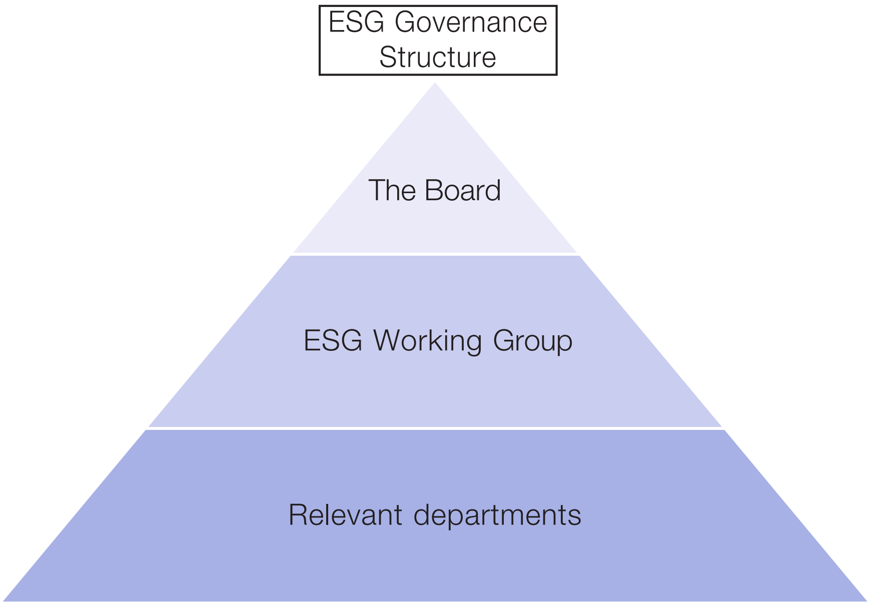
2.3 Sustainable development policy

The Board is responsible for coordinating the sustainable development of the Group and actively participates in the monitoring, identification, evaluation, and management of ESG matters to ensure business continuity, while making every effort to integrate ESG principles into our business management approaches to positively contribute to the environment and society.

As a responsible corporate citizen, we have formulated different policies regarding ESG to promote and manage matters related to social responsibilities, so as to guide the Group and our business partners to put sustainable development into practice. For details of policies and measures and our sustainable development performance in various aspects, please refer to the corresponding sections of this Report.

2.4 Sustainable development structure

We have integrated the concept of sustainable development into our operations and have formulated a number of policies to promote sustainable development. In 2021, we established an ESG Working Group to assist the Board to oversight the Group's ESG matters more effectively. Our ESG governance structure is as follows:



The Board, as the Group's highest decision-making authority on ESG, is responsible for negotiating and approving the Group's ESG management guidelines, strategies, plans, objectives and annual work, including assessing, prioritizing and managing significant ESG matters, risks and opportunities, as well as reviewing the annual ESG reports and approving disclosures. The Board, as the Group's highest authoritative body in the ESG governance structure, is also responsible for formulating and enacting the regulatory system for ESG and climate-related topics, and establishing and supervising the system for ESG risk management and internal monitoring, including the management of climate-related risks.

Our ESG Working Group is led directly by our general manager as team leader and deputy general manager as deputy team leader, which is responsible for identifying ESG-related risks and opportunities, formulating ESG work objectives and measures, coordinating and organizing communication with stakeholders and conducting materiality assessment, continuously tracking and reviewing ESG-related performance and objective progress, ensuring that all ESG matters are properly managed and implemented, and reporting to the Board regularly.

As the executive level supporting the ESG Working Group, relevant departments of the Group are composed of relevant personnel from the customer service department, thermal power department, electricity supply department, general office, audit and risk control department, security technology department, financial asset department, resources management department, investment securities department and new energy department. They are responsible for collecting and reporting ESG internal policies, systems and performance indicators and reporting to the ESG Working Group on a regular basis.

2.5 Communication with stakeholders

Our key stakeholders include customers, investors/shareholders, employees, business partners, suppliers, government/regulatory agencies, communities and the public. We firmly believe that our long-term interests and sustainable development relies on the support and trust of our stakeholders. The Company actively maintains a close and harmonious relationship with stakeholders to listen to stakeholders and respond appropriately to their needs for long-term success.

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

Key stakeholders	Main communication channels
Customers	• Customer satisfaction survey and feedback form • Customer service center • Customer relationship manager visits • Product and service complaint hotline • Daily operations/communications • Phone/E-mail/WeChat
Investors/shareholders	• Annual general meetings and other shareholders' meetings • Interim report and annual report, results announcement • Corporate newsletters, such as meeting notices • Company website • Information disclosure
Employees	• Employee training • Channels through which employees express their opinions (e.g. forms, suggestion boxes, communication meetings, intranet, etc.) • Job performance appraisal/interview
Business partners	• Meeting • Visit • Phone/WeChat
Suppliers	• Supplier/contractor evaluation system • WeChat
Government/regulatory agencies	• Information disclosure • Compliance report
Communities and the public	• Public welfare activities/community service activities

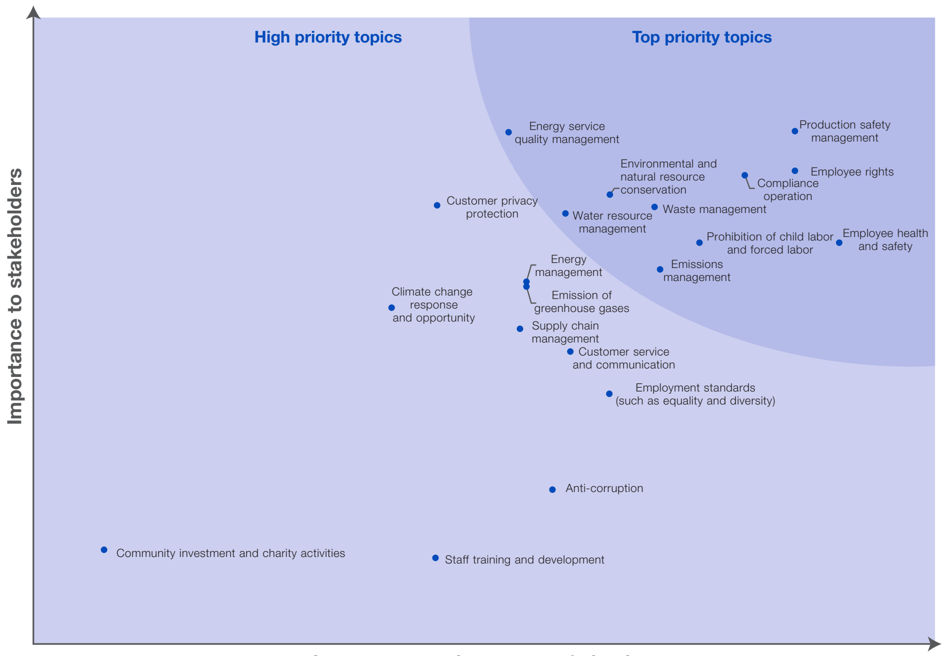
2.6 Materiality Assessment

To allocate resources more efficiently and facilitate the smooth implementation of the ESG work, in 2021, the Group referred to international standards such as the Guide of the Hong Kong Stock Exchange and the materiality map of Sustainability Accounting Standards Board (SASB), and invited internal and external stakeholders to participate in an online questionnaire covering areas such as efficient energy and governance, professional teams, green operations and social responsibility, which enabled us to better understand the expectations of all stakeholders so as to identify important ESG topics of the Group. This report still adopts the 2021 material topic results given the mutual importance and impacts of each ESG topic on stakeholders as the Group's strategy and business development have seen no material changes during the year.

The online questionnaire covers a total of 20 important ESG topics. Each important topic will be rated by each stakeholder. The Group prioritizes important ESG topics based on questionnaire feedback from stakeholders to ensure that the assessment results are accurate and objective. After analysis, the Group has prioritized 20 important ESG topics, including 10 top priority topics and 10 high priority topics.

The following important ESG topics have been approved and confirmed by the Board.

Importance Matrix



Top priority topics	High priority topics
Production safety management	Energy management
Employee rights	Emission of greenhouse gases
Employee health and safety	Employment standards (such as equality and diversity)
Compliance operation	Customer service and communication
Prohibition of child labor and forced labor	Customer privacy protection
Waste management	Supply chain management
Environmental and natural resource conservation	Anti-corruption
Emissions management	Climate change response and opportunity
Energy service quality management	Staff training and development
Water resource management	Community investment and charity activities

In response to stakeholders' concerns, this Report sets out the Group's policies, measures and performance in relation to important ESG topics during the Reporting Period. In addition, we will review the relevant ESG policy and make appropriate adjustments in the future to meet the expectations of stakeholders.

2.7 Risk management

We have established a comprehensive risk management system consisting of the business function department, risk management function department and internal audit and supervision department. The Board conducts overall monitoring to understand and master all major risks faced by Tianbao Energy and its risk management status. Each functional department will identify potential risks and past risk events, carry out risk assessment, formulate and implement relevant risk response strategies and solutions, early warning indicators, etc. The system details the monitoring of risk change and the implementation of risk response measures, promptly start the emergency plan in case of major risk event and report to the responsible leader, and inform the financial asset department and the audit and risk control department about the occurrence and control of risks. The audit and risk control department will organize and carry out risk assessment regularly. The assessment adopts a combination of qualitative and quantitative methods, ranking risks from two dimensions: possibility of occurrence of risks and degree of impact on operation and development objectives, and evaluating 4 grades including tier-1 risk, tier-2 risk, tier-3 risk and tier-4 risk, to determine the focus and management priority, so as to implement the subsequent risk response.

In addition, the Group hopes to play the role of internal audit in strengthening internal control, improving organizational risk management and economic benefits, safeguarding the rights and interests of investors, ensuring audit quality and considering the actual situation of the Company. When conducting internal audit activities, the internal auditors shall perform the duties and guide and serve the departments of internal audit based on facts and adhering to the professional spirit of impartiality.

The audit and risk control department monitors risk changes and inspects the formulation and implementation of plans to address major risks, and the internal audit department supervises and assesses the implementation of the Company's risk management systems and procedures. The risk monitoring consists of the change and trend of a variety of key quantitative risk indicators and non – quantitative risk factors, implementation of countermeasures against risks and the performance of risk management.

The risk management department of the relevant unit shall, according to the requirements of the plan of its headquarters in the Company for inspecting the implementation of major risk solutions, arrange the unit for the inspection in question and prepare inspection reports, which shall, subject to the approval of the unit's head, be submitted to the audit and risk control department. The audit and risk control department will take the inspection reports submitted by all relevant departments as the reference for the risk assessment next year.

The audit and risk control department will, according to the annual risk management performance and the planning for future risk management on all fronts, prepare risk management reports and work plans for the next year, which shall be subject to the approval of the Board.

The Group will promptly track the implementation of risk management, adjust the risk response measures in a timely manner based on the monitoring and evaluation results and changes in internal and external environment, constantly improve the working mechanism and promote the optimization and upgrading of the overall risk management system.

3 EFFICIENT ENERGY AND GOVERNANCE

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 (Haigang) 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 (天津市電力公司), which is a local branch of State Grid. Through standardized and professional management, the Group provides high-quality and efficient power services and contributes to the development of Tianjin Binhai New District.

2023 annual performance	
Electricity generation: 109,207,600.00 kWh	Production of steam: 1,856,594.72 tons
Total heating area: 0.37 million square meters	Total cooling area: 0.1753 million square meters

3.1 Employee and production safety management

To standardize and strengthen safety production, ensure employee's safety and the effective construction and operation of risk management mechanism, and improve risk prevention ability and operation management, the Group has formulated Comprehensive Risk Management Measures, Internal Auditing Management Measures and Internal Control Manual. The Board actively takes various measures to monitor, identify, assess and manage risks to safe production.

Tianbao Energy adheres to the concept of safety management, formulates a complete safety management system, implements a series of employee occupational health and safety management measures and carries out various safety trainings. We are committed to providing a healthy and safe working environment for our employees to avoid work-related injuries or occupational hazards. 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. In addition, Tianbao Energy formulated the Safety Production Management System, Occupational Health Management Measures, Management Measures for Safety Facilities and Safety Signs, Safety Education and Training Measures, and Management Measures for Labor Protection Articles.

To improve safety-related professional skills and management level of employees at all levels and standardize safety training, employees shall receive three levels of safety education from the Company, department and team before taking up their posts.

Safety Education and Training Measures for Tianjin Tianbao Energy Co., Ltd.		
Level	**Organization Department**	**Safety Education**
Company	Security Technology Department	– Self and mutual rescue, first aid methods, evacuation and site emergency handling – Use and maintenance of safety equipment and facilities and personal protective equipment – Fire safety training
Department	Relevant departments	– "Four New" safety education (new process, new technology, new material, new equipment and facilities) – Safety production rules and regulations and labor discipline of the department – Work environment, post and risk factors as well as safety responsibilities and operation skills of the type of work engaged in
Team	Team organization	– Accident prevention measures and safety precautions – Special equipment safety knowledge – Knowledge on safe production of hazardous chemicals, and on safety precaution of chemicals easy to make toxic and explosive substances – Fire safety knowledge, use of fire fighting equipment and devices – Basic skills such as emergency repair and learning relevant accident cases

In addition, employees in the energy industry are more vulnerable to occupational disease hazards, occupational diseases or the aggravation of their own diseases than those in other industries. We shall prevent, control and eliminate occupational diseases and protect employees' health and relevant rights and interests thereof.

Occupational Health Management Measures for Tianjin Tianbao Energy Co., Ltd.	
Organization Department	**Aspects of occupational health management**
Security Technology Department	– Prepare a procurement plan and cost budget for labor protection articles – Supervise the detection of occupational hazards – Supervise relevant departments to implement occupational disease prevention – Enhance publicity and education of occupational disease prevention – Be responsible for collection, analysis and arrangement of occupational health data, supervise and inspect the safety management of all departments, relevant parties and external employees – Submit the occupational disease hazard project to the superior supervision and management department for filing, and keep the filing receipt
Relevant departments	– Departments involved in occupational disease hazards shall be responsible for supervising relevant parties to implement occupational health examination and establishing relevant accounts, etc. – Functional departments shall supervise outsourcing units to organize relevant employees to carry out pre-job, on-post and post-leaving occupational health examinations – Functional departments shall supervise outsourcing units to provide pre-job occupational health training and regular on-post occupational health training for employees exposed to occupational hazards, popularize occupational health knowledge and improve the protection awareness and ability of the employees – Implement the maintenance and overhaul system of occupational hazard protection facilities and the requirements of "Three Simultaneities" (design, construction, production and use simultaneously)
Team organization	– Each outsourcing unit shall truthfully inform the workers of the possible occupational disease hazard factors, consequences, protective measures and treatment in the workplace when signing or changing labor contracts with the employees – Outsourcing units enter inspection results into the "Occupational Health Surveillance File" – Provide qualified protective articles for employees, and promptly report and properly address occupational diseases or suspected cases once found

The Group specially establishes the Safety Guidelines of the Thermal Power Department to improve the staff's occupational safety awareness on preventions of accidents, occupational diseases and fire. We also regularly hold drills of fire accidents and emergency evacuation, and carry out special trainings regarding the dangers that may be encountered at work and the self-protection measures.

In September 2023, the Haigang Thermal Plant held an emergency fire fighting and evacuation drill for dormitory buildings, to further familiarize the staff with the emergency evacuation route of dormitories, effectively master the basic consciousness and skills of disaster prevention, fire fighting and escape, improve their self-rescue and self-care ability for sudden disasters such as the fire and earthquake, so as to minimize the loss of safety accidents, and accumulate practical experience such as the emergency organization for mass evacuation.

Emergency fire fighting and evacuation drill for dormitory buildings

The Group had no lost days due to work injury during this year, and there has been no work-related death in the past five years including this year.

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.

3.2 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 from 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 2023.

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 to provide systematic policy support for quality management.


CCCI

质量管理体系认证证书

注册号: 02122Q11249R8M

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/生产地址：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。
本证书有效期至 2025 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

总经理：

颁证日期： 2022 年 9 月 20 日

CNAS 中国认可 管理体系 MANAGEMENT SYSTEM CNAS C021-M

Quality Management System Certification Certificate

In order to establish the Company's quality management standards, on May 5, 2022, the Company revised and released 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.

Besides, the Company passed the annual supervision and audit of the new standard ISO50001-2018 energy management system in 2023, and the certificates have been valid.

3.3 Customer service

The Company adheres to the services principle of customer first. We specially formulated the Customer Service Management System and set up a professional customer service team to respond to customers' opinions and suggestions on products and services in a timely and effective manner, so as to ensure that the product and service quality of Tianbao Energy meets the needs of customers. In addition to the hotline, customers can also communicate with our customer service through the WeChat. For customer complaints about products and services, the Company makes the following responses.

Handling process of customer complaints & tip-offs:

1)	Customer Service Department	Record customer's opinions and advices, enquiries, complaints and tip-offs, emergency repair and rescue, views, praises and other issues raised in visits and calls through the Customer Service Worksheet and Customer Satisfaction Questionnaire
2)	Customer Service Department	Sort and organize recorded information and then send it to relevant functional departments involved
3)	Relevant functional departments	Arrange relevant personnel to investigate, analyze the reasons, and take corresponding corrective actions, and feed the processing results back to customers and the Customer Service Department
4)	Customer Service Department	Seek the customers' satisfaction with the processing results and record in the Customer Service Worksheet, and Satisfaction Questionnaire

In order to ensure the quality of customer service, the Company has arranged the General Manager and Deputy General Manager in charge to supervise the implementation of customer service, coordinate and solve customer complaints, opinions and suggestions, and review the complaints & tip-offs. Handling results will be given within 72 hours for all work sheets. Once the complaint is verified, the person responsible for the report will be disqualified from the annual merit evaluation. Where the content of complaints & tip-offs violates discipline inspection requirements, it shall be handled according to the Company's disciplinary inspection decision. Where it is suspected of breaking the law, it will be immediately transferred to the judicial organs for investigation.

In addition, the Customer Service Management System stipulates that questionnaires shall be issued to the customers by the Customer Service Department every December for summary and analysis, to issue the customer satisfaction assessment report, so as to obtain the needs and expectations of customers and understand the direction for improvement of the Group. The customer satisfaction assessment report will be sent to the leaders of the Company and all departments, and each department shall make improvements to the problems analyzed and summarized in the report.

During the Reporting Period, the Group did not receive any complaints from customers. If any complaints are received, we will promptly investigate and handle them according to the procedures specified in the Customer Service Management System.

3.4 Supplier risk management

Tianbao Energy serves as a power enterprise in Tianjin City. Material and service providers run through all links of the enterprise's production and operation, which is a crucial part for the Group to provide safe and reliable energy services. Our raw material suppliers mainly render the supply of coal, bulk materials (ammonia, magnesium oxide, limestone, diesel, etc.), waste recycling, ash removal and production equipment and materials. In addition, we outsource some of the operation and maintenance service requirements of the Haigang Thermal Plant to third party professional service providers. The following table lists suppliers by geographical region:

Region	Supplier(s)
Tianjin	42
Hebei	7
Shanxi	4
Beijing	3
Jiangxi	2
Liaoning	2
Shaanxi	1
Shandong	1
Shenzhen	1
Guizhou	1
Hubei	1

To strengthen the safety management of entrusted external parties and ensure the safe and stable development of the Company, we hereby formulate the Interim Measures for Safety Management of Entrusted External Parties. All entrusted external parties (contractors and suppliers) shall have corresponding qualifications, and shall be included in the list of qualified suppliers of the Company (pursuant to the Company's Related Party Management System) only after completion of qualified supplier evaluation through the procedures specified in the Related Party Management System. The qualification evaluation shall be conducted through public bidding procedures for the entrusted external parties selected through public bidding. We will conduct examination through inquiry of National Enterprise Credit Information Publicity System, etc. Suppliers shall not pass the qualification evaluation if they were punished by government authorities for production safety accidents or other illegal behaviors in production safety within three years. In case of any major or especially serious safety production accident, the supplier shall not pass the qualification evaluation permanently. For qualified suppliers, the qualification, credit, production safety, service quality, etc. shall be continuously evaluated every year to decide the renewal. 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, Materials (Services) Procurement Management System, and Coal Purchasing Management Measures for all procurement activities.

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.

Coal serves as the most important part of Tianbao Energy's services and one of the Group's largest raw materials. Both the Board of Directors and the management have taken different measures to monitor, identify, assess and manage procurement related risks. 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. According to the Coal Purchasing Management Measures, 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 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 Management Measures, and submit it to a qualified third party for inspection to ensure that the coal quality meets the standard of coal used for production.

The Group adopts a variety of fuel procurement strategies to diversify fuel sources by selecting suppliers from different cities so as to obtain a stable fuel supply with competitive prices and ensure a stable supply of electricity to citizens.

Suppliers are also required to sign a letter of commitment to comply with the requirements of social corporate responsibility and environmental protection, including the prohibition of child and forced labour, the elimination of discrimination against employees and the provision of a safe working environment. When purchasing products and services, we shall comply with relevant environmental laws, regulations and requirements while minimizing the negative impact on the natural environment. Our purchasing personnel will conduct on-site investigation when necessary.

During the Reporting Period, the Group had a total of 65 suppliers. The Group has implemented the Group's internal supplier management system for all the above suppliers.

3.5 Privacy and cybersecurity

The Group attaches great importance to protecting the data privacy of customers and partners, and strictly abides by the Civil Code of the People's Republic of China and other relevant laws and regulations of China. Regardless of whether the cooperation is established, any member of the Group shall 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.

The general office is the competent department of the Company's information security management and data security, and plays a role of resisting information security risks and preventing potential information safety and data security hazards. We have formulated relevant specifications and systems, such as the Measures for Information Data Management and Measures for Information Security Management, to maintain the information security of customers and partners. The General Office shall provide guidance and supervision to the safety of the information system and equipment managed by the offices of each department, educate and manage the staff to strictly implement information safety management, and submit the inspection information regularly based on the relevant requirements of information management of holding companies.

3.6 Incorruptibility

Tianbao Energy attaches great importance to the construction of incorruptibility, creates an enterprise atmosphere with honesty and integrity, actively establishes supervision mechanisms, and focuses on the cultivation of incorruptible atmosphere so as to create a healthy management mode.

During the Reporting Period, we have observed the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Provisions on the Honesty and Integrity of Leading Personnel in State-owned Enterprises, and other relevant laws and regulations to implement a responsibility system for such building. At the same time, directors of the Group and employees at different levels participated in integrity education and the anti-corruption training. Both directors and employees have strengthened their awareness of integrity risks via watching precautionary and educating videos and reading precautionary materials.

We formulated the Code of Conduct for Employees to regulate the execution of such behavioral norms and standards and conducted training education and inspection in a timely manner. We earnestly gave play to the supervisory role of all employees in the Group via opening reporting channels, setting complaint mailboxes in positions around working areas plus exposing tip-off phone numbers and email addresses so as to create a positive corporate culture prioritizing honesty and integrity first.

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

4 PROFESSIONAL TEAM

Our employees are the important cornerstones of our growth and success. We attract and recruit the best talent to build teams that perform well and to promote a diverse and inclusive environment for all employees. We are committed to investing in our employees, provide them with a meaningful career path to become a leading diverse team, so as to support the overall growth strategy and facilitate the achievement of business objectives of the Company.

4.1 Recruitment

The human resources administrator of our general office will predict and analyze the supply and demand of human resources based on the internal and external information of the Company, formulate scientific and reasonable human resources development goals and implementation strategies, and then adjust the needs according to the Company's planning scheme and strategy to prepare the human resources planning for the next year.

During the Reporting Period, the Group strictly abode by the Labor Law of the People's Republic of China, the Employment Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions of Prohibition on Child Labor and other laws and regulations, and formulated the Management Measures for the Evaluation and Appointment of Professional and Technical Titles, Rank Management System, the Administrative Measures for Attendance and Vacation and the Performance Appraisal Management Measures, which clearly listed various systems such as human resource planning, post setting and adjustment, recruitment, resignation, retirement, job and staff appointment, labor contract, salary distribution, insurance, accumulation fund, welfare expenses, etc., so as to provide a safe, inclusive and fair working environment for employees and eliminate discrimination factors such as age, gender, origin, race and cultural background.

In addition, the employees of the Group shall have reached the legal employment age. The Group shall strictly check the personal information of the applicant during recruitment, and verify the identity information of the applicant through various means such as checking the ID card to prevent child labor. If the applicant is found to fill in false personal information, he/she will be rejected by the Group. During the Reporting Period, there were no cases of child labor or forced labor in the Group.

During the Reporting Period, the Group had 72 employees, all of whom were registered in Tianjin. The relevant statistics are as follows:

Indicator	Unit	Year 2023
Total number of employees	persons	72
By gender		
Female employees	persons	18
Male employees	persons	54
By employment type		
General employees	persons	47
Middle management	persons	20
Senior management	persons	5
By age group		
Under 35	persons	13
36-45	persons	27
46-55	persons	26
56 and above	persons	6
By geographical region		
Northern China	persons	72

4.2 Talent management

Tianbao Energy is grateful to all employees for their unremitting contributions to the Group. To safeguard their well-being in the workplace and retain the best talent, we have established an Integrated Labour Employment Management System to handle employment-related management tasks. In the measures, we have a clear management process to help employees understand the post setting, recruitment, dismissal, pay and benefits issuance, etc., so as to ensure that employees enjoy legitimate labor rights and establish and secure equal labor relations. Besides, the Company 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, maternity leave, nursing 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 Talent cultivation

The energy industry and transformation require professionals, so training and development are extremely important to the business of Tianbao Energy. The Group provides continuous education and training programs and diversified internal and external training opportunities to constantly improve the skills and knowledge as well as professional quality of management and other employees. We believe that talent cultivation will help the Group maintain competitiveness in the market and promote long-term growth of our business.

To inspire the enthusiasm and creativity of employees and adapt to the requirements of market changes and internal management in the energy industry, 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, etc. This Year, we organized various training activities including professional skills training, safe production and management training, quality management training, etc., improving the professional skills and safe production management level of employees.

In 2023, 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 2023, the Group provided 52 internal and external professional skills training for most of its employees, involving different orientations and categories, covering departments of security technology department, electricity supply department, customer service department, audit and risk control department, investment securities department, financial asset department, general office and new energy department.

During the Reporting Period, the related statistics of staff training in the Company were as follows:

Indicator	Unit	Year 2023
Employee training performance by gender		
Percentage of female employees trained	%	14.26
Percentage of male employees trained	%	85.74
Average training hours for female employees	hours	35.67
Average training hours for male employees	hours	71.47
Employee training performance by employment type		
Percentage of general employees trained	%	68.81
Percentage of middle management trained	%	16.08
Percentage of senior management trained	%	15.11
Average training hours for general employees	hours	65.89
Average training hours for middle management	hours	36.20
Average training hours for senior management	hours	136.08

* Figures for individual items may add up slightly different from the totals due to rounding.

5 GREEN OPERATION

As a comprehensive energy service provider in the park, Tianbao Energy aims to meet the needs of customers in the park. Looking forward, the Group will utilize a combination of clean energy and renewable energy including solar energy, air energy, hydroenergy, geothermal energy and natural gas, and provide comprehensive energy solutions that integrate electricity, heat, cold, steam and other kinds of energy, to meet the needs of customers and boost regional development. We also hope to secure clean, low-carbon and efficient energy supply for customers.

During the Reporting Period, the Group did not (i) violate any laws or regulations relating to emissions of waste gases and greenhouse gases, discharges to water and land, generation of hazardous and non-hazardous wastes; (ii) experience any major incident affecting the environment and natural resources; or (iii) receive any environmental penalty or notice of litigation.

5.1 A leading domestic power supply enterprise in energy saving and environmental protection

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.

5.2 Environmental protection management system

The Group has established Measures for the Implementation of Environmental Protection Management to clarify the scope and procedures of environmental protection, formulate measures and steps for environmental protection, control various emissions and wastes, effectively dispose wastes, minimize the impact on the environment and ensure that all environmental protection practices conform to laws and regulations.

The administrative department shall be responsible for examining and approving the detailed rules for environmental protection management; organize and hold annual management review meetings on the effectiveness, applicability and sufficiency of the detailed implementation rules, and put forward update opinions; provide necessary human, financial and material resources to ensure the continuous and effective operation of the implementation rules for environmental protection management of the Company, preside over the investigation, analysis and handling of major environmental accidents, and decide major improvement measures.

The deputy general manager in charge shall be responsible for leading the supervision of environmental protection technologies of the Company; implement relevant regulations and requirements of the State and higher authorities on the supervision of environmental protection technologies; examine and approve the implementation of rules and measures for environmental protection supervision of the unit and provide human, financial and material support for carrying out the supervision of environmental protection technologies.

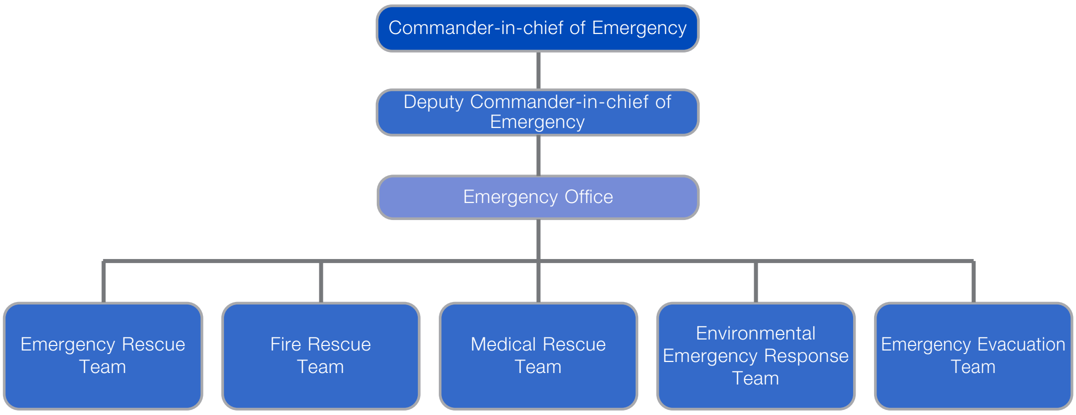
The security technology department and thermal power department shall take charge of reviewing the implementation rules for environmental protection management, formulating operating procedures and systems for environmental protection supervision and equipment operation management, and organizing the supervision of manual and automatic monitoring of waste gas, wastewater, noise and other pollution sources.

As the Group is in the power production industry, it inevitably generates wastewater, pollutants and wastes, resulting in environmental pollution such as water pollution and air pollution near the thermal power plant, which may lead to ecological damage and exacerbation of global warming. We will continue to pay attention to the impact of our business activities on the environment and natural resources, control the use of energy (such as coal, electricity, etc.) and water resources, the emission of pollutants and greenhouse gases, as well as the generation of hazardous and non-hazardous wastes in the process of producing heat and electricity, to protect the environment ecology, biodiversity, reduce pollution and greenhouse gas emissions. During the Reporting Period, the Group observed the Environmental Protection Law of the People's Republic of China, which stipulates that all units and individuals have the obligation to protect the environment, and shall prevent and reduce environmental pollution and ecological destruction. By strictly controlling fuel quality and improving production technology, the average emission levels of sulfur dioxide, nitrogen oxides and flue gas were lower than the ultra-low emission standards stipulated by laws and regulations.

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 all functional departments.

The structure 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 2023, the Group strictly observed the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Noise Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Environmental Protection Tax Law of the People's Republic of China, 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 Group added the recovery system for residual heat from flue gas (dewhitening heat pump) in 2017 to realize heat energy reuse. The Environmental Protection Tax Law of the People's Republic of China 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 2023. For the thermal plant outsourced to external units, this Reward and Punishment Plan examines the emissions of smoke, SO_2 and NOx from Haigang Thermal Plant 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 2023, 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 (DB12/810-2018), the Integrated Wastewater Discharge Standard (DB12/356-2018) 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 People's Republic of China, the National Development and Reform Commission of the People's Republic of China and the National Energy Administration in December 2015, meeting the ultra-low emission standard set by the State. We also complied with the Emission Standard of Air Pollutants from Boilers in Tianjin (DB12/151-2020). Our tap water came from qualified suppliers in Tianjin and we had no problem in getting a suitable source of water.

In order to save the water production cost, we regularly check the status of the ultrafiltration membrane of Haigang Thermal Plant and replace the expired ultrafiltration membrane to improve the water production rate. 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.

Besides, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste sets out related provisions on the prevention and control of environmental pollution by dangerous hazardous wastes and industrial solid wastes respectively. In 2023, 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 the Group are waste mineral oil and waste oil tanks generated during its production process in accordance with the Administrative Measures for Hazardous Waste Transfer Forms and other related regulations, the Group hired a third party with the qualification issued by government environmental protection department of collecting, storing and disposing of hazardous wastes 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 of such ashes and slags and apply reusable parts for building material production to reduce the generation of wastes.

The Company specially formulated the Measures for the Prevention and Control of Hazardous Waste Pollution in accordance with the principle of "Putting Prevention First and Combining Prevention with Control" and "Three Simultaneities" for environmental protection, to realize simultaneous planning, implementation and development of production construction and environmental protection, so as to align economic benefits with social benefits and environmental benefits.

Responsible department	Main responsibilities
Leading Team	– Make decisions, supervise and coordinate environmental protection work of the Company – Formulate preventive measures and emergency plans for hazardous waste pollution accidents – Carry out accident drills regularly
Security Technology Department	– Take overall leadership responsibility for the prevention and control of hazardous waste pollution of the unit – Cooperate with the production department to deal with emergency accidents, safely and effectively handle the recovery and discharge of hazardous wastes, and prevent environmental pollution accidents – Be responsible for the inspection and assessment of the work
Thermal Power Department	– Manage the prevention and control of hazardous waste pollution – Specify responsible units to implement goals and tasks
Relevant departments	– All plants and departments shall incorporate the prevention and control of hazardous waste pollution into their work – Strictly abide by the environmental protection laws, regulations, standards and requirements promulgated by the State and local people's governments – Actively participate in the construction of environmental protection projects related to the Company, and accept the guidance and supervision of environmental safety department in business

5.4 Energy saving and emission reduction of greenhouse gases

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

The Group formulated its energy saving goals in 2023. To achieve its goals, the Company constantly improves its energy management structure construction and implements three-level management comprising company, department and team:

Organization Department	Main Responsibilities
Energy-saving Leading Group	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 Group 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 analyze the Group's energy-saving management and results. The Group took energy-saving measures during the Reporting Period, for example, after communication with users, Haigang Thermal Plant conducted peak-shaving through the heat exchange station in peak times and adjusted the number of boilers in operation to reduce water loss of low-load boilers; at the same time, the steam exhaust of the deaerator of the thermal power plant was recycled for energy saving, realizing an energy saving equivalent to 187.8 tons of standard coal.

The Group is committed to energy-saving. In the future, we will strengthen the operation and management measures of thermal power plants, optimize the operation method and communicate with users in the area served by the Group in a timely manner, so as to predict the steam consumption and adjust the operation mode of boilers to reduce emissions.

5.5 Plans for sustainable development goals

Tianjin Tianbao is in the energy industry. Due to the gradual increase of domestic energy demand in recent years, the Group has improved its energy consumption and water resources, while had a fluctuated performance in achieving sustainable development goals. However, during the Reporting Period of 2021, we set medium- and long-term management goals to improve energy efficiency and reduce waste and greenhouse gas emissions on the basis of 2020 and enhance water efficiency on the basis of 2021. Water use efficiency in 2023 was basically the same compared with that in 2022, while non-hazardous waste generation and emissions of greenhouse gases decreased and the electricity consumption was similar as compared to the basis of 2020. The Group will continue to monitor various environmental data and make continuous progress. Meanwhile, the Group will actively follow up on the progress of environmental goals and explore more opportunities. In the future, we will set more concrete quantitative environmental goals, directing to nurturing the environment and cherishing natural resources.

5.6 ESG risk management

To cope with the significant impact of frequent occurrence of extreme weather arising from climate changes, the Group has developed relevant climate change risk response plans. The Board is responsible for leading departments to implement ESG policies and ESG management and establishing an effective risk management system to identify, assess, deal with and control or reduce various major risks concerning operation, governance and ESG through the planning of the ESG governance structure and strategy. Based on the characteristics of the energy industry, combined with the Group's situation and strategic objectives, we have identified the climate change risks and assessed the risk levels. During the year, the Group was not affected by the following risks.

Type of risks	Description	Potential impacts
Physical risk	• The operation location may be forced suspension temporarily • Extreme weather conditions may cause injuries and casualties of staff, thereby the production efficiency and delivery plan might be suspended • The office may suffer unexpected outages • Causing damage to properties, manufacturing facilities and equipment • The supply chain may be disrupted due to forced shutdowns of expressways, railways or waterways	• The existing assets are scrapped early and the value of fixed assets shrinks • Disrupted transportation and supply chain, staff health and safety issues will drag down the capacity for operations and production, reducing the income • The rising temperature will increase energy consumption and operating costs • The authorities may fine or order to restrict production
Transformation risk	• The higher-performing machinery and cleaner energy technology entail us to follow the latest development in technology and trend, so as to meet the higher expectations and efficiency standards in this competitive industry	• Increasing operating expenses
Reputation risk	• Disrupting the current cooperation or undermining the capacity for introducing new partners • Topped by more competitive rivals with better sustainable performance	• Increasing operating expenses • Sparking competition in the retail market and fluctuation in the energy market
Health and safety risk	• The project in operation may cause workplace accidents, which might harm staff members • Failing to provide staff with protective equipment or training programs before they use dangerous equipment or machinery	• The project in operation may be hindered, raising the costs • The authorities may fine or order to restrict the production • Threatening the safety of staff and assets

To mitigate the risks, we have adopted different countermeasures, including identifying and assessing physical risks caused by climate change, to formulate measures and emergency plans to ensure employee safety, including the Flood Prevention Plan, Special Emergency Plan for Gale Weather, Emergency Plan for Gale Cooling and Heavy Snowfall in Agent Maintenance Business. In addition, we provided trainings regarding extreme weather response measures to employees and conduct regular drills to enhance their crisis awareness. The Group also has an emergency response team, to take protective measures and construction plans depending on extreme weather conditions, and operate and maintain relevant equipment and facilities to maintain daily operations.

The thermal power department adopts energy conservation measures or equipment to reduce energy consumption. Tianbao Energy will add backup electricity storage equipment, such as back-up generators, and strengthen safety monitoring of high-risk facilities and create a process and management system concerning health and safety in the coming years. In addition, we will enhance contact with suppliers to develop contingency plans in advance so as to deal with potential fuel shortages.

To address safety risks, the relevant departments of the Group have launched training programs for professional skills and safety during the Reporting Period. This has specified the important matters, summarized technological experience and helped enhance operators' professional skills and safety awareness. We have had in place the emergency response process to regulate emergency operations. This is how we ensure that the staff can protect the safety of themselves and the Group's assets in case of emergency.

Facing the transformation risks and material procurement risks, we adopt diversified fuel procurement strategies, diversify fuel sources to obtain stable fuel supply with competitive price, accelerate the elimination of backward production capacity, reduce coal consumption and strengthen the R&D of green or renewable energy (such as photovoltaic and wind power) technologies, with an aim to transform to a clean energy enterprise. In addition, we will strengthen cooperation with local governments to promote the construction of more green energy projects. We will formulate energy conservation plans internally, and monitor and analyze regularly energy consumption data to improve energy performance. The Group closely tracked the changes in policies and domestic and foreign coal markets, strengthened the cooperation with competitive suppliers, continuously explored new procurement channels, carried out bidding procurement of spot commodity, enhanced fine coal management and strived to control coal costs. At the same time, the steam price is determined by the market, to avoid the Company's profit decreasing due to the large increase of coal price, agreements on the linkage price of coal and steam was signed with customers to reduce the corresponding risks.

The Group remained committed to the inclusion of sustainable development governance factors in the risk management system and procedure, so as to identify its relevant risks and make countermeasures. We will make our business more sustainable in a changing business landscape by improving our ESG performance.

6 SOCIAL RESPONSIBILITIES

As a supporting energy company in Tianjin, Tianbao Energy has been actively fulfilling its social responsibilities and supporting the communities where we operate to strengthen the resilience and development of the communities.

During the Reporting Period, as an energy enterprise, the Group mainly focused on serving regional users and serving the community, visiting enterprise users every month to address energy challenges. In October 2023, the Party Branch of Tianbao Energy conducted activities centering on the co-construction of Party building work with Huarongli Community, Hangzhoudao Subdistrict, Binhai New Area, and carried out the Party day activity themed "I Do Practical Things for the Masses". During the activity, Party members of Tianbao Energy played an exemplary role in clearing debris from the community roads and green areas, explaining domestic electrical safety to community residents, demonstrating the use of fire extinguishers and fire masks for residents on site, answering the questions about safe use of electricity and fire protection commonly concerned by community residents as well as assisting Party committee staff of Huarongli Community to explain electricity safety knowledge to merchants in the community by means of visits. Residents and merchants were grateful to the Party members for their initiative to help solve problems.

Party day activity themed "I Do Practical Things For the Masses"

During the Reporting Period, 35 employees of the Group participated in public welfare activities, which lasted for 29 hours.

Looking forward, the Group will continue to fulfill its social responsibilities and devote resources to the community's public welfare to give back to society through diversified channels.

APPENDIX 1: SUMMARY OF INFORMATION ON SUSTAINABLE DEVELOPMENT

Emissions of air pollutants[1]

Indicators		Haigang Thermal Plant	Lingang Thermal Plant
SO_2	ton	6.91	/
NOx	ton	16.65	20.46
Particulate Matter	ton	3.83	/

Water consumption

Indicators		Haigang Thermal Plant	Lingang Thermal Plant
Total water consumption	ton	891,249.00	1,615,056.00
Water consumption of unit power supply	kg/kWh	1.57	/
Water consumption of unit heat supply	tons/GJ	0.43	0.51
Wastewater discharge	ton	108,651.00	257,719.00
Recycling of industrial water	ton	266,668.00	/

Waste[2]

Indicators		Haigang Thermal Plant	Lingang Thermal Plant
Non-hazardous waste generation	ton	11,390.00	/
Non-hazardous waste generation of unit power supply	g/kWh	0.02	/
Non-hazardous waste generation of unit heat supply	kg/GJ	0.01	/
Hazardous waste generation	ton	0.48	0.37
Hazardous waste generation of unit power supply	g/10MWh	8.46	97.10
Hazardous waste generation of unit heat supply	g/GJ	0.23	0.10

1 Monitoring data from the company.

2 Hazardous waste contains waste oil and de-nitrification catalyst; non-hazardous waste covers stove ashes and slags, which are recycled and reused by third parties.

Emissions of greenhouse gases[3]			
Indicators		**Haigang Thermal Plant**	**Lingang Thermal Plant**
Emissions of fossil fuel combustion (scope 1)[4]	tCO2e	237,098.00	203,489.03
Emissions from purchased electricity (scope 2)	tCO2e	3,546.00	7,300.87
Total emissions of greenhouse gases	tCO2e	240,644.00	210,789.90
Greenhouse gas emissions of unit power supply	tCO2e/10MWh	5.18	2.18
Greenhouse gas emissions of unit heat supply	kg CO2e/GJ	119.00	56.92

Energy consumption			
Indicators		**Haigang Thermal Plant**	**Lingang Thermal Plant**
Electricity consumption in comprehensive plants	kWh	19,371,533.20	9,577,499.00
Electricity consumption in working areas	kWh	2,178,093.72	/
Electricity consumption of unit power supply	kWh/kWh	0.03	0.03
Electricity consumption of unit heat supply	kWh	9.40	2.52
Diesel oil consumption	ton	17.79	/
Coal consumption	ton	110,972.10	/
Natural gas consumption	10,000 CBM	/	10,869.85

3 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.

4 Fossil fuel contains fixed equipment fuels and motor vehicle fuels.

Social category	Unit	Year 2023
Employment management		
Total number of employees	persons	72
Total number of employees by gender		
Female employees	persons	18
Male employees	persons	54
Total number of employees by employment type		
General employees	persons	47
Middle management	persons	20
Senior management	persons	5
Total number of employees by age group		
Under 35	persons	13
36-45	persons	27
46-55	persons	26
56 and above	persons	6
Total number of employees by geographical region		
North China	persons	72

Social category	Unit	Year 2023
Employee turnover rate[5]		
Total employee turnover rate	%	2.78
Employee turnover rate by gender		
Female	%	0.00
Male	%	2.78
Employee turnover rate by age group		
Under 35	%	2.78
36-45	%	0.00
46-55	%	0.00
56 and above	%	0.00
Employee turnover rate by geographical region		
North China	%	2.78
Employee training[6]		
Employee training performance by gender		
Percentage of female employees trained	%	14.26
Percentage of male employees trained	%	85.74
Average training hours for female employees	hours	35.67
Average training hours for male employees	hours	71.47

5 Calculation of employee turnover rate: number of employees turnover/number of employees at the end of the year x 100%

6 Percentage of employees trained: Breakdown for employees trained in relevant categories = T(x)/T x 100%
T(x) = Employees in the specified category, x, who took part in training
T = Employees who took part in training

Social category	Unit	Year 2023
Employee training performance by employment type		
Percentage of general employees trained	%	68.81
Percentage of middle management trained	%	16.08
Percentage of senior management trained	%	15.11
Average training hours for general employees	hours	65.89
Average training hours for middle management	hours	36.20
Average training hours for senior management	hours	136.08
Occupational health and safety		
Work-related fatalities in 2023	persons	0
Work-related fatalities in 2022	persons	0
Work-related fatalities in 2021	persons	0
Work-related fatalities in 2020	persons	0
Lost days due to work injury	days	0

APPENDIX 2: INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE PUBLISHED BY THE HONG KONG STOCK EXCHANGE

Indicator			**Chapter and Section**
A. Environmental category			
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 Green operation 5.3 Management of pollutants and wastes 5.4 Energy saving and emission reduction of greenhouse gases
	A1.1	The types of emissions and respective emissions data.	Appendix 1: Summary of information on sustainable development
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: Summary of information on sustainable development
	A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: Summary of information on sustainable development
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: Summary of information on sustainable development
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.3 Management of pollutants and wastes 5.4 Energy saving and emission reduction of greenhouse gases 5.5 Plans for sustainable development goals
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.3 Management of pollutants and wastes 5.5 Plans for sustainable development goals

Indicator			Chapter and Section
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5 Green operation 5.2 Environmental protection management system
	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).	Appendix 1: Summary of information on sustainable development
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 1: Summary of information on sustainable development
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4 Energy saving and emission reduction of greenhouse gases 5.5 Plans for sustainable development goals
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.3 Management of pollutants and wastes 5.5 Plans for sustainable development goals
	A2.5*	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable
A3: Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	5.2 Environmental protection management system
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.2 Environmental protection management system
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.6 ESG risk management
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.6 ESG risk management

* In the power generation and supply business, we provide steam, heating, cooling and electricity supply services for our customers. Based on the nature of this business, packaging materials are not applicable.

Indicator			Chapter and Section
B. Social category			
B1: Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4 Professional team 4.1 Recruitment 4.2 Talent management
	B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Appendix 1: Summary of information on sustainable development
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1: Summary of information on sustainable development
B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards.	3.1 Employee and production safety management
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 1: Summary of information on sustainable development
	B2.2	Lost days due to work injury.	Appendix 1: Summary of information on sustainable development
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.1 Employee and production safety management

Indicator			Chapter and Section
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3 Talent cultivation
	B3.1	The percentage of employees trained by gender and employee type (e.g. senior management, middle management).	Appendix 1: Summary of information on sustainable development
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1: Summary of information on sustainable development
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
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Recruitment

Indicator			Chapter and Section
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Supplier risk management
	B5.1	Number of suppliers by geographical region.	3.4 Supplier 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.	3.4 Supplier risk management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Supplier risk management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Supplier risk management
B6: Product Responsibility**	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.	3.2 Quality management system 3.5 Privacy and cybersecurity
	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.	3.3 Customer service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Quality management system
	B6.4	Description of quality assurance process and recall procedures.	3.2 Quality management system The recall procedures are not applicable to the Group
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.5 Privacy and cybersecurity

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

Indicator			Chapter and Section
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.	3.6 Incorruptibility
	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.	3.6 Incorruptibility
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	3.6 Incorruptibility
	B7.3	Description of anti-corruption training provided to directors and employees.	3.6 Incorruptibility
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 Social responsibilities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sport).	6 Social responsibilities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Social responsibilities

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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 (hereinafter collectively referred to as the "Group") set out on pages 108 to 179, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023 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") and we have fulfilled our other ethical responsibilities in accordance with 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.

Assessing impairment of property, plant and equipment and right-of-use assets for properties

Refer to note 1 of the material accounting policy information and note 10 and note 14 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group had property, plant and equipment of approximately RMB655,372,000 (2022: RMB658,221,000) and right-of-use assets for properties of approximately RMB68,556,000 (2022: RMB70,325,000). We have identified impairment on property, plant and equipment and right-of-use assets for properties as a key audit matter because of their significance to the consolidated financial statements and the determination of the recoverable amount of these assets required significant management judgement relating to items such as selling prices, fuel price, operating costs, revenue growth rates, the discount rate applied in the discounted cash flow forecast and the remaining economic useful lives.	Our audit procedures were designed to assess the reasonableness of the selection of model, adoption of key assumptions and input data by reference to the historical information. In particular, we have tested the future cash flow forecast prepared by management on whether it is agreed to the budget approved by the board of directors. We have also evaluated the appropriateness of the assumptions, including the future sales, future operating cost and discount rates applied. As any changes in these assumptions and input to value in use model may result in significant financial impact, we have performed sensitivity analysis in relation to the key inputs to the impairment assessment.

OTHER MATTER

The consolidation financial statements of the Group for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion in those statements on 27 March 2023.

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

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include 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 OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 skepticism 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 of the Company.

– Conclude on the appropriateness of the Company's 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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 Mr. Lee Shun Ming.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lee Shun Ming
Practising Certificate Number: P07068

Hong Kong
27 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

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

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**655,372**	658,221
Right-of-use assets for properties	*14*	**68,556**	70,325
Intangible assets	*11*	**5,079**	6,086
Deferred tax assets	*24*	**7,238**	6,375
Other receivables and assets	*17*	**1,250**	1,250
Goodwill	*12*	**537**	537
		738,032	742,794
Current assets			
Inventories	*15*	**5,423**	8,652
Trade and bill receivables	*16*	**113,329**	97,950
Other receivables and assets	*17*	**79,802**	55,098
Cash and cash equivalents	*18*	**144,307**	153,314
Restricted deposits	*18*	**8,200**	6,600
		351,061	321,614
Current liabilities			
Trade and other payables	*19*	**103,310**	186,498
Loans and borrowings	*20*	**269,412**	226,655
Contract liabilities	*21*	**7,409**	8,200
Salary and welfare payables		**5,961**	7,904
Current taxation		**5,913**	8,524
Lease liabilities	*22*	**144**	240
		392,149	438,021
Net current liabilities		**(41,088)**	(116,407)
Total assets less current liabilities		**696,944**	626,387

Consolidated Statement of Financial Position

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Loans and borrowings	*20*	**180,955**	100,672
Lease liabilities	*22*	**1,192**	1,334
Deferred income	*23*	**45,694**	48,003
Contract liabilities	*21*	**4,979**	5,466
Deferred tax liabilities	*24*	**5,333**	5,455
		238,153	160,930
NET ASSETS		**458,791**	465,457
CAPITAL AND RESERVES			
Share capital	*25(b)*	**159,921**	159,921
Reserves	*25(c) (d)*	**151,894**	155,474
Total equity attributable to equity shareholders of the Company		**311,815**	315,395
Non-controlling interests		**146,976**	150,062
TOTAL EQUITY		**458,791**	465,457

The consolidated financial statements on pages 108 to 179 were approved and authorized for issue by the board of directors on 27 March 2024 and are signed on its behalf by:

Zhou Shanzhong
Director

Mao Yongming
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company						
	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 2022	159,921	79,137	13,574	54,485	307,117	105,106	412,223
Profit for the year	–	–	–	7,885	7,885	9,425	17,310
Total comprehensive income	–	–	–	7,885	7,885	9,425	17,310
Dividends approved in respect of the previous year	–	–	–	–	–	(4,900)	(4,900)
Contributions by minority Shareholders	–	393	–	–	393	40,431	40,824
Balance at 31 December 2022 and 1 January 2023	**159,921**	**79,530**	**13,574**	**62,370**	**315,395**	**150,062**	**465,457**
Profit for the year	**–**	**–**	**–**	**258**	**258**	**2,412**	**2,670**
Total comprehensive income	**–**	**–**	**–**	**258**	**258**	**2,412**	**2,670**
Dividends approved in respect of the previous year	**–**	**–**	**–**	**(3,838)**	**(3,838)**	**(5,498)**	**(9,336)**
Appropriation to reserves	**–**	**–**	**212**	**(212)**	**–**	**–**	**–**
Balance at 31 December 2023	**159,921**	**79,530**	**13,786**	**58,578**	**311,815**	**146,976**	**458,791**

Consolidated Cash Flow Statement

For the year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Operating activities			
Profit before taxation		**3,372**	23,083
Adjustments for:			
Impairment loss of financial assets		**741**	18
Depreciation in property, plant and equipment		**44,931**	41,302
Amortisation in intangible assets and right-of-use assets for properties		**2,780**	2,911
Loss on disposal of property, plant and equipment		**10**	–
Gain on early termination of lease		**(8)**	–
Interest expense		**13,199**	12,315
Exchange gains		**(159)**	(1,153)
Amortisation in deferred income		**(2,309)**	(1,909)
		62,557	76,567
Changes in working capital:			
Decrease in inventories		**3,229**	1,419
Increase in trade and bill receivables		**(16,120)**	(42,585)
Increase in restricted deposit		**(1,600)**	–
Increase in other receivables and assets		**(24,704)**	(41,059)
(Decrease)/increase in trade and other payables		**(51,188)**	57,771
Decrease in contract liabilities		**(1,278)**	(14,947)
(Decrease)/increase in salary and welfare payables		**(1,943)**	3,329
Cash (used in)/generated from operations		**(31,047)**	40,495
Income tax refunded		**–**	671
Income tax paid		**(4,298)**	(4,215)
Net cash (used in) from operating activities		**(35,345)**	36,951
Investing activities			
Proceeds from disposal of property, plant and equipment		**6**	–
Proceeds from government grants related to assets		**–**	30,000
Payment for the purchase of property, plant and equipment and intangible assets		**(74,282)**	(153,739)
Net cash used in investing activities		**(74,276)**	(123,739)

	Note	2023 RMB'000	2022 RMB'000
Financing activities			
Dividends paid to shareholders of the Company and equity owners of a subsidiary		**(9,336)**	(4,900)
Capital injection		**–**	40,824
Proceeds from bank loans		**348,901**	216,126
Repayment of other borrowings		**(5,188)**	(5,472)
Repayment of bank loans		**(221,502)**	(182,724)
Interest paid		**(12,312)**	(10,970)
Capital element of lease rentals paid		**(50)**	(28)
Interest element of lease rentals paid		**(58)**	(73)
Net cash from financing activities		**100,455**	52,783
Net decrease in cash and cash equivalents		**(9,166)**	(34,005)
Cash and cash equivalents at 1 January		**153,314**	186,141
Effect of foreign exchange rate changes		**159**	1,178
Cash and cash equivalents at 31 December	*18*	**144,307**	153,314

1. MATERIAL ACCOUNTING POLICY INFORMATION

(a) General

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

The address of the registered office and head office of the Company is located at No. 35 Haibinba Road, Tianjin Port Free Trade Zone, Tianjin City, the People's Republic of China ("PRC").

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in provision of integrated energy solution. Particulars of the subsidiaries have been set out in note 13.

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

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

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

1. MATERIAL ACCOUNTING POLICY INFORMATION *(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 and obtain adequate external financing to meet its debt obligations as and when they fall due, and to meet its committed future capital expenditures.

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

Notwithstanding the net current liabilities and operating cash outflow, the Directors do not consider that material uncertainties related to events or conditions exist which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern, in light of the forecasted cash flow and available unutilised bank facilities amounting to RMB227,309,000 as at 31 December 2023.

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

(c) Changes in accounting policies

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

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

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

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

1. MATERIAL ACCOUNTING POLICY INFORMATION *(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.

For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

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

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

(e) Goodwill

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

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(f) Property, plant and equipment

The following items of property, plant and equipment (including right-of-use assets) other than construction in progress, are stated at cost less accumulated depreciation and impairment losses:

- Buildings and structure, including right-of-use assets;
- Power generation plant and electric utility in service;
- Motor vehicles;
- Construction in progress ("CIP"); and
- Other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour and an appropriate proportion of production overheads and borrowing costs.

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.

Depreciation is calculated to write-off the cost 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 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. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(g) Intangible assets (other than goodwill)

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.

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 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.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(i) As a lessee *(continued)*

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.

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. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in debt securities carried at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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.

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.

Sale and leaseback transactions

The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller-lessee.

For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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).

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: effective interest rate determined at initial recognition or an approximation thereof.

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.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

(i) Credit losses from financial instruments *(continued)*

Measurement of ECLs (continued)

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 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.

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, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. 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);

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

(i) Credit losses from financial instruments *(continued)*

Significant increases in credit risk (continued)

- 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.

Basis of calculation of interest income

Interest income recognised 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; or

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

(i) Credit losses from financial instruments *(continued)*

Write-off policy

The gross carrying amount of a financial 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 asset becomes 12 months past due or 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.

(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;
- pre-paid interests in leasehold land;
- intangible assets; and
- investments in subsidiaries in the Company's statement of financial position.

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

Goodwill is tested annually for impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset or a cash generating unit 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

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

- 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).

- 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.

  An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(k) 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.

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. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(l) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) 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.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses.

(n) 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.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(p) 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.

(q) 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.

(r) 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.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(r) Income tax *(continued)*

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

(s) 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.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(t) Revenue and other income

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

Revenue is recognised when control over a product or service is transferred to the customer, 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 is 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 from sales of goods is recognised at the point when the control of the goods is transferred to the customers.

(iii) Service revenue

Service revenue refers to amounts received from maintenance service of electricity infrastructure and service income from energy management project. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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

(iv) Construction revenue

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

(v) Interest income

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

(vi) Government grants

Government grants are recognised 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.

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(u) 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.

(v) 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.

(w) 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).

1. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(w) Related parties *(continued)*

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

(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.

(x) 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 senior management, being the chief operating decision maker, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

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 application of the Group's accounting policies, which are described in note 1, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

Critical accounting judgements in applying the Group's accounting policies *(continued)*

(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. Differences between such estimates and the actual timing and amount of future taxable profits 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 selling price, fuel price, operating costs and revenue growth rate. 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 selling price, fuel price, operating costs and revenue growth rate.

(iii) ECL recognised in respect of trade receivables

The impairment for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss. During the year ended 31 December 2023, impairment loss of trade receivables is HK$741,000 (2022: HK$18,000).

2. ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

Critical accounting judgements in applying the Group's accounting policies *(continued)*

The following are the critical judgements, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(i) Controls in subsidiaries

As stated in note 13, Tianjin Tianbao Lingang Thermal Power Co., Ltd. ("Tianbao Lingang") is a subsidiary of the Group even through the Group has only a 45% ownership interest and has only 45% of the voting rights in Tianbao Lingang. The Group is the largest shareholder and has the right to nominate three out of five members of the board of directors of Tianbao Lingang. The Group owned the majority of voting rights in the board of directors and has the power to direct the relevant activities of Tianbao Lingang. Therefore, the directors concluded that the Group has the practical ability to direct the relevant activities of Tianbao Lingang unilaterally and hence the Group has the control over Tianbao Lingang.

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 senior management, being the chief operating decision maker, for the purposes or resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Electricity dispatch and sale business: selling electricity purchased from the local branch of State Grid to end-users in various industries in Tianjin Port Free Trade Zone (Seaport) and relevant service fee.

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

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

3. REVENUE AND SEGMENT REPORTING *(continued)*

(a) Disaggregation of revenue

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

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

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

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

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

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

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 management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

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

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

3. REVENUE AND SEGMENT REPORTING *(continued)*

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's senior management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below.

For the year ended 31 December	Electricity dispatch and sale		Power generation and supply		Others		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Disaggregated by timing of revenue recognition								
Point in time	**195,815**	190,170	**554,086**	495,665	**1,267**	1,423	**751,168**	687,258
Over time	**–**	–	**–**	–	**33,835**	26,336	**33,835**	26,336
Revenue from external customers	**195,815**	190,170	**554,086**	495,665	**35,102**	27,759	**785,003**	713,594
Inter-segment revenue	**4,101**	3,302	**–**	–	**–**	–	**4,101**	3,302
Reportable segment revenue	**199,916**	193,472	**554,086**	495,665	**35,102**	27,759	**789,104**	716,896
Reportable segment profit (adjusted EBITDA)	**11,192**	11,070	**67,853**	82,913	**8,267**	11,815	**87,312**	105,798
Depreciation and amortisation for the year	**6,867**	6,262	**37,240**	36,046	**3,604**	1,905	**47,711**	44,213
Impairment loss of financial assets	**149**	1	**283**	11	**309**	6	**741**	18
Reportable segment assets	**64,964**	80,652	**777,878**	760,171	**70,535**	39,264	**913,377**	880,087
Additions to non-current segment assets during the year	**102**	125	**30,231**	170,319	**11,593**	17,344	**41,926**	187,788
Reportable segment liabilities	**24,439**	31,758	**211,054**	241,720	**26,340**	28,270	**261,833**	301,748

3. REVENUE AND SEGMENT REPORTING *(continued)*

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

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

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

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

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

3. REVENUE AND SEGMENT REPORTING *(continued)*

(d) Geographic information

Since all the revenue from customers is derived from the customers located in Tianjin and the non-current assets are located in Tianjin, no information separated by different geographical locations is presented.

(e) Information about major customers

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

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

1 Revenue from power generation and supply segment

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

4. OTHER NET INCOME

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

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

5. PROFIT BEFORE TAXATION

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

(a) Finance costs

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

(b) Staff costs

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

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

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

5. PROFIT BEFORE TAXATION *(continued)*

(c) Other items

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

6. INCOME TAX

(a) Taxation in profit or loss represents:

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

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

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

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

7. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' 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 *(note)* RMB'000	Discretionary bonuses *(note)* RMB'000	Retirement scheme contribution *(note)* RMB'000	**2023 Total RMB'000**
Chairman					
Zhou Shanzhong	–	378	390	91	**859**
Executive directors					
Wang Geng	–	358	337	67	**762**
Yao Shen	–	337	310	84	**731**
Mao Yongming	–	337	323	82	**742**
Non-executive directors					
Dong Guangpei	–	–	–	–	**–**
Wang Xiaotong	–	–	–	–	**–**
Independent non-executive directors					
Chan Wai Dune	90	–	–	–	**90**
Yang Ying	90	–	–	–	**90**
You Shijun	90	–	–	–	**90**
Supervisors					
Shao Guoyong	–	–	–	–	**–**
Jiao Dongxu	–	335	95	66	**496**
Li Yingjie	–	–	–	–	**–**
	270	1,745	1,455	390	**3,860**

7. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind *(note)* RMB'000	Discretionary bonuses *(note)* RMB'000	Retirement scheme contribution *(note)* RMB'000	2022 Total RMB'000
Chairman					
Zhou Shanzhong	–	429	302	100	831
Executive directors					
Xing Cheng (resigned on 30 May 2022)	–	–	183	–	183
Wang Geng (appointed on 5 May 2022)	–	259	78	34	371
Yao Shen (appointed on 30 May 2022)	–	380	257	88	725
Mao Yongming	–	380	243	88	711
Non-executive directors					
Dong Guangpei	–	–	–	–	–
Wang Xiaotong	–	–	–	–	–
Independent non-executive directors					
Han Xiaoping (resigned on 7 July 2022)	53	–	–	–	53
Yang Ying	90	–	–	–	90
CHAN Wai Dune	90	–	–	–	90
You Shijun (appointed on 29 August 2022)	30	–	–	–	30
Supervisors					
Yang Kui (resigned on 11 January 2022)	–	–	–	–	–
Peng Chong (resigned on 28 July 2022)	–	–	–	–	–
Shao Guoyong	–	–	–	–	–
Jiao Dongxu (appointed on 11 January 2022)	–	268	82	52	402
Li Yingjie (appointed on 28 July 2022)	–	–	–	–	–
	263	1,716	1,145	362	3,486

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.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors and non-executive director shown above were for their services as directors of the Company.

Note: salaries, allowances and benefits in kind include salaries, medical insurance and housing provident fund etc. Retirement scheme contributions represent contribution to the social pension insurance schemes. Discretionary bonuses are determined based on the individual performance of the directors and the Group's performance.

8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four are directors (2022: three) whose emoluments are disclosed in note 7. The aggregate emoluments of the remaining one (2022: two) individuals are as follows:

	2023	2022
	RMB'000	RMB'000
Salaries and other emoluments	**332**	751
Discretionary bonuses	**299**	328
Retirement scheme contributions *(note)*	**83**	162
	714	1,241

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

The emoluments of the 1 (2022: 2) individuals with the highest emoluments are within the following bands:

	2023	2022
	Number of individuals	Number of individuals
HK$Nil – HK$1,000,000	**1**	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 2023 of RMB258,000 (2022: RMB7,885,000) and the weighted average of 159,921,000 ordinary shares (2022: 159,921,000) in issue during the year.

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

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 (CIP) RMB'000	Total RMB'000
Cost:						
Balance at 1 January 2022	157,811	730,851	1,444	33,835	780	924,721
Additions	–	1,038	–	202	186,327	187,567
Transfer from CIP	–	73,616	–	–	(78,237)	(4,621)
Balance at 31 December 2022	157,811	805,505	1,444	34,037	108,870	1,107,667
Additions	–	1,842	–	73	40,363	42,278
Decrease-early termination of lease	(260)	–	–	–	–	(260)
Decrease-disposal	–	–	(297)	–	–	(297)
Transfer from CIP	17,337	116,260	–	14,125	(147,722)	–
Balance at 31 December 2023	**174,888**	**923,607**	**1,147**	**48,235**	**1,511**	**1,149,388**
Accumulated depreciation:						
Balance at 1 January 2022	(17,473)	(370,647)	(1,095)	(18,929)	–	(408,144)
Charge for the year	(6,100)	(32,370)	(73)	(2,759)	–	(41,302)
Balance at 31 December 2022	(23,573)	(403,017)	(1,168)	(21,688)	–	(449,446)
Charge for the year	(6,301)	(35,441)	(70)	(3,119)	–	(44,931)
Decrease-early termination of lease	80	–	–	–	–	80
Decrease-disposal	–	–	281	–	–	281
Balance at 31 December 2023	**(29,794)**	**(438,458)**	**(957)**	**(24,807)**	**–**	**(494,016)**
Net book value:						
Balance at 31 December 2023	**145,094**	**485,149**	**190**	**23,428**	**1,511**	**655,372**
Balance at 31 December 2022	134,238	402,488	276	12,349	108,870	658,221

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Right-of-use assets

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

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

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

	2023 **RMB'000**	2022 RMB'000
Depreciation of buildings and structure leased for own use	**129**	156
Depreciation of right-of-use assets for properties (note 14)	**1,769**	1,770
Interest on lease liabilities (note 5(a))	**58**	73
Expense relating to short-term leases	**325**	435
Gain on early termination of a lease	**8**	–
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	5

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in notes 18(c), 22 and 26, respectively.

(c) Assessing impairment

Electricity dispatch and sale business in Seaport, power generation and supply business in Seaport and power generation and supply business in Tianjin Tianbao Lingang Thermal Power Co., Ltd. have been identified as three separate cash-generating units ("CGUs") for impairment assessment purposes. For those CGUs where an indicator of impairment was identified, management compares the carrying amounts of the property, plant and equipment and right-of-use assets for properties allocated to each CGU with the respective recoverable amounts, which are estimated by calculating their value in use based on a discounted cash flow forecasts, to determine the amount of impairment loss, if any. The management are of the view that no impairment was considered necessary for the property, plant and equipment and right-of-use assets for properties as at 31 December 2023 (2022: nil).

11. INTANGIBLE ASSETS

	Software and others RMB'000
Cost:	
At 1 January 2022	5,223
Additions	151
Transfer from CIP	4,621
At 31 December 2022	9,995
At 1 January 2023	**9,995**
Additions	**4**
At 31 December 2023	**9,999**
Accumulated amortisation:	
At 1 January 2022	(2,768)
Charge for the year	(1,141)
At 31 December 2022	(3,909)
At 1 January 2023	**(3,909)**
Charge for the year	**(1,011)**
At 31 December 2023	**(4,920)**
Net book value:	
At 31 December 2023	**5,079**
At 31 December 2022	6,086

12. GOODWILL

	At 31 December 2023 RMB'000
Cost	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**537**
Impairment losses	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**–**
Carrying amounts	
Balance at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**537**

Impairment tests for cash-generating units containing goodwill

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

The recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 0% (2022: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 10.37% (2022: 9.51%). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

13. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2023, the Company had two subsidiaries. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of establishment 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	21,709	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 (formerly known as Tianjin Jinneng Lingang Thermal Power Co., Ltd. 天津津能臨港熱電有限公司)*	Tianjin, People's Republic of China ("PRC") as a company with limited liability	122,500	45%	45%	Steam and electricity production and supply

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

* The Company is the largest shareholder of Tianjin Tianbao Lingang Thermal Power Co., Ltd. ("Tianbao Lingang") and has the right to nominate three out of five members of the board of directors of Tianbao Lingang. The Company owned the majority of voting rights in the board of directors and control the major business decisions of Tianbao Lingang.

The following table lists out the information relating to Tianjin Tianbao Lingang Thermal Power Co., Ltd., the subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

13. INVESTMENTS IN SUBSIDIARIES *(continued)*

	2023 **RMB'000**	2022 RMB'000
NCI percentage	**55%**	55%
Current assets	**162,725**	148,982
Non-current assets	**453,331**	446,397
Current liabilities	**(163,712)**	(180,981)
Non-current liabilities	**(173,645)**	(130,086)
Net assets	**278,699**	284,312
Carrying amounts of NCI	**146,976**	150,062
Revenue	**386,040**	315,889
Profit for the year	**4,387**	30,862
Total comprehensive income	**4,387**	30,862
Profit allocated to NCI	**2,412**	9,425
Dividend paid to NCI	**5,498**	4,900
Cash flows from operating activities	**(13,484)**	57,779
Cash flows from investing activities	**(62,029)**	(119,365)
Cash flows from financing activities	**63,226**	50,842

14. RIGHT-OF-USE ASSETS FOR PROPERTIES

	2023 RMB'000	2022 RMB'000
Cost:		
At the beginning and end of the year	**76,735**	76,735
Accumulated depreciation:		
At the beginning of the year	**(6,410)**	(4,640)
Depreciation for the year	**(1,769)**	(1,770)
At the end of the year	**(8,179)**	(6,410)
Net book value:		
At the end of the year	**68,556**	70,325

Right-of-use assets for properties of the Group mainly represent the prepayments for the land use right in the PRC.

15. INVENTORIES

	2023 RMB'000	2022 RMB'000
Fuel	**5,072**	8,020
Goods and supplies	**351**	632
	5,423	8,652

16. TRADE AND BILL RECEIVABLES

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

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable, based on the invoice date and net of loss allowance, is as follows:

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

The Group allows credit period of 90 days to its trade debtors. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 26(a).

17. OTHER RECEIVABLES AND ASSETS

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

18. RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS

Restricted deposits

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

Cash and cash equivalents comprise:

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

18. RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS *(continued)*

(a) Reconciliation of liabilities arising from financing activities

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

	Dividends payable RMB'000	Loans and borrowings RMB'000	Interest payables RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	**–**	**327,327**	**161**	**1,574**	**329,062**
Cash flows:					
Dividends paid	**(9,336)**	**–**	**–**	**–**	**(9,336)**
Proceeds from new bank loans	**–**	**348,901**	**–**	**–**	**348,901**
Repayment of bank loans	**–**	**(221,502)**	**–**	**–**	**(221,502)**
Repayment of other borrowings	**–**	**(5,188)**	**–**	**–**	**(5,188)**
Interest paid	**–**	**–**	**(12,312)**	**–**	**(12,312)**
Capital element of lease rentals paid	**–**	**–**	**–**	**(50)**	**(50)**
Interest element of lease rentals paid	**–**	**–**	**–**	**(58)**	**(58)**
Non-cash changes:					
Interest incurred	**–**	**829**	**12,312**	**58**	**13,199**
Dividends declared	**9,336**	**–**	**–**	**–**	**9,336**
Early termination of a lease	**–**	**–**	**–**	**(188)**	**(188)**
At 31 December 2023	**–**	**450,367**	**161**	**1,336**	**451,864**

18. RESTRICTED DEPOSITS/CASH AND CASH EQUIVALENTS *(continued)*

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

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

(b) Total cash outflow for leases

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

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

19. TRADE AND OTHER PAYABLES

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

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

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

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

20. LOANS AND BORROWINGS

(a) The analysis of the repayment schedule of loans and borrowings is as follows:

	2023 **RMB'000**	2022 RMB'000
Bank loans		
Within 1 year or on demand	**264,445**	221,467
After 1 year but within 2 years	**39,953**	11,473
After 2 years but within 5 years	**38,785**	29,556
After 5 years	**90,517**	43,805
	169,255	84,834
	433,700	306,301
Other borrowings		
Within 1 year or on demand	**4,967**	5,188
After 1 year but within 2 years	**4,168**	4,967
After 2 years but within 5 years	**7,532**	10,871
	11,700	15,838
	16,667	21,026
	450,367	327,327

The range of effective interest rates per annum on the Group's loans and borrowings are as follows:

	2023	2022
Effective interest rate:	**3.35% to 4.65%**	3.55% to 4.65%

20. LOANS AND BORROWINGS *(continued)*

(b) Assets pledged as security for loans and borrowings

At 31 December 2023, the loans and borrowings were secured as follows:

	2023	2022
	RMB'000	RMB'000
Bank loans		
– secured	**31,866**	33,400
– guaranteed by a subsidiary of the Company	**7,200**	10,000
– guaranteed by the Company	**101,480**	51,805
– unsecured	**293,154**	211,096
Other borrowings		
– secured	**16,667**	21,026
	450,367	327,327

At 31 December 2023, the secured bank loans were pledged with the 45% (2022: 45%) of the total paid up capital of Tianjin Tianbao Lingang Thermal Power Co., Ltd., which represent the equity interest of Tianbao Lingang held by the Group.

At 31 December 2023, the secured other borrowings represent borrowing balance from SPDB Financial Leasing Co., Ltd., which were pledged by the gas supply facilities, equipment and related parts of the Group with an aggregate carrying value of RMB27,374,000 (2022: RMB29,469,000).

(c) Bank loan agreements with covenants relating to requirements of specific financial performance indicators

As at 31 December 2023, the Group has certain bank loan agreements that include covenants relating to requirements of specific financial performance indicators, such as debt-to-asset ratio, liquidity ratio and net profit for each fiscal year. Failure to achieve the requirements may cause the lenders to demand immediate repayment of the loans.

As at 31 December 2023 the aggregate amount of bank loan balances with such covenants is RMB251,204,000 which will mature over the next 5 years.

There was no non-compliance with loan covenants as at 31 December 2023.

21. CONTRACT LIABILITIES

	2023 **RMB'000**	2022 RMB'000
Contract liabilities		
Current portion		
Electricity and power supply contracts		
– Billings in advance	**7,409**	8,200
Non-current		
Prepaid facility usage fees	**4,979**	5,466
	12,388	13,666

Revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities as at 1 January 2023 is approximately RMB8,687,000 (2022: RMB23,146,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

22. LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**144**	240
After 1 year but within 2 years	**124**	144
After 2 years but within 5 years	**407**	473
After 5 years	**661**	717
	1,192	1,334
	1,336	1,574

23. DEFERRED INCOME

	2023 **RMB'000**	2022 RMB'000
Government grants	**45,694**	48,003

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. DEFERRED TAX ASSET (LIABILITIES)

(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	Credit loss allowance	Right-of-use assets and lease liabilities	Provision of Inventories	Contract liabilities	Deductible tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	(6,473)	7	8	367	1,492	851	(3,748)
Credited/(charged) to profit or loss	437	5	32	(272)	(121)	4,587	4,668
At 31 December 2022	(6,036)	12	40	95	1,371	5,438	920
Credited/(charged) to profit or loss	438	185	18	–	(121)	465	985
At 31 December 2023	**(5,598)**	**197**	**58**	**95**	**1,250**	**5,903**	**1,905**

(ii) Reconciliation to the consolidated statement of financial position

	2023	2022
	RMB'000	RMB'000
Net deferred tax asset presented in the consolidated statement of financial position	**7,238**	6,375
Net deferred tax liability presented in the consolidated statement of financial position	**(5,333)**	(5,455)
	1,905	920

25. 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 reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	**159,921**	**79,137**	**13,574**	**38,914**	**291,546**
Total comprehensive income	**–**	**–**	**–**	**2,121**	**2,121**
Appropriation to reserves	**–**	**–**	**212**	**(212)**	**–**
Dividends	**–**	**–**	**–**	**(3,838)**	**(3,838)**
At 31 December 2023	**159,921**	**79,137**	**13,786**	**36,985**	**289,829**
At 1 January 2022	159,921	79,137	13,574	48,123	300,755
Total comprehensive income	–	–	–	(9,209)	(9,209)
At 31 December 2022	159,921	79,137	13,574	38,914	291,546

25. CAPITAL AND RESERVES *(continued)*

(b) Share capital

	2023		2022	
	No. of shares ('000)	**RMB'000**	No. of shares ('000)	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.

(c) Capital reserve

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

(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.

25. CAPITAL AND RESERVES *(continued)*

(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.

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; and

(ii) Allocations to the reserve fund.

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.

(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.

25. CAPITAL AND RESERVES *(continued)*

(f) Capital management *(continued)*

The Group's adjusted net debt-to-capital ratio at 31 December 2023 and 2022 was as follows:

	Notes	**2023** **RMB'000**	2022 RMB'000
Current liabilities:			
Loans and borrowings	*20*	**269,412**	226,655
Lease liabilities	*22*	**144**	240
		269,556	226,895
Non-current liabilities:			
Loans and borrowings	*20*	**180,955**	100,672
Lease liabilities	*22*	**1,192**	1,334
Total debt		**451,703**	328,901
Less: cash and cash equivalents	*18*	**(144,307)**	(153,314)
Adjusted net debt		**307,396**	175,587
Total equity		**458,791**	465,457
Adjusted net debt-to-capital ratio		**67.0%**	37.7%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

25. CAPITAL AND RESERVES *(continued)*

(g) Dividends

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

	2023 RMB'000	2022 RMB'000
Final dividend proposed after the end of the reporting period of RMBnil per ordinary share (2022: RMB0.024)	–	3,838

The final dividend proposed after the end of the reporting year has not been recognised as a liability at the end of the reporting year.

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

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

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets stated at amortised cost (including cash and cash equivalents)	301,466	270,998
Financial liabilities		
Financial liabilities stated at amortised cost	556,552	519,226

Financial risk management objectives and policies

The Group's major financial assets and liabilities include restricted deposit, trade and bill receivables, other receivables and assets, cash and cash equivalents, trade and other payables, salary and welfare payables and loans and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(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. 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. The Group's exposure to credit risk arising from other receivables is limited because the counterparties are government and large stated-owned enterprises with high credit rating, for which the Group considers to have low credit risk.

Trade receivables

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 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, 12% (2022: 12%) and 32% (2022: 37%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade receivables *(continued)*

The Group measures loss allowances for trade receivables 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.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bill receivables:

		2023	
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**0.50%**	**112,636**	**548**
Less than 3 months past due	**12.58%**	**1,006**	**127**
4 to 6 months past due	**16.91%**	**203**	**34**
7 to 9 months past due	**28.99%**	**272**	**79**
		114,117	**788**

		2022	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.01%	91,413	4
Less than 3 months past due	0.09%	2,107	2
4 to 6 months past due	0.13%	2,290	3
7 to 9 months past due	0.79%	382	3
10 to 12 months past due	1.94%	1,805	35
		97,997	47

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade receivables *(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 during the year is as follows:

	2023	2022
	RMB'000	RMB'000
Balance at 1 January	**47**	29
Impairment losses recognised during the year	**741**	18
Balance at 31 December	**788**	47

(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. 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 adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

26. 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:

	2023					
	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**
Loans and borrowings	**281,971**	**50,891**	**59,447**	**103,401**	**495,710**	**450,367**
Lease liabilities	**170**	**171**	**514**	**806**	**1,661**	**1,336**
Trade and other payables	**100,224**	**–**	**–**	**–**	**100,224**	**100,224**
Salary and welfare payables	**5,961**	**–**	**–**	**–**	**5,961**	**5,961**
Total	**388,326**	**51,062**	**59,961**	**104,207**	**603,556**	**557,888**

	2022					
	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
Loans and borrowings	235,385	17,507	48,270	55,908	357,070	327,327
Lease liabilities	307	204	613	870	1,994	1,574
Trade and other payables	183,995	–	–	–	183,995	183,995
Salary and welfare payables	7,904	–	–	–	7,904	7,904
Total	427,591	17,711	48,883	56,778	550,963	520,800

26. 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 variable interest rate of bank loans and borrowings is determined based on the loan prime rate. The Group is also exposed to interest rate risk in relation to variable-rate bank balances which carried interest rate of 0.3% (2022: 0.35%) per annum. 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:

	2023 **RMB'000**	2022 RMB'000
Fixed rate borrowings:		
Lease liabilities	**1,336**	1,574
Loans and borrowings	**279,692**	185,348
	281,028	186,922
Variable rate borrowings:		
Loans and borrowings	**170,675**	141,979

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

At 31 December 2023, 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 by approximately RMB1,280,000 (2022: RMB1,065,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax 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 cash flow interest rate risk at the end of the reporting period.

(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	
	2023	2022
	Hong Kong Dollars	Hong Kong Dollars
	RMB'000	RMB'000
Cash and cash equivalents	**9,855**	14,418

26. 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 total equity 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.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and equity RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and equity RMB'000
Hong Kong Dollars	**10%**	**739**	10%	1,081
	(10%)	**(739)**	(10%)	(1,081)

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 2023 and 2022, the carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values.

27. COMMITMENTS

	2023 **RMB'000**	2022 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment and construction in progress contracted for but not provided in the consolidated financial statements	**26,080**	24,091

28. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The remuneration of directors of the Company and other members of key management during this year was as follows:

	2023 **RMB'000**	2022 RMB'000
Short-term employee benefits	**4,849**	6,022
Post-employment benefits	**607**	798
	5,456	6,820

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and the operating result of the Group as a whole in respect of each financial year.

28. 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
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

28. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Related party balances and transactions *(continued)*

Names of related parties	Nature of relationship
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. 天津空港國際物流股份有限公司	a subsidiary of Tianbao Group
Tianjin Tianbao Human Resources Co., Ltd. 天津天保人力資源股份有限公司	a subsidiary of Tianbao Group
Tianjin Free Trade Zone Environment Investment Development Co., Ltd. 天津港保税區環境投資發展集團有限公司	equity owner of a subsidiary
PetroChina Kunlun Gas Ltd. 中石油昆侖燃氣有限公司	equity owner of a subsidiary
Petrochina Company Limited Tianjin Branch 中國石油天然氣股份有限公司天然氣銷售天津分公司	a company controlled by the same ultimate controller of the equity owner of a subsidiary
Tianjin PetroChina Compressed Natural Gas Co., Ltd. 天津中石油壓縮天然氣有限公司	a subsidiary of the 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.

28. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Related party balances

(i) Trade and bill receivables and other receivables and assets comprise the following balances due from related parties:

	2023 RMB'000	2022 RMB'000
Advance payment for gas to related parties outside Tianbao Group	**20,271**	10,368
Advance payment for service to a subsidiary of the equity owner of a subsidiary	**568**	352
Due from Tianbao Group and its subsidiaries	**958**	5,366

(ii) Other payables and liabilities comprise the following balances due to related parties:

	2023 RMB'000	2022 RMB'000
Advance received from subsidiaries of Tianbao Group	**192**	177

(d) Related party transactions

	2023 RMB'000	2022 RMB'000
Sales of goods to		
Subsidiaries of Tianbao Group	**1,170**	6,208
Services provided to		
Subsidiaries of Tianbao Group	**2,203**	3,662
Purchase of goods from		
A company controlled by the same ultimate controller of the equity owner of a subsidiary	**264,848**	6,631
Services received from		
Subsidiaries of Tianbao Group	**1,412**	–
A subsidiary of equity owner of a subsidiary	**5,832**	148

29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**252,215**	275,317
Investments in subsidiaries		**136,302**	136,302
Right-of-use assets for properties		**13,662**	13,993
Deferred tax assets		**7,031**	6,238
Other non-current assets		**1,250**	1,250
Intangible assets		**4,704**	5,613
		415,164	438,713
Current assets			
Inventories		**5,423**	1,788
Trade and bill receivables		**70,481**	71,162
Other receivables and assets		**11,920**	11,235
Cash and cash equivalents		**87,511**	74,566
Restricted deposits		**8,200**	6,600
		183,535	165,351
Current liabilities			
Loans and borrowings		**142,592**	155,609
Trade and other payables		**70,609**	84,952
Contract liabilities		**7,409**	8,200
Salary and welfare payables		**5,257**	7,250
Current taxation		**110**	110
		225,977	256,121
Net current liabilities		**(42,442)**	(90,770)
Total assets less current liabilities		**372,722**	347,943

29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION *(continued)*

	Note	**2023** **RMB'000**	2022 RMB'000
Non-current liabilities			
Loans and borrowings		**69,100**	40,938
Deferred income		**8,814**	9,993
Contract liabilities		**4,979**	5,466
		82,893	56,397
NET ASSETS		**289,829**	291,546
CAPITAL AND RESERVES			
Share capital		**159,921**	159,921
Reserves		**129,908**	131,625
		289,829	291,546

30. ACQUISITION OF A SUBSIDIARY

On 28 December 2023, the Company entered into an equity transfer agreement to acquire 95% equity interest in Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公司) from an independent third party at a consideration of approximately RMB15.37 million. The completion of the transaction is conditional upon fulfillment of the conditions precedent pursuant to the equity transfer agreement, and the completion has not taken place as at the date of the report. Accordingly, the estimate of the financial impact of the acquisition can not be made. Details of the equity transfer agreement are set out in the announcement of the Company dated 28 December 2023.

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

31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 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 period beginning on or after
Amendments to IAS 1, Presentation of financial statements "*Classification of Liabilities as Current or Non-current*"	1 January 2024
Amendments to IAS 1, Presentation of financial statements "*Non-current liabilities with covenants*"	1 January 2024
Amendments to IFRS 16, Leases: *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*	1 January 2024
Amendments to IAS 21, The effect of changes in foreign exchange rates: *Lack of exchangeability*	1 January 2025
Amendments to IAS 28 and IFRS 10, *Sale or contribution of assets between an investor and its associate or joint venture*	Effective date not yet determined

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 2023 annual general meeting of the Company to be held on June 7, 2024
"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
"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
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, one of the controlling shareholders of the Company, which operates the energy production and supply business
"Latest Practicable Date"	April 24, 2024, being the latest practicable date prior to the printing of this Annual Report for ascertaining certain information contained herein

"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, 2023 to December 31, 2023, being the financial year of this Annual Report
"RMB" or "Renminbi"	the lawful currency of the PRC
"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)
"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 limited liability company established in the PRC on December 17, 2008 and a non-wholly owned holding company of the Finance Bureau of Tianjin Port Free Trade Zone* (天津港保稅區財政局), one of our Controlling Shareholders
"TFEI"	Tianjin Free Trade Zone Environment Investment Development Group Co., Ltd.* (天津港保稅區環境投資發展集團有限公司)
"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
"Yangzhou Qingchang"	Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公司), a limited liability company established in the PRC on July 16, 2019, is a non-wholly owned subsidiary of the Company

* *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. WANG Geng (王賡) *(General manager)*
Mr. MAO Yongming (毛永明) *(Deputy general manager)*
Mr. YAO Shen (姚慎) *(Deputy 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. YOU Shijun (由世俊)
Ms. YANG Ying (楊瑩)

AUDIT COMMITTEE

Mr. CHAN Wai Dune (陳維端) *(Chairperson)*
Ms. YANG Ying (楊瑩)
Ms. DONG Guangpei (董光沛)

REMUNERATION COMMITTEE

Mr. YOU Shijun (由世俊)) *(Chairperson)*
Ms. YANG Ying (楊瑩)
Mr. MAO Yongming (毛永明)

NOMINATION COMMITTEE

Mr. ZHOU Shanzhong (周善忠) *(Chairperson)*
Ms. YANG Ying (楊瑩)
Mr. YOU Shijun (由世俊)

SUPERVISORY BOARD

Mr. LI Yingjie (李英傑) *(Chairperson)*
Mr. SHAO Guoyong (邵國永)
Ms. JIAO Dongxu (矯東旭)

COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢)

AUTHORIZED REPRESENTATIVES

Mr. MAO Yongming (毛永明)
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

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

* *for identification purposes only*

Corporate Information

PRINCIPAL BANKERS

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

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

Shanghai Pudong Development Bank (Tianjin Puji Branch)
No. 3 Building, 158 West 3rd Road
Airport Logistics Processing Zone, Dongli District
Tianjin, PRC

AUDITOR

SHINEWING (HK) CPA Limited, *Public Interest Entity Auditor registered in accordance with Accounting and Financial Reporting Council Ordinance*
17/F, Chubb Tower, Windsor House
311 Gloucester Road, Causeway Bay
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

Beijing Global Law Office
20/F Tower 1
China Central Place
No.81 Jianguo Road
Chaoyang District, Beijing, the 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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INVESTOR ENQUIRIES

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