



# 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 2025

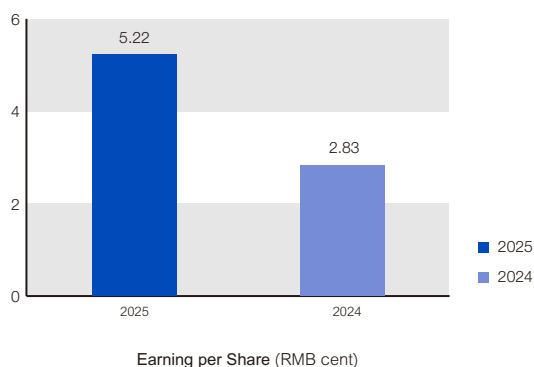
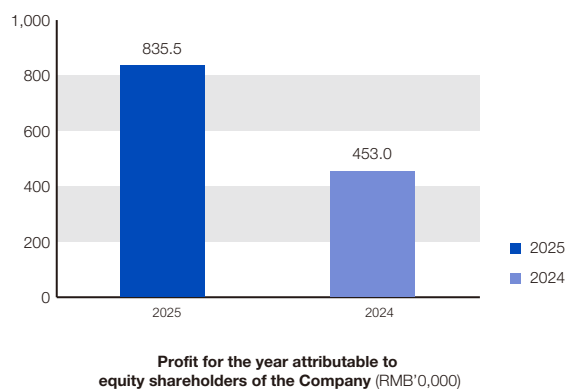
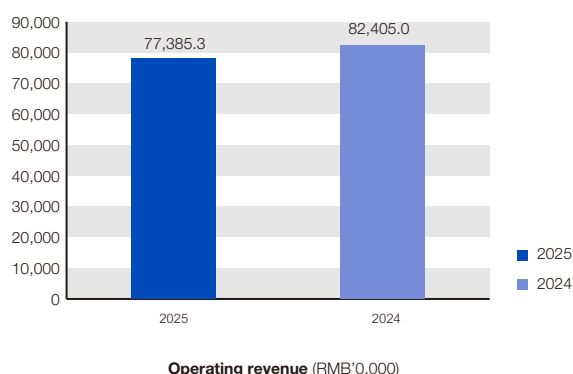


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# Financial Highlights

The Board of Directors announces the audited operating results for the year ended December 31, 2025 and a comparison with the audited operating results for the corresponding period of the previous year. For the year ended December 31, 2025, the Group recorded a consolidated operating revenue of RMB773.853 million, representing a decrease of 6.1% as compared with RMB824.050 million for the corresponding period of the previous year. The profit attributable to equity shareholders of the Company was RMB8.355 million, representing an increase of 84.4% as compared with RMB4.530 million for the corresponding period of the previous year. The earnings per Share were RMB5.22 cents, representing an increase of 84.5% as compared with RMB2.83 cents for the corresponding period of the previous year.



# Financial Summary

	<b>Year ended December 31, 2025 RMB'000</b>	Year ended December 31, 2024 RMB'000	Year ended December 31, 2023 RMB'000	Year ended December 31, 2022 RMB'000	Year ended December 31, 2021 RMB'000
Operating revenue	<b>773,853</b>	824,050	785,003	713,594	617,368
Profit from operations	<b>29,184</b>	32,655	16,096	35,292	21,752
Profit before tax	<b>17,192</b>	15,743	3,372	23,083	9,023
Income tax	<b>(5,654)</b>	(4,326)	(702)	(5,773)	(2,535)
Profit for the year	<b>11,538</b>	11,417	2,670	17,310	6,488
Attributable to:					
Equity shareholders of the Company	<b>8,355</b>	4,530	258	7,885	431
Non-controlling interests	<b>3,183</b>	6,887	2,412	9,425	6,057
Profit for the year	<b>11,538</b>	11,417	2,670	17,310	6,488
Earning per Share					
Basic (RMB cent)	<b>5.22</b>	2.83	0.16	4.93	0.27
Diluted (RMB cent)	<b>5.22</b>	2.83	0.16	4.93	0.27
	<b>As at December 31, 2025 RMB'000</b>	As at December 31, 2024 RMB'000	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Total assets	<b>962,844</b>	1,070,774	1,089,093	1,064,408	873,552
Non-current assets	<b>699,567</b>	739,183	738,032	742,794	594,758
Current assets	<b>263,277</b>	331,591	351,061	321,614	278,794
Total liabilities	<b>493,400</b>	605,133	630,302	598,951	461,329
Current liabilities	<b>285,845</b>	334,767	392,149	438,021	318,463
Non-current liabilities	<b>207,555</b>	270,366	238,153	160,930	142,866
Net assets	<b>469,444</b>	465,641	458,791	465,457	412,223
Capital and reserves					
Share capital	<b>159,921</b>	159,921	159,921	159,921	159,921
Reserves	<b>162,543</b>	156,424	151,894	155,474	147,196
Total equity attributable to					
equity shareholders of the Company	<b>322,464</b>	316,345	311,815	315,395	307,117
Non-controlling interests	<b>146,980</b>	149,296	146,976	150,062	105,106
Total equity	<b>469,444</b>	465,641	458,791	465,457	412,223

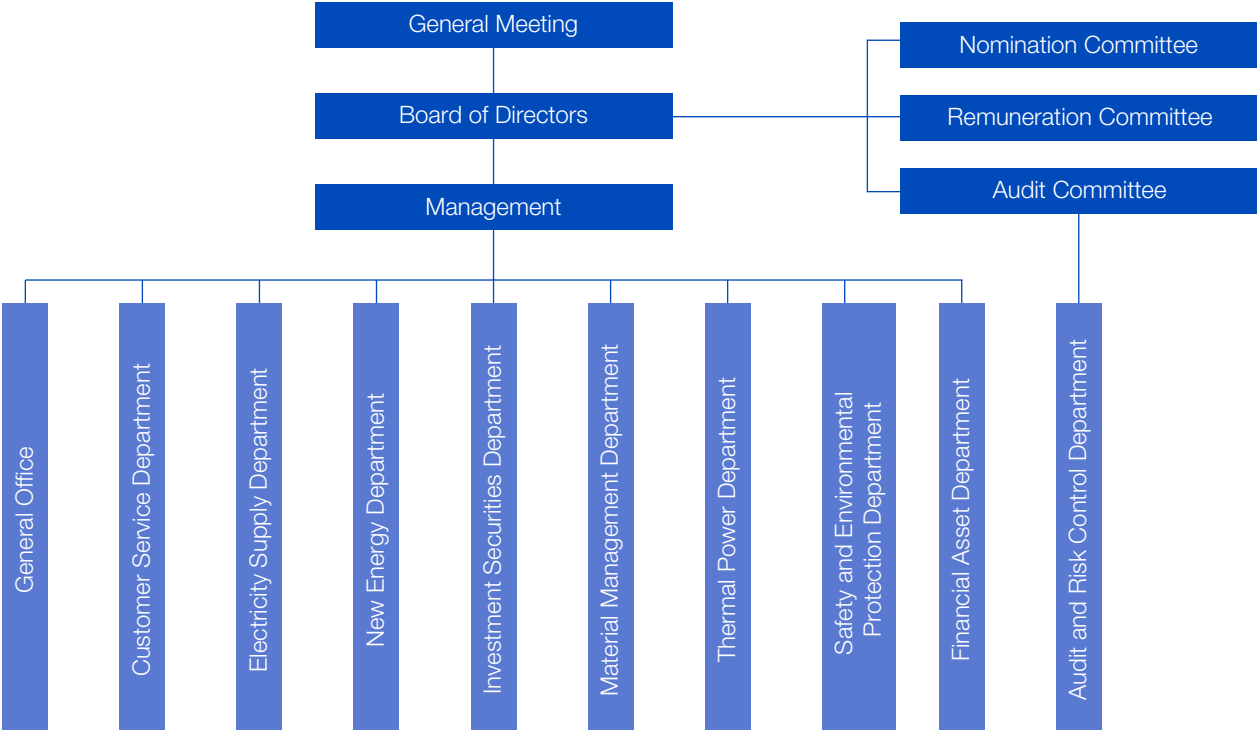
# Corporate Profile

The Company was formerly known as Tianbao Electricity Company of Tianjin Port Free Trade Zone\* (天津港保稅區天保電力公司) and Tianjin Tianbao Electricity Company Limited\* (天津天保電力有限公司), whose establishment was approved by Tianjin Port Free Trade Zone Administrative Committee in 1992. 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 33 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 2025, China's energy production grew steadily, with accelerated development of clean energy, ongoing optimization of the energy mix, and a quickened pace of green transformation. Through coordinated policy efforts and regional breakthroughs, and sustained improvements in energy efficiency, the sector provided strong support for stable and healthy socioeconomic development. As the concluding year of the "14th Five-Year Plan" and amid a landscape presenting both opportunities and challenges, the Group remained steadfast in its pursuit of high-quality development. Guided by Party building and underpinned by management, we coordinated efforts across cost reduction and efficiency improvement, business expansion, safety and environmental protection in a market-oriented and innovation-driven approach, and fully implemented the major tasks of the whole year.

In 2025, the Group steadily expanded its new energy business, broke new ground in power trading, deeply explored the potential of traditional energy business, furthered state-owned enterprise reform, significantly improve refined management standards, and continued to yield results from full-chain cost reduction and efficiency improvement, thereby further strengthening our core competitiveness. The gas distributed energy station project of Lingang Thermal Power was awarded the honorary title of "Worker Pioneer" in Tianjin Binhai New District.

In 2026, the Group will capitalize on the achievements of the "14th Five-Year Plan" whilst formulating the strategic framework for the "15th Five-Year Plan". We shall maintain our focus on expanding new energy business and improving quality and efficiency in traditional energy business, adhering to the principle of seeking progress while ensuring stability. We will vigorously advance state-owned enterprise reform, cost reduction and efficiency improvement, business expansion, equity acquisition, safety and environmental protection, risk prevention and control, in order to reach new milestones. We will also continue to improve our corporate governance capabilities, strengthen team organisation and cohesion, and create sustainable and substantial returns to Shareholders.

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

**ZHOU Shanzhong**

*Chairman of the Board*

Tianjin, the PRC

March 26, 2026

# General Manager's Statement

Dear Shareholders,

In 2025, against a backdrop of complex and evolving domestic and international economic conditions, China's economy forged ahead with renewed momentum under pressure. High-quality development yielded fresh progress, with major socioeconomic targets and tasks fully accomplished, and reached RMB140.2 trillion in gross domestic product. The cumulative power generation installed capacity nationwide was approximately 3.89 billion kW, representing a year-on-year increase of 16.1%. Among them, the installed capacity of solar power generation was approximately 1.20 billion kW, representing a year-on-year increase of 35.4%, and the installed capacity of wind power was approximately 0.64 billion kW, representing a year-on-year increase of 22.9%.

Against this backdrop, the Group rode the wave of industry trends, accelerating its new energy transition and industrial upgrading. In 2025, our various business lines delivered strong performance through multifaceted initiatives. New energy storage projects were commissioned ahead of schedule, achieving the dual goals of cost reduction and revenue growth. Our electricity sales business secured the highest AAA credit rating in the Tianjin market, and we launched an integrated solution combining "green electricity + green certificates + carbon management + energy storage", significantly enhancing customer loyalty. We expedited the implementation of new energy projects to steadily bolster our performance. In traditional energy, we deepened value extraction, studied and determined the preliminary plans for integrated construction of source, grid, load and storage. We intensified refined controls, reduced production losses and fuel costs, and lowered financing expenses.

In 2025, the Group achieved an electricity sales volume of 286.404 million kilowatt hours, steam sales of 1.550 million tons, on-grid energy of 231.769 million kilowatt hours, generated energy of 250.884 million kilowatt hours and among them, PV power generation of 19.115 million kilowatt hours.

In 2026, the Group will pursue low-carbon transformation with greater resolve, seize market opportunities through more pragmatic actions, and repay societal trust with superior service. We shall continue to create long-term value, deliver enhanced benefits to Shareholders, and empower green development!

**MAO Yongming**

*General Manager*  
Tianjin, the PRC

March 26, 2026

# Management Discussion and Analysis

## 1. INDUSTRY REVIEW

2025 marked a critical year for concluding the “14th Five-Year Plan” and formulating the strategic framework for the “15th Five-Year Plan”. Amidst a complex and ever-changing domestic and international economic environment and the challenges of energy transition, China’s ability to guarantee energy security has been continuously strengthened. The green and low-carbon transformation has been advanced in depth, with the new energy industry shifting from scale expansion to a new stage of high-quality development. China continued to deepen reforms in the electricity marketization, with the marketization mechanism for the on-grid prices of new energy being fully implemented. The large-scale development of new types of energy storage has been accelerated. Green power trading, green certificates and the carbon market have been promoted in a coordinated manner. The proportion of non-fossil energy power generation installed capacity has steadily increased. The application of integrated source-grid-load-storage and multi-energy complementary models have been accelerated. These developments have created structural opportunities for regional integrated energy service companies, guiding the industry to move steadily toward cleanliness, security, efficiency and marketization.

The “15th Five-Year Plan” proposed to realize the core objectives of accelerating the construction of a new energy system and building China into an energy powerhouse by building a diversified energy supply system, developing a new-type power system, promoting green consumption and transformation, and deepening the systematic and mechanism reform.

Relying on its advantages in talent, technology and experience accumulated over more than 30 years of development, and actively leveraging regional resources and platforms, the Group focused on its development positioning as a comprehensive energy service provider. Taking the demand of users for green and low-carbon energy as a starting point, the Group deeply explored and integrated business resources within the Free Trade Zone and the Binhai New Area, vigorously introduced external green power resources, made innovations in business models, and provided comprehensive energy solutions where multiple energy sources and technologies develop in a coordinated and complementary way, with a view to developing new core competitiveness. On this basis, through mergers and acquisitions and in-depth business cooperation, the Group actively expanded projects in other regions and sought strategic partners to develop together and expand our business. Meanwhile, in response to market changes, and based on its existing traditional energy supply of cooling, heating and electricity and new energy power generation, the Group took innovative development as the driving force, deepened industry-university-research cooperation, put efforts on developing new quality productive forces and extended the energy industrial chain, so as to achieve the high-quality transformation and development of the Company and further enhance its market competitiveness.

## 2. BUSINESS REVIEW FOR THE YEAR OF 2025

### (1) Steadily expanded new energy businesses

In 2025, leveraging regional advantages and fully developing local resources, the Group successfully won the bid for the Smart Street Lamp Contract Energy Management Project (Phase 2) in Tianjin Port Free Trade Zone. Collaborative efforts completed the investment and construction of a new energy heavy-duty truck charging project, while the construction of Lingang Thermal Power distributed photovoltaic project has been completed and put into operation. Huaxiang Automotive Interior Customization Plant Distributed Photovoltaic Project and Tianbao Logistics' warehouse distributed photovoltaic project have entered the construction stage.

As of now, the installed capacity of the Group's clean energy power generation has reached 49.24 MW, comprising 30 MW of gas-fired power and 19.24 MW of photovoltaic power generation. The installed capacity of clean energy power generation accounted for 62.14% of the Group's total installed capacity.

### (2) Successfully commenced operation of 1.72 MWh energy storage power station project

1.72 MWh energy storage power station project was completed in the second half of 2025, achieving commissioning one month ahead of schedule and fulfilling the dual objectives of cost reduction and revenue enhancement. The successful completion of this project has accumulated operational experience in energy storage projects for the Group, laying a foundation for further expansion of energy storage projects in the future.

### (3) Opened up new prospects for electricity transaction

In 2025, the Company vigorously advanced its green power trading business. Within the Tianjin region, annual trading volume achieved a breakthrough from zero. The monthly green power transactions totalled 8.02 million kilowatt hours through bidding, with full-year green power trading reached 18.02 million kilowatt hours, representing an increase of 430% compared to 2024. At the same time, the Company actively explored thermal power trading outside the region and completed 6 million kilowatt hours of thermal power transactions outside the region for the year.

### (4) Deepened core business and unlock potential in traditional energy businesses

In 2025, the Group continued to tap into the potential of traditional energy businesses, actively explored pathways for integrated construction of source, grid, load and storage, and studied and determined the preliminary plans for integrated construction of source, grid, load and storage and upgrades on dispatching automation system. The Group also fully explored the potential of the regional industrial steam market, and proactively expanded new clientele.

### (5) Diversified measures to reduce costs and increase efficiency

Through diversified measures including implementing energy-saving technology transformation projects, reducing financing costs, and strictly controlling raw material procurement prices, the Group has elevated its profitability across all dimensions. These efforts have effectively resisted various risks and challenges, enabling steady progress towards a new phase of high-quality development.

## 3. OPERATING RESULTS AND ANALYSIS

According to the Group's statistics, in 2025, sales of steam amounted to 1.55 million tons, representing a decrease of 3.0% from 1.598 million tons over the corresponding period of the previous year. Sales of electricity amounted to 286.404 million kilowatt hours, representing a decrease of 1.2% from 289.900 million kilowatt hours over the corresponding period of the previous year. During the year, the Group's on-grid power generation amounted to 231.769 million kilowatt hours, representing an increase of 1.2% from 229.052 million kilowatt hours over the corresponding period of the previous year. The decrease in sales of electricity and steam was primarily due to reduced demands for electricity and steam consumption as a result of the drop in orders from users in the park; the increase in on-grid power generation was driven by the growth in PV power generation.

Taking into account the changing trend of operating income and profit before tax in 2024 and 2025, we have analyzed the indicators which significantly affected the operating income and profit before tax of the Company in 2025, details of which are as follows:

### (1) Operating income

In 2025, the Group recorded a consolidated operating income of RMB773.853 million, representing a decrease of 6.1% from RMB824.050 million over the corresponding period of the previous year, which was primarily due to the decrease in coal prices in 2025, which, under the price linkage mechanism, led to a reduction in the unit price of steam during the year.

#### *Electricity dispatch and sale segment*

In 2025, the Group recorded revenue from our electricity dispatch and sale segment of RMB218.231 million, representing a decrease of 1.1% from RMB220.582 million over the corresponding period of the previous year, which was primarily due to reduced electricity demand as a result of the drop in orders from users in the park.

#### *Power generation and supply segment*

In 2025, the Group recorded revenue from our power generation and supply segment of RMB518.858 million, representing a decrease of 8.0% from RMB563.723 million over the corresponding period of the previous year, which was primarily due to the decrease in coal purchase prices in 2025, which, under the price linkage mechanism, led to a reduction in the unit price of steam during the year.

#### *PV power generation segment*

In 2025, the Group recorded revenue from our PV power generation segment of RMB8.961 million, representing an increase of 9.4% from RMB8.188 million over the corresponding period of the previous year, which was primarily due to the commissioning of the Group's new energy project.

#### *Other segments*

In 2025, the Group recorded revenue from other segments of RMB27.803 million, representing a decrease of 11.9% from RMB31.557 million over the corresponding period of the previous year, which was primarily due to the decline in revenue from the maintenance services.

### (2) Other net income

In 2025, the Group recorded other net loss of RMB0.390 million, while the Group recorded other net income of RMB2.236 million for the whole year of 2024, which was primarily due to the payment of environmental protection tax by the subsidiaries of the Company in 2025, leading to an increase in non-operating expenses and a decrease in other net income.

## (3) Segment costs

### ***Electricity dispatch and sale segment***

In 2025, the costs of the Group's electricity dispatch and sale segment amounted to RMB212.096 million, representing a decrease of 1.5% from RMB215.226 million over the corresponding period of the previous year, which was primarily due to the completion and commissioning of energy storage and other energy-saving facilities, which effectively reduced costs.

### ***Power generation and supply segment***

In 2025, the costs of the Group's power generation and supply segment amounted to RMB475.850 million, representing a decrease of 8.4% from RMB519.246 million over the corresponding period of the previous year, which was primarily due to the decrease in costs as a result of the decrease in coal purchase prices in 2025.

### ***PV power generation segment***

In 2025, the costs of the Group's PV power generation segment amounted to RMB5.092 million, representing a decrease of 4.7% from RMB5.343 million over the corresponding period of the previous year, which was primarily due to the Group's efforts to promote cost reduction and efficiency improvement, which led to a decrease in outsourcing expenses.

### ***Other segments***

In 2025, the costs of the Group's other segments amounted to RMB20.912 million, representing a decrease of 16.5% from RMB25.045 million over the corresponding period of the previous year, which was primarily due to the decrease in maintenance costs in line with the decrease in revenue.

## (4) Segment gross profit

### ***Electricity dispatch and sale segment***

In 2025, the gross profit from the Group's electricity dispatch and sale segment amounted to RMB6.134 million, representing an increase of 14.5% from RMB5.356 million over the corresponding period of the previous year, which was primarily due to the completion and commissioning of energy storage and other energy-saving facilities, which effectively reduced costs.

### ***Power generation and supply segment***

In 2025, the gross profit from the Group's power generation and supply segment amounted to RMB43.008 million, representing a decrease of 3.3% from RMB44.477 million over the corresponding period of the previous year, which was primarily due to reduced customer demand for steam in the first half of 2025, leading to a decrease in gross profit.

### ***PV power generation segment***

In 2025, the gross profit from the Group's PV power generation segment amounted to RMB3.869 million, representing an increase of 36.0% from RMB2.845 million over the corresponding period of the previous year, which was primarily due to the commissioning of a new energy projects, leading to an increase in gross profit.

### ***Other segments***

In 2025, the gross profit from the Group's other segments amounted to RMB6.892 million, representing an increase of 5.8% from RMB6.512 million over the corresponding period of the previous year, which was primarily due to the Group's further measures to reduce costs and enhance efficiency, leading to lower cost expenditures.

# Management Discussion and Analysis

## **(5) EBITDA**

In 2025, the Group's EBITDA amounted to RMB112.547 million, representing a decrease of 1.0% from RMB113.661 million over the corresponding period of the previous year, which was primarily due to reduced customer demand for steam in the first half of 2025, leading to a decrease in EBITDA.

## **(6) Finance costs**

In 2025, the Group recorded finance costs of RMB12.150 million, representing a decrease of 28.8% as compared with the corresponding period of the previous year of RMB17.073 million, which was primarily due to the decrease in external financing of the Group to reduce finance costs.

## **(7) Fuel costs**

In 2025, the Group recorded fuel costs of RMB360.884 million, representing a decrease of 10.5% as compared with the corresponding period of the previous year of RMB403.043 million, which was primarily due to the decrease in coal purchase prices in 2025.

## **(8) Profit before tax**

In 2025, the Group's profit before tax amounted to RMB17.192 million, representing an increase of 9.2% from RMB15.743 million over the corresponding period of the previous year, which was primarily due to the reduction in financial expenses by the Group through strengthening receivables collection management to enhance the efficiency of internal fund utilization and reduce debt scale in 2025; meanwhile, the Company further promoted its cost reduction and efficiency improvement initiatives to reduce costs. As a result of the above factors, the Group's profit before tax increased.

## **(9) Income tax expenses**

In 2025, the Group recorded income tax expenses of RMB5.654 million, representing an increase of 30.7% as compared with the year of 2024 of RMB4.326 million, which was in line with the increase in profit before tax.

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

In 2025, the Group's profit for the year attributed to the parent company amounted to RMB8.355 million, representing an increase of 84.4% from RMB4.530 million over the corresponding period of the previous year, which was primarily due to the increase in the profit from the new energy business segment driven by the successful expansion of new energy business such as energy storage and photovoltaic power station operations by the Group, as well as the further promotion of cost reduction and efficiency improvement initiatives to reduce costs.

## 4. FINANCIAL POSITION

### (1) Assets and liabilities

As of the end of 2025, total assets amounted to RMB962.844 million, representing a decrease of 10.1% from RMB1,070.774 million for the end of 2024, mainly due to a reduction in the balance of cash and cash equivalents as the Group utilized surplus funds to repay external financing to reduce finance costs, as well as the decrease in natural gas prepayments received by the Group. Total liabilities amounted to RMB493.400 million, representing a decrease of 18.5% from RMB605.133 million for the end of 2024, mainly due to the decrease in external financing of the Group.

As of the end of 2025, our current assets amounted to RMB263.277 million, representing a decrease of 20.6% as compared with the end of 2024 of RMB331.591 million, of which cash and cash equivalents amounted to RMB71.551 million (end of 2024: RMB128.795 million), trade and bill receivables amounted to RMB126.253 million (end of 2024: RMB126.354 million), which mainly included receivables from steam sales. Our current liabilities amounted to RMB285.845 million (end of 2024: RMB334.767 million), of which trade and other payables amounted to RMB79.320 million (end of 2024: RMB92.459 million), and non-current liabilities amounted to RMB207.555 million (end of 2024: RMB270.366 million).

### (2) Cash and cash equivalents

As at the end of 2025, the Group recorded cash and cash equivalents of RMB71.551 million in aggregate, representing a decrease of 44.4% as compared with the end of the previous year of RMB128.795 million, which was primarily due to a reduction in the balance of cash and cash equivalents as a result of the use of surplus funds to repay external financing.

### (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 2025, the Group recorded a gearing ratio of 1.05, representing a decrease of 19.2% as compared with the end of the previous year of 1.30, which was primarily due to the repayment of external financing by the Group with surplus funds.

## 5. OTHER SIGNIFICANT EVENTS

### (1) Capital expenditure and capital commitment

In 2025, cash capital expenditure of the Group was RMB14.058 million, of which, the expenditure of Tianbao Logistics' warehouse distributed photovoltaic project was RMB2.783 million; the expenditure for the second phase of Tianbao New Energy Storage Project was RMB1.926 million; the expenditure for Huaxiang Automotive Interior Customization Plant Distributed Photovoltaic Power Generation Project was RMB1.716 million; the expenditure for New Energy Heavy Truck Integrated Energy Station Project was RMB1.390 million; the expenditure for gas distributed energy station project was RMB2.849 million; the expenditure for Tianbao Lingang Ground and Carport Photovoltaic Project was RMB1.150 million; and the expenditure for other projects was RMB2.244 million.

On December 31, 2025, the Group's provision for capital commitment was approximately RMB0.705 million, which was expected to be used for the payment of distributed photovoltaic projects.

# Management Discussion and Analysis

If the Group has other new projects requiring additional capital expenditure or capital commitment, the Group will use its own funds or bank loans to finance the implementation of such projects.

## **(2) Liquidity and financial resources**

As at December 31, 2025, the Group had cash and cash equivalents amounting to RMB71.551 million in aggregate; loans and borrowings of RMB340.670 million which include short-term borrowings of RMB184.322 million and the non-current portion of long-term borrowings of RMB156.348 million, while secured and guaranteed borrowings amounted to RMB188.370 million and unsecured borrowings amounted to RMB152.300 million, of which RMB175.300 million were fixed rate borrowings and RMB165.370 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**

During the Reporting Period, the Group did not undertake any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **(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.

## **(5) Contingent liabilities**

As at December 31, 2025, the Group did not have contingent liabilities.

## **(6) Loans and borrowings of the Group**

As at December 31, 2025, the Group had loans and borrowings of RMB340.670 million which include short-term borrowings of RMB184.322 million, including long-term borrowings due within one year of RMB88.522 million, and the non-current portion of long-term borrowings of RMB156.348 million, while secured and guaranteed borrowings amounted to RMB188.370 million and unsecured borrowings amounted to RMB152.300 million, of which RMB175.300 million were fixed rate borrowings and RMB165.370 million were floating interest rate borrowings.

## **(7) Other debts of the Group**

As at December 31, 2025, the Group had lease liabilities of RMB1.315 million in addition to the loans and borrowings of the Group.

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

As at December 31, 2025, the equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB8.500 million as at December 31, 2025.

As at December 31, 2025, the assets of the Yangzhou Kaixiang Precision Casting Technology Phase II 4.0 MW rooftop distributed PV power generation project of Yangzhou Qingchang (including but not limited to modules, inverters, and support equipment) held by the Group was used as collateral for the bank loan with balance of RMB11.580 million. As at December 31, 2025, the carrying amount of the pledged assets was RMB14.850 million.

As at December 31, 2025, the tariff collection rights of PV project of Tianjin Aviation Logistics held by the Group was used as collateral for the bank loan with balance of RMB7.671 million. As at December 31, 2025, the aggregate carrying amount of the receivables related to the relevant contracts was RMB10.000 million.

As at December 31, 2025, the tariff collection rights of Tianbao Logistics' Warehouse Distributed Photovoltaic Project held by the Group was used as collateral for the bank loan with balance of RMB2.097 million. As at December 31, 2025, the aggregate carrying amount of the receivables related to the relevant contracts was RMB12.680 million.

## **(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, 2025, 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. The results of the Group's annual risk assessment showed that the top three important risks are mainly policy risk, safety risk and performance appraisal management risk.

# Management Discussion and Analysis

## (1) Policy risk

The slowdown in macro-economic growth may lead to a decrease in the demand for electricity and heating, affecting the production, operation and profitability of the Group. Changes in industrial policies, such as the increasingly stringent environmental protection requirements and the adjustment of the energy structure, may subject traditional cogeneration projects to the pressure of transformation or upgrading.

To address the above-mentioned risks, the Group took the following measures: Firstly, the Group kept a close eye on the policy trends of the state and local governments, and promptly grasped the impact of policy changes on the thermal power industry. Secondly, the Group spurred technological innovation and upgrading by ramping up investments in technological research and development. Meanwhile, the Group enhanced the energy efficiency of cogeneration projects and actively promoted and adopted advanced energy-saving and emission-reduction technologies to cut down production costs and mitigate environmental pollution. Thirdly, the Group optimized the energy structure and business model. In response to policy changes and market demand, the Group reconfigured the energy structure and business model and launched new energy projects.

## (2) Safety risk

As a public utility enterprise, the Group shoulders a crucial responsibility as its safe production and operation are directly intertwined with the normal production rhythms of all industrial users in the park. Inadequate training and safety education, combined with the inexperience of front-line staff or their non-compliant operations, can not only undermine operational efficiency but also potentially trigger accidents. Moreover, the absence of fire-prevention and pollution-prevention equipment, along with the lack of well-crafted contingency plans for emergencies or insufficient emergency drills, will render the Group ill-equipped to safeguard its assets and equipment when unexpected events occur. Furthermore, the failure to maintain machinery, equipment, and pipelines in optimal condition can damage the Group's interests and disrupt normal production and operation.

In response to the aforementioned risks, the relevant responsible departments within the Group organized a total of 50 training and educational sessions during the Reporting Period, encompassing fire safety training, emergency rescue training, and warning education. These activities clearly defined the necessary precautions and facilitated the accumulation of technical experiences, thereby enhancing the professional skills and safety-consciousness of the operators. Simultaneously, regular checks were carried out on fire-prevention and pollution-prevention equipment at scheduled intervals, and records were maintained for each inspection. In addition, the Group standardized the emergency operation processes by formulating emergency response procedures specifically tailored for equipment-related incidents. In addition, a total of 48 emergency drills were conducted during the Reporting Period. Each drill was structured around different hypothetical scenarios, enabling employees are well-equipped to safeguard their own well-being and protect the Group's assets in emergency situations. Moreover, the Group placed great emphasis on the proper maintenance of its fixed assets. Both routine maintenance tasks and major overhauls were documented. Additionally, the Group conducted regular impairment tests.

### (3) Performance appraisal management risk

If the appraisal criteria lack clarity or deviate from the actual work tasks, or if they are either too stringent or too lenient, they will fail to accurately reflect employees' job performance. This can dampen employees' enthusiasm and team morale. Moreover, the lack of an effective communication and feedback mechanism means that employees cannot promptly understand their performance and areas for improvement.

Improper utilization of appraisal results occurs when the results are solely used as the basis for salary adjustments and fail to be integrated with employees' promotion opportunities, training needs, and other aspects. This situation leads to a decrease in employees' sense of identity with the performance appraisal.

During the year, the Group revised the Remuneration Management Rules for Appointed Management (《聘任制經理層人員薪酬管理規則》), the Performance Management Rules for Appointed Management (《聘任制經理層人員績效管理規則》), the Integrated Labour Employment Management System (《勞動用工管理制度》), the Employee Remuneration Management System (《員工薪酬管理制度》) and the Employee Performance Management System (《員工績效管理制度》). Based on the Group's strategic objectives and actual work tasks, specific and measurable performance appraisal criteria were formulated to ensure that the appraisal criteria were aligned with employees' job responsibilities and post requirements, reflecting fairness and impartiality. The Group adopted a monthly monitoring and quarterly appraisal approach by conducting a performance appraisal of each functional department and employees once a quarter. After the completion of the performance appraisal, the results were communicated. Performance bonuses were distributed according to the appraisal scores. For those who failed the appraisal, face-to-face interviews were conducted to continuously drive improvement.

## 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 2026

### (1) Vigorously expand new energy businesses

In 2026, the Group will accelerate the construction of distributed photovoltaic project of Huaxiang Automotive Interior Customization Plant and Tianbao Logistics' warehouse, as well as Airbus (Tianjin) Final Assembly Co., Ltd. and other companies, promoting the early completion and operation of the projects; promote the implementation progress of new energy projects to continuously expand the installed capacity of new energy power generation; focus on material scenarios such as government offices, hospitals, schools and industrial parks, and actively explore leads for contract energy management projects, making every effort to achieve project implementation and operation effectively.

### (2) Promote the implementation of equity acquisitions under tracking

The Company will devote full effort to promoting the implementation of key equity acquisition projects under tracking, complete the acquisition of the target, steadily increase the proportion of clean energy business within the Group's overall businesses, further expand the industry scale and strengthen the Group's overall profitability.

# Management Discussion and Analysis

## **(3) Improve the quality and efficiency of production and operation with all strength**

The Group will strengthen communication with customers and guarantee service to precisely control the steam demand and scientifically coordinate maintenance plan and operation model of boilers, ensuring economical and efficient production and operation; advance the completion of several renovation and maintenance efforts to effectively reduce the unit consumption of fuel, water, electricity, and other productions; collaborate with universities and research institutions to carry out technological cooperation, deeply integrate mature AI technology into intelligent control on boiler combustion, with the membrane-based deaeration and waste heat recovery project having been put into operation by Lingang Thermal Power, and achieve substantial breakthroughs in coal-saving, gas-saving and consumption reduction, cost reduction and efficiency increase, thereby laying a solid foundation for the high-quality development of the Group.

## **(4) Expand the green power trading and electricity maintenance business**

The Group will capture the development opportunities presented by green energy, actively expand its green power trading business and increase the scale of its market-based electricity transactions. At the same time, it will further develop in the area of the operation and maintenance of power facilities, strengthen the electricity maintenance service, enhance professional operation and maintenance capabilities as well as value-added services and further optimize the business structure, so as to cultivate new profit growth points.

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 2025 are as follows:

## 1. OVERVIEW OF HUMAN RESOURCES

As at December 31, 2025, the Group had 72 employees. The education level of employees is generally high, and the employees with a bachelor degree or above accounted for 90.3% 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	25	34.7%
Marketing	7	9.7%
Procurement	5	7.0%
Engineering and technology	35	48.6%
<b>Total</b>	<b>72</b>	<b>100.0%</b>

### 2. Age Structure

Age ranges	Number of employees	Percentage	Cumulative percentage
Under 35	10	13.9%	13.9%
36-45	30	41.7%	55.6%
46-55	25	34.7%	90.3%
56 and above	7	9.7%	100.0%
<b>Total</b>	<b>72</b>	<b>100.0%</b>	<b>—</b>

### 3. Education Structure

Education level	Number of employees	Percentage	Cumulative percentage
Master's degree and above	6	8.3%	8.3%
Bachelor's degree	59	82.0%	90.3%
College and below	7	9.7%	100.0%
<b>Total</b>	<b>72</b>	<b>100.0%</b>	<b>—</b>

# Human Resources

## 4. Gender Structure of Employees

<b>Gender</b>	<b>Number of employees</b>	<b>Percentage</b>
Female employees	19	26.4%
Male employees	53	73.6%
<b>Total</b>	<b>72</b>	<b>100.0%</b>

## 5. Gender Structure of Senior Management

<b>Gender</b>	<b>Number of senior management</b>	<b>Percentage</b>
Female senior management	2	33.3%
Male senior management	4	66.7%
<b>Total</b>	<b>6</b>	<b>100.0%</b>

## 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 optimized the evaluation methods for performance appraisal of all posts, and practically exerted the role of assessment, so as to stimulate the enthusiasm of employees.

## 3. EMPLOYEES' REMUNERATION

Employees' remuneration includes position salary and performance-based salary, 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, the Group had incurred labour cost (including salary, welfare and bonus) of RMB28.455 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 of the Group, 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 2025, 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 2025, the Company organized 50 safety education trainings for internal employees, and 114 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, 2025, 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 2025, women represented 26.4% 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 Group 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 "5. Professional Team" in the section headed "Environmental, Social and Governance Report" of this annual report.

# Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. ZHOU Shanzhong (周善忠)**, aged 47, 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, an executive Director of Tianjin Tianbao New Energy Co., Ltd. (天津天保新能有限公司) (“**Tianjin Tianbao New Energy**”), and presides over the overall work of the branch committees, the Board and the safety committee of the Company. He is responsible for equity investment, securities management and new energy business development, and is in charge of the investment securities department and the new energy department. Mr. ZHOU joined the Group in October 2019. From January 2006 to May 2011, Mr. ZHOU worked in Tianjin Tianbao Holdings Limited (天津天保控股有限公司) (“**Tianbao Holdings**”, one of the controlling shareholders of the Company) 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. 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 July 2013 to October 2014, he served as the vice general manager of Tianjin Free Trade Zone Investment Company Limited (天津保稅區投資有限公司) (“**Tianbao Investment**”, one of the Shareholders of the Company). From October 2014 to September 2015, he worked in Tianbao Holdings as the deputy head of the asset management department. He worked in Tianbao Holdings as the head of corporate management department (safety supervision department) from September 2015 to August 2018. From August 2018 to October 2019, he served as the head of corporate management department and the head of parallel car management department of Tianbao Holdings.

From July 2014 to November 2019, Mr. ZHOU had served as a director of Tianjin Aviation Logistics Development Co., Ltd. (天津航空物流發展有限公司). 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 January 2017 to November 2017, Mr. ZHOU also served as a Director of the Company. He had served as a non-independent director of Tianjin Tianbao Infrastructure Co., Ltd. (天津天保基建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000965), from August 2017 to November 2019. From November 2017 to November 2019, Mr. ZHOU had also served as an employee director of Tianjin Free Trade Zone Investment Holdings Group Co., Ltd. (天津保稅區投資控股集團有限公司) (“**TFIHC**”, a controlling shareholder of the Company) and Tianbao Holdings, respectively. 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.

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. MAO Yongming (毛永明)**, aged 56, a senior engineer, is currently an executive Director and the general manager of the Company and an authorised representative of the Company under the Listing Rules. He concurrently holds the positions of director and chairman of Lingang Thermal Power. Mr. MAO presides over the overall production and operation of the Company, and is responsible for safety production, environmental protection management, thermal plant production management, pipeline network operation, technical management, legal affairs, system development, risk control, auditing and disciplinary inspection and supervision of the Company. He is in charge of the safety and environmental protection department, the thermal power department, the audit and risk control department and Lingang Thermal Power. 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, and the deputy general manager from December 2014 to March 2026 and has been the general manager of the Company since March 2026.

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.

# Directors and Senior Management

**Mr. YAO Shen (姚慎)**, aged 54, a senior engineer, is currently an executive Director, a member of the Remuneration Committee and the deputy general manager of the Company. Mr. YAO is responsible for the Company's party affairs, the Communist Youth League, administrative management, department personnel, corporate management, corporate reform, operation management, informatization, policy research, market analysis, customer services, power supply and distribution operation and maintenance, construction management and trade union work, and is in charge of the general office, the customer service department and electricity supply 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.

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.

**Mr. WANG Geng (王廣)**, aged 40, a senior engineer, is currently an executive Director the Company and the director of the strategic development department of Tianbao Holdings. 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). 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 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 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 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 July 2019 to September 2020, he 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). 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. He served as the Company's general manager from April 2022 to March 2026 and has served as the director of the strategic development department of Tianbao Holdings since March 2026.

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.

## NON-EXECUTIVE DIRECTORS

**Ms. YANG Dingjing (楊定婧)**, aged 37, is currently a non-executive Director of the Company. She has served as senior manager of key business management in the corporate management department of Tianbao Holdings. From July 2013 to August 2016, Ms. YANG served as personnel specialist in the human resources department of Tianjin Radio and Television Network Co., Ltd. (天津廣播電視網絡有限公司). From August 2016 to July 2025, Ms. YANG successively held the positions of invested enterprise management specialist and restructuring manager in the corporate management department of Tianbao Holdings. She has served as senior manager of key business management in the corporate management department of Tianbao Holdings since July 2025. Ms. YANG has concurrently served as director of Tianjin Zhongcheng Alliance Co., Ltd. (天津眾城聯盟有限公司) since July 2024.

Ms. YANG graduated from Nankai University (南開大學) with a master's degree in management in July 2013.

# Directors and Senior Management

**Ms. SHI Wei (史璋)**, aged 36, is currently a non-executive Director, a member of the audit committee of the Company, and a deputy director of the investment department of Tianbao Investment. From May 2014 to December 2016, Ms. SHI served as an investment specialist in the investment department of Tianbao Investment. She served as a securities administrator of the Company from January 2017 to November 2018. She served as an investment specialist of the investment department of Tianbao Investment from December 2018 to August 2025. Since August 2025, Ms. SHI has served as the deputy director of the investment department of Tianbao Investment.

Ms. SHI obtained a Master of Science in Accounting and Finance from Bangor University in the United Kingdom in September 2013.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHAN Wai Dune (陳維端)**, aged 73, 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 43 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 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, a non-executive director of Domaine Power Holdings Limited, a company listed on the Stock Exchange (stock code: 442) since November 2021, and an independent non-executive director of WellCell Holdings Co., Limited, a company listed on the Stock Exchange (stock code: 2477) since May 2025. 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.

## Directors and Senior Management

**Ms. ZHANG Huan (張歡)**, aged 65, is currently an independent non-executive Director, the chairperson of the remuneration committee and a member of the nomination committee of the Company. She is currently a professor and doctoral advisor of the Department of Building Environment and Energy Engineering of the School of Environmental Science and Engineering of Tianjin University. Ms. ZHANG Huan has been teaching at Tianjin University since August 1987, during which she served as a visiting scholar at the Hong Kong Polytechnic University from September 1997 to August 1998; pursued a part-time doctoral degree at the Hong Kong Polytechnic University from November 1998 to November 2001; served as a visiting scholar at the Hong Kong Polytechnic University from November 2003 to October 2004. From December 2001 to September 2017, she was deputy director of the Department of Building Environment and Energy Engineering at Tianjin University. From September 2017 to September 2019, she served as director of the Department of Building Environment and Energy Engineering.

Ms. ZHANG Huan has served as a member of the Higher Education Assessment Committee for Building Environment and Energy Engineering of the Ministry of Housing and Urban-Rural Development (住建部高等教育建築環境與能源應用工程專業評估委員會) since December 2011; a director of the Air-conditioning Heat Pump Professional Committee of Tianjin Refrigeration Association (天津製冷學會空調熱泵專委會) in May 2013; a director of the HVAC Special Committee of the Architectural Society of Tianjin China (天津建築學會暖通空調專委會) in May 2016; a member of the Civil Engineering Teaching Advisory Committee of the Ministry of Education (教育部土木類專業教學指導委員會委員) and deputy director of the Building Environment and Energy Engineering Teaching Advisory Subcommittee (建築環境與能源應用工程專業教學指導分委會) in December 2018; a vice president of the China Alliance of HVAC Industry Technology Innovation (全國暖通空調產業技術創新聯盟) and deputy director 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) in October 2024.

Ms. ZHANG Huan obtained her degree of Doctor of Philosophy from the Hong Kong Polytechnic University in May 2004.

**Ms. YANG Wei (楊威)**, aged 50, is currently an independent non-executive Director, and a member of the audit committee, remuneration committee and nomination committee of the Company. She is a senior lawyer and founder of Tianjin Yang & Cooperators' Law Firm (天津允公律師事務所). She has served as a lawyer and senior advisor at Beijing Hylands Law Firms (北京浩天律師事務所) since June 2024. Ms. YANG Wei has been practicing law since 1998. She served as a lawyer at Wanjun Law Firm (萬鈞律師事務所) from July 1999 to May 2004. In June 2004, she established Tianjin Yang & Cooperators' Law Firm (天津允公律師事務所), where she practiced as a lawyer until December 2020. From January 2021 to July 2022, she served as a lawyer at the Beijing branch of Yang & Cooperators' Law Firm (允公律師事務所北京分所). From July 2022 to June 2024, she served as a lawyer at Beijing Lianhui Law Firm (北京聯慧律師事務所). Ms. YANG served as an independent director of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002393) from January 2008 to December 2010. Ms. YANG possesses extensive theoretical and practical experience in dispute resolution, government legal affairs, state-owned enterprise and state-owned asset legal affairs, corporate investment and financing legal affairs, as well as real estate and construction engineering legal affairs.

# Directors and Senior Management

Ms. YANG served as a director of the 9th All China Lawyers Association (中華全國律師協會) from April 2016 to October 2021; a delegate to the 11th National Women's Congress in October 2013; a representative of the 10th and 11th Party Congress of Tianjin in May 2012 and May 2017, respectively; a deputy to the 17th People's Congress of Tianjin in November 2016; and was appointed as an expert for the Tianjin Government Legal Think Tank (天津政府法制智庫) in January 2017. She also served as deputy director of the Young Lawyers Working Committee of the All China Lawyers Association (中華全國律師協會青工委); vice president of the Tianjin Lawyers Association (天津市律師協會); member of the Party Working Committee of the Tianjin Lawyers Association (天津市律師協會); arbitrator of the Tianjin Arbitration Commission (天津市仲裁委員會); consulting expert on civil and administrative cases for the Supreme People's Procuratorate; president of the Tianjin Association of Liquidators and Bankruptcy Administrators (天津市清算破產管理人行業協會); standing council member and vice president of the Tianjin Case Law Society (天津市案例法學會); head of the Tianjin Legal Service Group for Private Enterprises (天津市服務民營企業法律服務團); legal advisor to the Tianjin Municipal People's Government and the General Office of the Tianjin Municipal People's Government; legal advisor to the Tianjin State-owned Assets Supervision and Administration Commission; and legal advisor to the Tianjin Municipal Bureau of Justice.

In 2011, Ms. YANG was honored with the title of "Model Worker" in the Judicial Administration System in Countrywide (全國司法行政系統「勞動模範」). She also received the titles of "Top Ten Model Servants of the People in Tianjin's Political and Legal System (天津市政法系統十大愛民助民模範)", "Outstanding Communist Party Member Model in Tianjin's Judicial Administration System (天津市司法行政系統共產黨員標兵)", and "Outstanding Communist Party Member in Tianjin's Political and Legal System (天津市政法系統優秀共產黨員)". In 2012, she was honored as an "National Outstanding Individual in the Legal Profession Excellence Campaign (全國律師行業創先爭優活動先進個人)" and recognised as an "Outstanding Communist Party Member Model of Tianjin (天津市優秀共產黨員標兵)".

Ms. YANG graduated from the Department of Law specialising in International Economic Law at Nankai University (南開大學) in June 1998 with a bachelor's degree in laws.

## PERSON-IN-CHARGE AND SENIOR MANAGEMENT

**Mr. ZHOU Shanzhong (周善忠)**, aged 47, 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. MAO Yongming (毛永明)**, aged 56, is an executive Director and the 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 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. YAO.

# Directors and Senior Management

**Ms. YIN Ning (殷寧)**, aged 52, a senior accountant, has served as the Chief Financial Officer of the Company since September 2024. She is responsible for state-owned property rights management, budget management, fund management, tax management, asset management, procurement and bidding management, supplier management and materials management, and is in charge of the financial asset department and the material management department of the Company. Ms. YIN served as the accountant at the Company from July 1993 to January 2000. She served as the chief accountant at Tianjin Tianbao Public Facility Company Limited\* (天津天保公用設施有限公司) from January 2000 to December 2006. From December 2006 to July 2007, she was the chief accountant at Tianjin Tianbao Thermal Electricity Company Limited\* (天津天保熱電有限公司). From July 2007 to June 2015, she successively held the roles of head of the finance and accounting division and financial manager at the Company. From June 2015 to July 2021, she served as the financial manager at Tianjin Tianbao Municipal Company Limited\* (天津天保市政有限公司). From July 2021 to September 2021, she was the head of the internal audit department at Tianjin Tianbao Finance Management Company Limited\* (天津天保財務管理有限公司). From September 2021 to November 2023, she served as assistant to the chief financial officer of Tianjin Free Trade Zone Investment Company Limited\* (天津保稅區投資有限公司) and Tianjin Tianbao Binhai Investment Services Co., Ltd.\* (天津天保濱海投資服務有限公司). From November 2023 to September 2024, she served as the head of the financial asset department of the Company.

Ms. YIN graduated from Tianjin University of Commerce in 2005, majoring in accounting.

**Ms. FU Dandan (付丹丹)**, aged 45, a senior economist, has served as the secretary to the Board of the Company since November 2024. From January 2005 to September 2005, Ms. FU served as an accountant in Tianjin Dingyuan Food Co., Ltd.\* (天津頂園食品有限公司). From October 2005 to April 2007, she served as an accountant in Tianjin Gutian Food Co., Ltd.\* (天津龜田食品有限公司). From May 2007 to September 2008, she served as a senior consultant of General Consulting International Corporation (通用諮詢(天津)有限公司). From October 2008 to March 2009, she served as an enterprise management commissioner in the operation department of T.B. Infrastructure. From April 2009 to August 2016, she served as the commissioner of securities affairs management of the securities department of T.B Infrastructure. From August 2016 to July 2018, she served as the deputy general manager of Tianjin JiaChuang Property Service Co., Ltd.\* (天津嘉創物業服務有限公司). From July 2018 to March 2020, she served as the deputy head of the securities affairs department of the Company. She has been the deputy head and the head of the investment and securities department of the Company since March 2020 successively.

Ms. FU received her MBA degree from Tianjin University of Finance and Economics in July 2008.

## COMPANY SECRETARY

**Mr. LAU Kwok Yin (劉國賢)**, aged 40, 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 16 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 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 2025 (the "**Annual Report**") and the audited financial statements prepared in accordance with the IFRS Accounting Standards for the year ended December 31, 2025 (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 205 to 206 of this 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, 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 135 of this Annual Report. The financial position of the Group for the year ended December 31, 2025 is set out in the consolidated statement of financial position on pages 136 to 137 of this Annual Report. The consolidated cash flow of the Group for the year ended December 31, 2025 is set out in the consolidated cash flow statement on pages 139 to 140 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 18 of this Annual Report.

## BUSINESS REVIEW

During the Reporting Period, the Group continued to expand its diversified industrial layout with power supply as the main business and value-added services as a supplement, incurred full effort to promote the "Green + Environmental Protection" concept, and committed to expanding new businesses of green production and ultra-low emissions. The Company has actively kept an eye on the opportunities arising from the national strategies and energy industry, so as to develop a long-term development strategy that can strengthen the sustainability of the Group's business. A review of the business of the Group during the year and a discussion on the Group's future business development are set out on pages 9 to 10 and pages 17 to 18 of this Annual Report. A description of possible main risks and uncertainties that the Group may face is set out on pages 15 to 17 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 15 of this Annual Report. To the knowledge of the Directors, there has not been any important event affecting the Group since the end of the financial year.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Group's environmental policies and performance is set out in the Environmental, Social and Governance Report on pages 64 to 129 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, 2025, the total share capital of the Company was 159,920,907 H Shares, with par value of RMB1.00 each, and no treasury shares were held. 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 (including sale of treasury shares) or redeemable securities during the year ended December 31, 2025.

## CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

For the year ended December 31, 2025, 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, 2025.

## EQUITY-LINKED AGREEMENT

For the year ended December 31, 2025, 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 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, 2025 and no permitted indemnity provision was in force as at the Latest Practicable Date.

# Report of the Board of Directors

## 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, 2025.

## CHARGES AND PLEDGES ON THE GROUP'S ASSETS

As at December 31, 2025, the equity of Lingang Thermal Power held by the Company was used as collateral for the bank loan with balance of RMB8.500 million as at December 31, 2025.

As at December 31, 2025, the assets of the Yangzhou Kaixiang Precision Casting Technology Phase II 4.0 MW rooftop distributed PV power generation project of Yangzhou Qingchang (including but not limited to modules, inverters and support equipment) held by the Group were used as collateral for the bank loan with balance of RMB11.580 million. As at December 31, 2025, the carrying amount of the pledged assets was RMB14.850 million.

As at December 31, 2025, the tariff collection rights of PV project of Tianjin Aviation Logistics held by the Group were used as collateral for the bank loan with balance of RMB7.671 million. As at December 31, 2025, the aggregate carrying amount of the receivable related to the relevant contracts was RMB10.000 million.

As at December 31, 2025, the tariff collection rights of Tianbao Logistics' warehouse distributed photovoltaic project held by the Group were used as collateral for the bank loan with balance of RMB2.097 million. As at December 31, 2025, the aggregate carrying amount of the receivable related to the relevant contracts was RMB12.680 million.

## LOAN ARRANGEMENTS GRANTED BY THE GROUP TO ENTITIES

For the year ended December 31, 2025, 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, 2025 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, 2025.

## SHARE OPTION SCHEME

As of December 31, 2025, 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 attributable to equity shareholders of the Company 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 Board resolved to propose to the shareholders of the Company at the AGM to be held on May 6, 2026, for their consideration and approval of the payment of a final dividend of RMB0.026 per share (tax inclusive) for the year ended December 31, 2025 (the **"2025 Final Dividends"**) to the shareholders of the Company, whose names are listed in the register of members of the Company on May 18, 2026, in an aggregate amount of approximately RMB4.158 million. The 2025 Final Dividends will be denominated and declared in RMB and paid in RMB or Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2025 Final Dividends are expected to be paid on or around July 2, 2026.

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 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.

# Report of the Board of Directors

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, 2025.

All Directors have confirmed that the proposed 2025 Final Dividends of the Company was in line with the Dividend Policy of the Group.

## CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and Shareholders' entitlement to the proposed 2025 Final Dividends, the H Share register of members of the Company will be closed from April 30, 2026 to May 6, 2026 (both days inclusive) and from May 13, 2026 to May 18, 2026 (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 April 29, 2026.

In order to qualify for the proposed 2025 Final Dividends, which are subject to the approval of the Shareholders at the forthcoming AGM, holders of H Shares of the Company must lodge their transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at the above address for registration no later than 4:30 p.m. on May 12, 2026.

## 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, 2025 included the retained profits of approximately RMB41.016 million (2024: RMB37.969 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 RMB340.670 million which include short-term borrowings of RMB184.322 million (including long-term borrowings due within one year of RMB88.522 million) and non-current portion of long-term borrowings of RMB156.348 million, while secured and guaranteed borrowings amounted to RMB188.370 million and unsecured borrowings amounted to RMB152.300 million, of which RMB175.300 million were fixed-rate borrowings and RMB165.370 million were floating-rate borrowings.

# Report of the Board of Directors

## 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, 2025 and up to the date of this report is illustrated below.

<b>Name</b>	<b>Title in the Group</b>	<b>Date of the first appointment/ re-election</b>
ZHOU Shanzhong	Executive Director and chairman of the Board of the Company	December 9, 2019/ January 16, 2026
MAO Yongming	Executive Director of the Company	January 17, 2020/ January 16, 2026
	Deputy general manager of the Company	January 19, 2017/ January 16, 2026
	General manager of the Company (Note 1)	March 26, 2026
YAO Shen	Executive Director of the Company	May 30, 2022/ January 16, 2026
	Deputy general manager of the Company	November 12, 2018/ January 16, 2026
WANG Geng	Executive Director of the Company (Note 2)	May 5, 2022/ January 16, 2026
	General manager of the Company (Note 1)	April 1, 2022/ January 16, 2026
YANG Dingjing	Non-executive Director of the Company	January 16, 2026
SHI Wei	Non-executive Director of the Company	August 6, 2024/ January 16, 2026
CHAN Wai Dune	Independent non-executive Director of the Company	January 17, 2020/ January 16, 2026
ZHANG Huan	Independent non-executive Director of the Company	January 16, 2026
YANG Wei	Independent non-executive Director of the Company	January 16, 2026
WU Guoqi	Non-executive Director of the Company (Note 3)	July 29, 2024
YOU Shijun	Independent non-executive Director of the Company (Note 4)	August 29, 2022/ January 17, 2023
YANG Ying	Independent non-executive Director of the Company (Note 4)	April 4, 2018/ January 17, 2023

# Report of the Board of Directors

<b>Name</b>	<b>Title in the Group</b>	<b>Date of the first appointment/ re-election</b>
LI Yingjie	Chairperson of the Supervisory Board of the Company ( <i>Note 5</i> )	July 28, 2022/ January 17, 2023
SHAO Guoyong	Supervisor of the Company ( <i>Note 5</i> )	January 19, 2017/ January 17, 2023
JIAO Dongxu	Supervisor of the Company ( <i>Note 5</i> )	January 11, 2022/ December 5, 2022
YIN Ning	Chief Financial Officer of the Company ( <i>Note 2</i> )	September 23, 2024/ January 16, 2026
FU Dandan	Secretary to the Board of the Company	November 11, 2024/ January 16, 2026

Note 1: Mr. WANG Geng ceased to serve as the general manager of the Company and Mr. MAO Yongming was appointed as the acting general manager of the Company with effect from March 5, 2026. Mr. MAO Yongming was appointed as the general manager of the Company with effect from March 26, 2026.

Note 2: On April 7, 2026, the Board of the Company nominated Ms. YIN Ning as an executive Director of the Company. The appointment of Ms. YIN as an executive Director is subject to approval by the Shareholders. Mr. WANG Geng has resigned as an executive Director of the Company with effect upon approval of the appointment of a new executive Director by the Shareholders at the 2025 AGM.

Note 3: Mr. WU Guoqi ceased to serve as a non-executive Director of the Company with effect from January 16, 2026.

Note 4: Mr. YOU Shijun and Ms. YANG Ying ceased to serve as independent non-executive Directors of the Company with effect from January 16, 2026.

Note 5: The Company no longer maintained the Supervisory Board with effect from the date of the first extraordinary general meeting in 2025 held on September 22, 2025. Mr. LI Yingjie, Mr. SHAO Guoyong and Ms. JIAO Dongxu resigned as the Supervisors on the same day.

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 AND SENIOR MANAGEMENT**

The biographical details of Directors and senior management of the Company are set out on pages 22 to 27 of this Annual Report.

## **SERVICE CONTRACTS OF DIRECTORS**

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.

Save as disclosed above, none of the Directors 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.

# Report of the Board of Directors

## EMOLUMENTS OF DIRECTORS

The emoluments of the Directors 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 of the Company will not receive any remuneration for their positions as Directors, but will receive remuneration for their other positions in the Company. The details of the remuneration of the Directors of the Company are set out in note 7 to the financial statements.

The emoluments paid to the Directors 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 general meeting.

During the year ended December 31, 2025, the emoluments of the senior managements of the Company (other than executive Directors) are set out as below:

<b>Remuneration (HK\$)</b>	<b>Number of individuals</b>
0 to 1,000,000	2

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

The executive Directors of the Company do not receive any remuneration for their roles as executive Directors and only receive remuneration for other positions they hold within the Company. On March 5, 2026, Mr. WANG Geng resigned as the general manager of the Company and will not receive any remuneration from the Company thereafter.

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

After the end of the year of 2025 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 any entity connected with the Director had a material interest, directly or indirectly. The Supervisory Board of the Company was abolished on September 22, 2025. At any time during the period from January 1, 2025 to September 22, 2025, there were no transaction, arrangement or contract 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 Supervisor or any entity connected with the 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 2025, 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.

# Report of the Board of Directors

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

As at December 31, 2025, no Director 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, 2025, to the knowledge of the Directors, the persons (other than a Director 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	12,592,000 (L)	7.87

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 159,920,907 H Shares in issue as at December 31, 2025.

## 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 2025.

## 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.

# Report of the Board of Directors

## CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt one-off connected transaction during the year ended December 31, 2025.

## 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	Actual
		for 2025	transaction
		RMB'000	amount in 2025
			RMB'000
1. Renewed Construction, Technical Support and Maintenance Services Framework Agreement	TFIHC	8,000	1,792
2. 2024–2025 Natural Gas Sale and Purchase Contract	PetroChina Natural Gas Sales Company Limited Tianjin Branch (“ <b>Natural Gas Supplier</b> ”)	130,000	67,834
3. 2022–2025 Natural Gas Pipeline Transmission Contract	Tianjin PetroChina Compressed Natural Gas Co., Ltd. (“ <b>Pipeline Transmission Supplier</b> ”)	3,000	1,483
4. 2024–2025 Natural Gas Supply and Consumption Contract	PetroChina Tianjin Natural Gas Pipeline Co., Ltd.*	10,000	3,576
5. 2025–2026 Natural Gas Sale and Purchase Contract	Natural Gas Supplier	285,000	207,290
6. 2025–2028 Natural Gas Pipeline Transmission Contract	Pipeline Transmission Supplier	4,800	4,195
7. 2025–2026 Natural Gas Supply and Consumption Contract	PetroChina Tianjin Natural Gas Pipeline Co., Ltd.*	23,000	1,341

### 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.

# Report of the Board of Directors

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 ended/ending December 31, 2024, 2025 and 2026 are RMB8.0 million, RMB8.0 million and RMB8.0 million, respectively.

## **2024–2025 Natural Gas Sale and Purchase Contract**

As Lingang Thermal Power is held as to 15.0% by PetroChina Kunlun Gas Co., Ltd.\* (中石油昆仑燃气有限公司) (“**LTP Investor**”), and the Natural Gas Supplier is a branch of PetroChina 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 2024–2025 Natural Gas Sale and Purchase Contract (the “**2024–2025 Natural Gas Sale and Purchase Contract**”) with the Natural Gas Supplier on April 1, 2024, pursuant to which Lingang Thermal Power procured and received natural gas from the Natural Gas Supplier. The 2024–2025 Natural Gas Sale and Purchase Contract shall be effective from April 1, 2024 to March 31, 2025. Such natural gas, including conventional natural gas, gasified LNG, shale gas, coalbed methane, coal-made natural gas and other gas sources, is produced, purchased and imported by the Natural Gas Supplier. 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% of the composite price in that month in respect of the short fall volume. Since the 2024–2025 Natural Gas Sale and Purchase Contract took effect, Lingang Thermal Power has basically met the minimum consumption volume except for special circumstances (e.g. equipment accidents, changes in government policies, etc.).

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 2024–2025 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, of which the proposed total maximum transaction amount for the period from April 1, 2024 to December 31, 2024 and the three months ended March 31, 2025 shall not exceed RMB298 million and RMB130 million, respectively.

## 2022–2025 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 “**2022–2025 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 2022–2025 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 2022–2025 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 2022–2025 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 2022–2025 Natural Gas Pipeline Transmission Contract, the proposed total maximum transaction amount for the years ended December 31, 2023 and 2024 and the three months ended March 31, 2025 shall not exceed RMB7.5 million, RMB9.5 million and RMB3.0 million, respectively.

## 2024–2025 Natural Gas Supply and Consumption Contract

As Lingang Thermal Power is held as to 15.0% by LTP Investor, and both PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\* (中石油天津天然氣管道有限公司) and LTP Investor are indirect holding companies of PetroChina Company Limited (中國石油天然氣股份有限公司), PetroChina Tianjin Natural Gas Pipeline Co., Ltd. is a connected person of the Company at subsidiary level.

On May 24, 2024, Lingang Thermal Power, a subsidiary of the Company, entered into the Natural Gas Supply and Consumption Contract (the “**2024–2025 Natural Gas Supply and Consumption Contract**”) with PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, pursuant to which Lingang Thermal Power shall procure natural gas from PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, and the gas shall be supplied by pipeline. The 2024–2025 Natural Gas Supply and Consumption Contract shall be valid from May 24, 2024 to March 31, 2025. As determined by Lingang Thermal Power and PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\* 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 supply of natural gas is not higher than the general industrial, commercial and other gas sales price in effect for the current month as announced by the pricing authority. Payment shall be made before delivery and the sale and purchase price of natural gas shall be settled in the middle of the month and at the end of the month separately based on planned gas consumption volume. The difference

# Report of the Board of Directors

will be settled in the following month based on actual gas consumption volume and gas mix. If the consumption volume of natural gas exceeds the contracted volume for that month, the price of the excess consumption volume shall be based on the market price for that month, and a reasonable revenue will be added on top of the procurement cost of PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, and a supplemental agreement shall be signed separately. Pursuant to the Natural Gas Supply and Consumption Contract, if the competent national government authorities introduce new natural gas pricing policies, the natural gas supply prices shall be implemented in accordance with the new policies or mechanisms from the date on which such new policies and mechanisms come into force.

The total procurement cost under the 2024–2025 Natural Gas Supply and Consumption Contract is estimated based on the abovementioned pricing policy and the anticipated procurement volume. During the period of execution of the 2024–2025 Natural Gas Supply and Consumption Contract, it is expected that the total maximum transaction amount will be RMB30 million, of which the proposed total maximum transaction amount for the period from May 24, 2024 to December 31, 2024 and the three months ended March 31, 2025 shall not exceed RMB20 million and RMB10 million, respectively.

## 2025–2026 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 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 2025–2026 Natural Gas Sale and Purchase Contract (the “**2025–2026 Natural Gas Sale and Purchase Contract**”) with the Natural Gas Supplier on April 1, 2025, pursuant to which Lingang Thermal Power procured and received natural gas from the Natural Gas Supplier. The 2025–2026 Natural Gas Sale and Purchase Contract shall be effective from April 1, 2025 to March 31, 2026. Such natural gas, including conventional natural gas, gasified LNG, shale gas, coalbed methane, coal-made natural gas and other gas sources, is produced, purchased and imported by the Natural Gas Supplier. 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. During the validity period of the 2025–2026 Natural Gas Sale and Purchase Contract, the gas volume procured by Lingang Thermal Power has basically met the minimum consumption volume except for special circumstances (e.g. equipment accidents, changes in government policies, etc.).

As 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 2025–2026 Natural Gas Sale and Purchase Contract is estimated based on the abovementioned pricing policy and the anticipated procurement volume. The total maximum transaction amount estimated during the contract term shall not exceed RMB370 million, of which the proposed total maximum transaction amount for the period from April 1, 2025 to December 31, 2025 and the three months ended March 31, 2026 shall not exceed RMB285 million and RMB85 million, respectively.

## 2025–2028 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 “**2025–2028 Natural Gas Pipeline Transmission Contract**”) with the Pipeline Transmission Supplier on April 1, 2025, 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 2025–2028 Natural Gas Pipeline Transmission Contract shall be effective from April 1, 2025 to March 31, 2028.

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 are 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 2025-2028 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 2025-2028 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 the term of the 2025–2028 Natural Gas Pipeline Transmission Contract, the proposed total maximum transaction amount for the nine months ended December 31, 2025, the years ended/ending December 31, 2026 and 2027 and the three months ending March 31, 2028 shall not exceed RMB4.8 million, RMB7.0 million, RMB7.2 million and RMB3.0 million, respectively.

## 2025–2026 Natural Gas Supply and Consumption Contract

As Lingang Thermal Power is held as to 15.0% by LTP Investor, and both PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\* (中石油天津天然氣管道有限公司) and LTP Investor are indirect holding companies of PetroChina Company Limited (中國石油天然氣股份有限公司), PetroChina Tianjin Natural Gas Pipeline Co., Ltd. is a connected person of the Company at subsidiary level.

On May 23, 2025, Lingang Thermal Power, a subsidiary of the Company, entered into the Natural Gas Supply and Consumption Contract (the “**2025–2026 Natural Gas Supply and Consumption Contract**”) with PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, pursuant to which Lingang Thermal Power shall procure natural gas from PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, and the gas shall be supplied by pipeline. The 2025–2026 Natural Gas Supply and Consumption Contract shall be valid from May 23, 2025 to March 31, 2026. As determined by Lingang Thermal Power and PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\* 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 supply of natural gas is not higher than

# Report of the Board of Directors

the general industrial, commercial and other gas sales price in effect for the current month as announced by the pricing authority. Payment shall be made before delivery and the sale and purchase price of natural gas shall be settled in the middle of the month and at the end of the month separately based on planned gas consumption volume. The difference will be settled in the following month based on actual gas consumption volume and gas mix. If the consumption volume of natural gas exceeds the contracted volume for that month, the price of the excess consumption volume shall be based on the market price for that month, and a reasonable revenue will be added on top of the procurement cost of PetroChina Tianjin Natural Gas Pipeline Co., Ltd.\*, and a supplemental agreement shall be signed separately. Pursuant to the 2025–2026 Natural Gas Supply and Consumption Contract, if the competent national government authorities introduce new natural gas pricing policies, the natural gas supply prices shall be implemented in accordance with the new policies or mechanisms from the date on which such new policies and mechanisms come into force.

The total procurement cost under the 2025–2026 Natural Gas Supply and Consumption Contract is estimated based on the abovementioned pricing policy and the anticipated procurement volume. During the period of execution of the 2025–2026 Natural Gas Supply and Consumption Contract, it is expected that the total maximum transaction amount will be RMB35 million, of which the proposed total maximum transaction amount for the period from May 23, 2025 to December 31, 2025 and the three months ended March 31, 2026 shall not exceed RMB23 million and RMB12 million, respectively.

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 C1 to the Listing Rules, the Directors, including the independent non-executive Directors, were able to seek independent professional advice in respect of the relevant transactions from external parties in appropriate circumstances; (iv) the Group engaged auditors to 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 2025, 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 of 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, 2025 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.

# Report of the Board of Directors

## 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, 2025, the total purchases from the five largest suppliers of the Group accounted for 73.1% of the total purchases during the year. The purchase from the largest coal supplier accounted for 7.1% of the total volume of fuel purchased during the year.

For the year ended December 31, 2025, the total sales to the five largest customers of the Group accounted for 54.3% of the total sales during the year. The sales to the largest customer accounted for 13.0% 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, excluding treasury shares) 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 1 and Part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules for the year ended December 31, 2025. Please refer to the section headed "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 training for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal training and training 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, 2025, 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 2025 annual results and the audited financial statements for the year ended December 31, 2025 prepared in accordance with the IFRS Accounting Standards.

## INDEPENDENT AUDITORS

KPMG was appointed as the auditor of the Company's IFRS Accounting Standards financial statements since July 2016 until its retirement in June 2023. SHINEWING (HK) CPA Limited has been appointed as the auditor of the Company's IFRS Accounting Standards financial statements since June 2023. In June 2025, the 2024 annual general meeting of the Company approved the appointment of SHINEWING (HK) CPA Limited as the auditor of the Company's 2025 IFRS Accounting Standards financial statements until the date of conclusion of the 2025 AGM of the Company.

# Report of the Board of Directors

## 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.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ABOLITION OF THE SUPERVISORY BOARD

References are also made to the Company's announcement dated August 22, 2025 and the circular dated September 2, 2025 in relation to the proposed amendments to the Articles of Association, including, among others, the abolition of the Supervisory Board with its powers to be exercised by the audit committee of the Board.

During the Reporting Period, the Company has completed the optimization of its governance structure and abolished the Supervisory Board. Currently, the Board of Directors assumes comprehensive strategic guidance and oversight responsibilities, and performs specialized supervisory functions through its audit committee, remuneration committee and nomination committee to ensure the continuous improvement of the Company's governance standards.

Accordingly, subject to Shareholders' approval of the proposed amendments at the first EGM of 2025, the Company will no longer maintain the Supervisory Board with effect from the date of the first EGM of 2025, and the Rules of Procedures for Meetings of the Supervisory Board shall be repealed simultaneously. The supervisory functions of the former Supervisory Board have been assumed by the Board of Directors and its specialized committees, such as the audit committee, in accordance with laws and regulations. Please refer to the section headed "Corporate Governance Report" in this report for details.

By order of the Board

**Tianjin Tianbao Energy Co., Ltd.**

**ZHOU Shanzhong**

*Chairman of the Board*

Tianjin, the PRC

March 26, 2026

## 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 C1 to the Listing Rules.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors, Supervisors and relevant employees of the Company. Upon making specific enquiries to all of the Directors, Supervisors and relevant employees of the Company, all Directors, Supervisors and relevant employees confirmed that during the Reporting Period, each of the Directors, Supervisors, and relevant employees has strictly complied with the required standards set out in the Model Code.

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

## BOARD OF DIRECTORS

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

The Board shall regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them. The Board currently consists of nine members, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

As at the date of this report, the Board of the Company consists of the following Directors:

### Executive Directors

Mr. ZHOU Shanzhong (周善忠) (*Chairman of the Board*)  
Mr. MAO Yongming (毛永明) (*General manager*)  
Mr. YAO Shen (姚慎) (*Deputy general manager*)  
Mr. WANG Geng (王廣)

### Non-executive Directors

Ms. YANG Dingjing (楊定婧)  
Ms. SHI Wei (史瑋)

### Independent non-executive Directors

Mr. CHAN Wai Dune (陳維端)  
Ms. ZHANG Huan (張歡)  
Ms. YANG Wei (楊威)

# Corporate Governance Report

Biographical information of the Directors is set out in the section headed “Directors and Senior Management” on pages 22 to 26 of this Annual Report.

There are no financial, business, family or other material/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 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 2026 first extraordinary general meeting on January 16, 2026 to elect the Directors for the fourth 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 annual general meeting 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, 2025, the Board held 10 meetings to deal with various important matters of the Company.

# Corporate Governance Report

## 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 January and April 2025, the Company provided multiple training for all Directors. Such training session covered a wide range of relevant topics including Empowering the Agglomeration Development of Strategic Emerging Industries through the Transformation of Scientific and Technological Achievements and Interpretation of the Latest Two Sessions Spirit and Analysis of the Macroeconomic Situation, etc. In addition, relevant reading materials including legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying. Each of the Directors has completed the aforementioned training.

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.

No.	Training time	Training location	Training content	Training length	Organizer
1	January 13, 2025	Video conference	Lecture on Empowering the Agglomeration Development of Strategic Emerging Industries through the Transformation of Scientific and Technological Achievements	2 hours	Tianbao Holdings
2	April 9, 2025	Video conference	Lecture on Interpretation of the Latest Two Sessions Spirit and Analysis of the Macroeconomic Situation	3 hours	Tianbao Holdings

## 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 205 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 Wei (an independent non-executive Director) and Ms. SHI Wei (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, 2025, the audit committee held 3 meetings. The audit committee reviewed the annual results announcement and annual report for 2024, the interim results announcement and interim report for 2025 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 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 and amended the Internal Control Manual. 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.

The Company approved the amendments to the Articles of Association and abolition of the Supervisory Board at the first extraordinary general meeting in 2025 held on September 22, 2025. The relevant supervisory functions are currently performed by the audit committee of the Board.

## REMUNERATION COMMITTEE

The remuneration committee currently comprises three members, namely Ms. ZHANG Huan (chairperson and an independent non-executive Director), Ms. YANG Wei (an independent non-executive Director) and Mr. YAO Shen (an executive Director). The primary responsibilities of the remuneration committee are to review and advise on the appraisal mechanism, the appraisal on service contracts, terms of service contract and remuneration of the Company 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, 2025, the remuneration committee held 6 meetings. The remuneration committee reviewed remuneration matters such as the evaluation of Directors, Supervisors and senior management in 2024, remuneration plan of Directors, Supervisors and senior management in 2025, the remuneration of Directors of the fourth session of the Board, the remuneration of senior management of the fourth session of the Board, performance appraisal and remuneration of the appointed management, and assessed the performance of each of the executive Directors during the Reporting Period and provided advices to the Board on these matters.

# Corporate Governance Report

## NOMINATION COMMITTEE

The nomination committee currently comprises three members, namely Mr. ZHOU Shanzhong (chairperson and an executive Director), Ms. ZHANG Huan (an independent non-executive Director) and Ms. YANG Wei (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, 2025, the nomination committee held 4 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 members of the remuneration committee, and nomination of the Directors, the Chairperson, members of the special committees and senior management of the fourth session of the Board.

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

## BOARD DIVERSITY POLICY

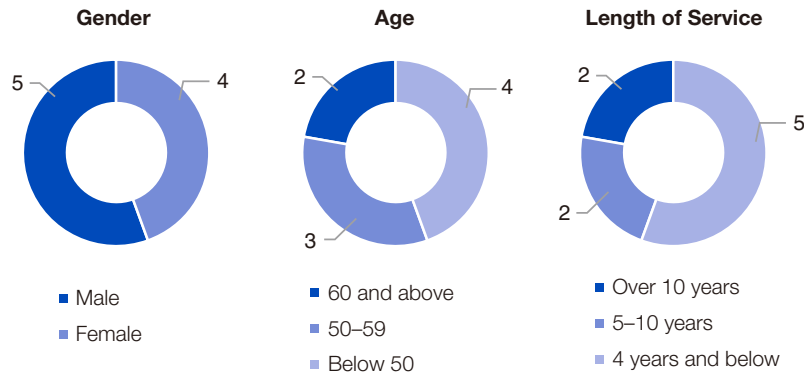
The Board has adopted the Board Diversity Policy with effect from December 2018. The Company recognizes the importance of diversity of the Board members to corporate governance and the Board effectiveness.

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 four 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, one Director also serve as the board member of other listed companies with the benefit of introducing good practical experience to the Group, two Directors have rich experience in risk and compliance governance, and 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.

# Corporate Governance 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 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.

# 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, 2025 is set out in the table below:

Name of Director	Attendance/number of meetings during the term of office				
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
ZHOU Shanzhong	10/10			4/4	2/2
MAO Yongming	10/10				2/2
YAO Shen	10/10		6/6		2/2
WANG Geng	10/10				2/2
YANG Dingjing (Appointed on January 16, 2026)	0/0				0/0
SHI Wei	10/10	3/3			2/2
WU Guoqi (Retired on January 16, 2026)	10/10				2/2
CHAN Wai Dune	10/10	3/3			2/2
ZHANG Huan (Appointed on January 16, 2026)	0/0		0/0	0/0	0/0
YANG Wei (Appointed on January 16, 2026)	0/0	0/0	0/0	0/0	0/0
YOU Shijun (Retired on January 16, 2026)	10/10		6/6	4/4	2/2
YANG Ying (Retired on January 16, 2026)	10/10	3/3	6/6	4/4	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 ideas for the preparation of the Group's "15th Five-Year Plan".

## SUPERVISORY BOARD

Pursuant to the resolutions adopted at the Company's 2025 first extraordinary general meeting held on September 22, 2025, the Company abolished its Supervisory Board on September 22, 2025.

The Supervisory Board held 2 meetings in 2025. During the Reporting Period, the Supervisory Board has considered and confirmed the contents of the annual report and annual results announcement for the year ended December 31, 2024; the contents of the interim report and the interim results announcement for the six months ended June 30, 2025; reviewed and approved the 2024 environmental, social and governance (ESG) report and the 2024 report of the Supervisory Board; reviewed and approved the profit distribution plan in 2024, the evaluation of Directors, Supervisors, and senior management in 2024, the remuneration plan of Directors, Supervisors, person-in-charge and senior management in 2025; considered and approved the resolution on the reappointment of the Company's auditor in 2025. Besides, members of the Supervisory Board presented at 2 general meetings and 7 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, and effectively supervised procedures for convening these meetings and the discussion of subjects the meetings.

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 are 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 and Rules of Procedure of the Board. 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 C3 to 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.

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, the Company had sound financial management system and mechanism, regulated management and reasonable expenses.

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.

The Supervisory Board supervised the internal control of the Company. The Supervisory Board was of the view that, the internal control systems of the Company have been constantly improved and optimized, the internal control mechanism has been effectively implemented, the ability to identify, assess, monitor and respond to risks has been enhanced, and the overall level of internal control work has been continuously improved, thus internal control targets can be realized reasonably.

## **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.

# Corporate Governance Report

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, as well as for being accountable for such systems and reviewing their effectiveness. It should be noted that 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 taking measures such as improving operational efficiency and benefits, corporate governance, risk assessment, and implementing 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 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 2025, 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.

# Corporate Governance Report

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, 2025, 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 2025, 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, including environmental, social and governance risks, to minimize their negative impacts. No major risk events occurred during the year, which fully demonstrated the effectiveness of risk control. The Board of Directors, the audit committee and the auditors 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.

In 2025, the audit committee under the Board conducted a comprehensive and in-depth review of the risk management and internal control systems of the Company. The audit committee confirmed that the existing risk management and internal control systems of the Company are reasonably designed and operating effectively, providing reasonable assurance for the Company to achieve its business objectives. No significant deficiencies or critical issues requiring immediate improvement were identified in 2025. During the 2025 audit, the auditors engaged by the Company conducted an independent assessment of the Company's risk management and internal control systems in accordance with relevant auditing standards and regulatory requirements. The auditors confirmed that the Company's risk management and internal control systems are generally effective and can reasonably ensure the reliability of financial reporting, the efficiency and effectiveness of operations and compliance with laws and regulations. During the audit process, the auditors did not identify any material misstatement risks arising from internal control deficiencies, nor did they find any internal control issues that could have a material impact on the Company's financial position, results of operations and cash flows. Based on this, the Company believes that the system is effective and adequate.

# Corporate Governance Report

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 2025, 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, 2025.

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 130 to 134 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, 2025 amounted to RMB868,000. 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, 2025, 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 general meetings, including the election of individual Directors.

All resolutions put forward at general 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 general 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.

## **PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS**

According to the PRC Company Law, Shareholders who are entitled to propose resolutions at the general meeting of the Company 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 Haibinba Road  
Tianjin Free Trade Zone  
(Tianjin Port Free Trade Zone)  
PRC  
(For the attention of the secretary to the Board)

Email: [tianbaonengyuan@tjtbny.com](mailto: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.

# Corporate Governance Report

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, general meetings and Shareholders' inquiries, and stipulates that the Company shall not disclose Shareholders' information without their consent.

In 2025, the Group held two on-site general meetings for all shareholders, which were attended by all Directors, supervisors and senior management of the Company. One video investor presentation was held for potential investors to introduce the basic information and business operations of the Company, which was attended by the secretary to the Board and persons in charge of relevant business.

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 annual general meetings 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

During the Reporting Period, the Company amended the Articles of Association in accordance with the Transitional Arrangements for the Implementation of Rules and Regulations Related to the New Company Law, the Guidelines for Articles of Association of Listed Companies, and other relevant laws and regulations issued by the China Securities Regulatory Commission, and in light of the actual circumstances and needs of the Company. Such amendments were approved by the shareholders by a special resolution at the first extraordinary general meeting in 2025 of the Company held on September 22, 2025. Details of the amendments are set out in the circular of the extraordinary general meeting of the Company dated September 2, 2025.

The latest version of the Articles of Association is available on the Company's website and the website of the Stock Exchange.

After the Reporting Period, in accordance with the relevant requirements of the Listing Rules and the Guidance on Arrangements for Listed Issuers to Hold or Deposit Treasury Shares in CCASS, and taking into account the actual situation of the Company, corresponding amendments have been made to the Articles of Association. Such amendments have been approved by the Board but are still subject to approval by the Shareholders by way of special resolution at the AGM. Details of the amendments are set out in the announcement of the Company dated March 26, 2026.

# Environmental, Social and Governance Report

## 1 ABOUT THIS REPORT

### 1.1 Overview

This report is the 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, 2025 to December 31, 2025 (hereinafter referred to as “**this Year**”, “**Reporting Period**” or “**2025**”), 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 Code (hereinafter referred to as the “**Code**”) as set out in Appendix C2 of the Listing Rules. This Report has complied with all the “comply or explain” provisions in the Code and has been prepared in accordance with the four reporting principles in the Code: “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. In 2025, the Group referred to international standards such as the Code of the Hong Kong Stock Exchange and the materiality map of Sustainability Accounting Standards Board (SASB), and invited all stakeholders to participate in an online questionnaire, so as to re-identify important ESG topics.

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

**Balance:** This Report should provide an unbiased picture of the Group’s performance during the Reporting Period. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report 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 26, 2026 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 Free Trade Zone (Tianjin Port Free Trade Zone), PRC  
Postal code: 300461  
Phone: +86-22-66276388  
Fax: +86-22-66276388  
Email: tianbaonengyuan@tjtbny.com

## 2 SUSTAINABLE DEVELOPMENT MANAGEMENT

### 2.1 Corporate culture

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

Corporate's mission: to provide efficient and comprehensive power services for the society, let employees show their value in life.

Strategic positioning: a nationally renowned comprehensive energy service provider.

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

### 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 attaches great importance to addressing climate change risks and opportunities. We will perfect our ESG strategies and decisions based on 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.

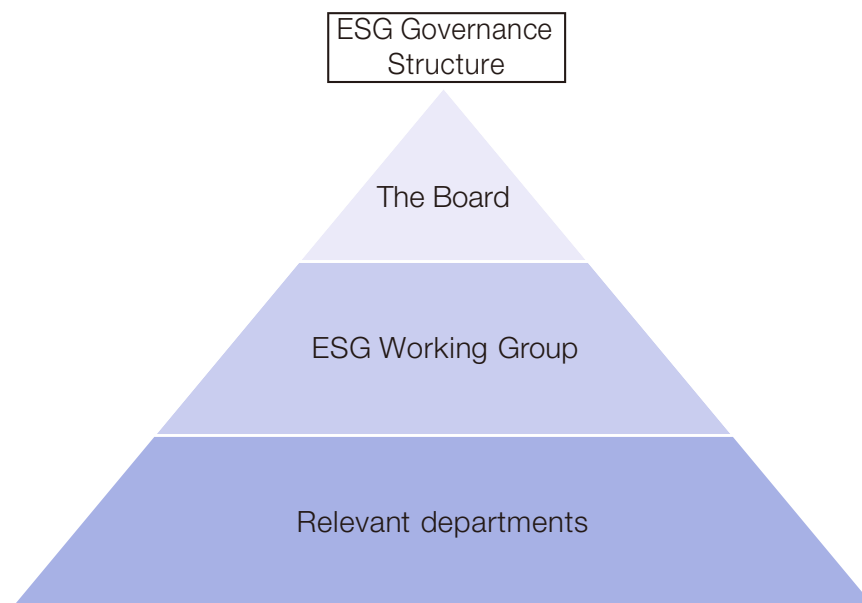
### 2.3 Sustainable development policy

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. 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 highest decision-making and accountable body of the Group for environmental, social and governance (ESG) matters, assumes ultimate responsibility for the ESG governance, strategic planning and risk management of the Group. The Board is responsible for considering, reviewing and approving the ESG governance structure, management approach, medium-and long-term development strategies and overall plans of the Group. It is responsible for identifying, assessing, prioritizing, coordinating and managing the Group's material ESG issues, with a key focus on critical areas such as climate change response, low-carbon transition, green development, environmental protection, social responsibility, employee rights, supply chain management, corporate governance and compliance operation. The Board is also responsible for regularly reviewing the Group's ESG performance, the progress of significant ESG matters and the annual ESG reports. It reviews and approves the external disclosure of information in the report, ensuring its authenticity, completeness, accuracy and compliance with disclosure requirements. This ensures that the Group's ESG governance is transparent and standardized, effectively safeguarding the legitimate rights and interests of stakeholders, including shareholders, customers, employees, partners and the public, and promoting the Group's achievement of sustainable, high-quality and responsible long-term development.

We have established an ESG Working Group, with the general manager serving as the leader and the deputy general manager as the deputy leader, providing direct leadership. The Working Group is primarily responsible for formulating ESG work objectives and implementation plans, coordinating and facilitating communication with stakeholders, conducting materiality identification and assessment of ESG, and continuously tracking and reviewing ESG-related performance and the progress of objective progress, ensuring the effective implementation of standardized management in all ESG tasks, 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, safety and environmental protection 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, identifying sustainable development factors that impact or relate to the Group's business or operation 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.

# Environmental, Social and Governance Report

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

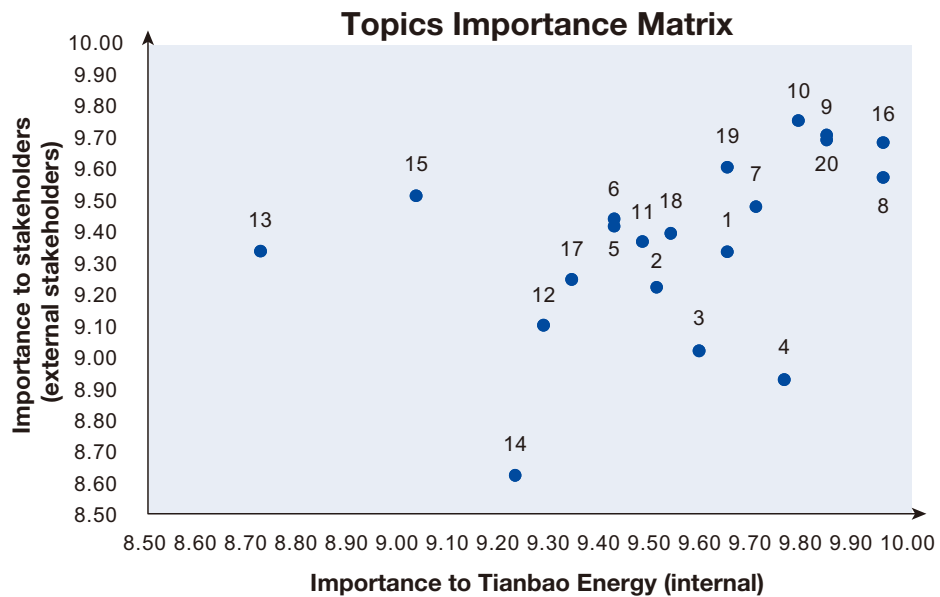
Key stakeholders	Main communication channels
Customers	<ul style="list-style-type: none"> <li>• Customer satisfaction survey and feedback form</li> <li>• Customer service center</li> <li>• Customer relationship manager visits</li> <li>• Product and service complaint hotline</li> <li>• Daily operations/communications</li> <li>• Phone/E-mail/WeChat</li> </ul>
Investors/shareholders	<ul style="list-style-type: none"> <li>• Annual general meetings and other shareholders' meetings</li> <li>• Interim report and annual report, results announcement</li> <li>• Corporate newsletters, such as meeting notices</li> <li>• Company website</li> <li>• Information disclosure</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee training</li> <li>• Channels through which employees express their opinions (e.g. forms, suggestion boxes, communication meetings, intranet, etc.)</li> <li>• Job performance appraisal/interview</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Visit</li> <li>• Phone/WeChat</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supplier/contractor evaluation system</li> <li>• WeChat</li> </ul>
Government/regulatory agencies	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Compliance report</li> </ul>
Communities and the public	<ul style="list-style-type: none"> <li>• Public welfare activities/community service activities</li> </ul>

## 2.6 Materiality Assessment

To allocate resources more efficiently and facilitate the smooth implementation of the ESG work, during this year, the Group referred to international standards such as the Code 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.

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 14 top priority topics and 6 high priority topics.

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



# Environmental, Social and Governance Report

Legend: 1. Emission of greenhouse gases; 2. Climate change response; 3. Energy management; 4. Environmental and natural resource conservation; 5. Water resource management; 6. Waste disposal management; 7. Pollutant emission management; 8. Employee rights; 9. Prohibition of child labor and forced labor; 10. Employee health and safety; 11. Staff training and development; 12. Supply chain management; 13. Employment standards (such as equality and diversity); 14. Community investment and charity activities; 15. Energy service quality management; 16. Production safety management; 17. Customer service and communication; 18. Customer privacy protection; 19. Compliance operation; 20. Anti-corruption.

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

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

**Sound Corporate Governance Structure:** Tianbao Energy has established a comprehensive corporate governance structure, covering the general meeting, the Board and management. With the audit committee included, the Board has set up three professional committees, each of which has formulated detailed rules of procedure. Through this structure, the standardized governance and effective operation of the Company are guaranteed. Meanwhile, all major projects are subject to a collective decision-making and approval process, effectively avoiding risks that may arise from individual decision-making and enhancing the scientificity and fairness of decisions.

**Comprehensive Risk Management System:** Tianbao Energy has established a comprehensive risk management system, which consists of business functional departments, risk management and legal management, as well as internal audit and supervision departments. The Board is responsible for the overall monitoring of the overall risk profile, obtaining a understanding and mastering of the significant risks faced by Tianbao Energy and the current status of risk management in a timely manner, and providing an important basis for the Company's strategic decision-making.

**Establishment of Robust Systems:** Tianbao Energy attaches great importance to the establishment of its various systems, placing it in a prominent position and continuously improving the systems in practice. Tianbao Energy ensures that all business operations are conducted in a standardized, compliant, and risk-controlled manner by implementing a hierarchical and tiered management strategy based on its rules and systems. It reduces compliance risks at the source, enabling the rules and regulations to better adapt to business development and internal control and management requirements, truly ensuring that our systems and procedures as well as risk prevention and control efforts are effectively implemented along with our business expansion, and providing a solid institutional guarantee for the orderly development of various businesses.

**Regular Risk Assessment:** Tianbao Energy regularly organizes and carries out risk assessment in a scientific manner by adopting a combination of qualitative and quantitative approaches. It conducts a comprehensive ranking of risks from two key dimensions: the likelihood of risk occurrence and the degree of impact on business development objectives. Based on the assessment results, risks are classified into four levels: Tier 1, Tier 2, Tier 3, and Tier 4, which allows the precise determination of focus areas and management priorities, and provides a clear direction for the effective implementation of subsequent risk responses.

# Environmental, Social and Governance Report

**Strengthened Implementation of Risk Management System:** Tianbao Energy continuously strengthens the implementation of its internal control system, establishing a comprehensive supervision and inspection mechanism covering before, during, and after the occurrences of events, and maintaining detailed daily records of internal control and management, to ensure that all aspects of the Company's operations comply with internal control requirements. At the same time, Tianbao Energy strengthens the assessment, inspection, and management improvement for key departments, key businesses, and key nodes, carrying out special inspections on a quarterly basis, promptly rectifying the identified issues, and improving management measures.

**Risk Monitoring and Evaluation:** The risk management department undertakes the important responsibility of monitoring changes in risk profiles and is responsible for inspecting the formulation and implementation of response plans for major risks. The internal audit department, on the other hand, conducts comprehensive monitoring and evaluation of the implementation of the Company's risk management systems and procedures. The main content of risk monitoring covers various aspects, including various quantifiable key risk indicators, changes and development trends of non-quantifiable risk factors, the implementation of risk response measures, and the actual effectiveness of risk management, ensuring that the Company can promptly identify and respond to various risks.

## 3 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, safe 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.

### 3.1 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.

## 3.2 Environmental protection management system

The Group has established Measures for 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 audit and risk control department shall be responsible for examining and approving the measures for environmental protection management; provide update opinions regarding the effectiveness, applicability and adequacy of these Measures; provide necessary human, financial and material resources to ensure the continuous and effective operation of the measures for environmental protection management, preside over the investigation, analysis and handling of 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; fully implement relevant regulations and requirements of the State and higher authorities on the supervision of environmental protection technologies. The safety and environmental protection department and thermal power department shall take charge of reviewing the measures 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 pollutants from the Group, such as sulfur dioxide, nitrogen oxides and smoke were lower than the ultra-low emission standards stipulated by laws and regulations.

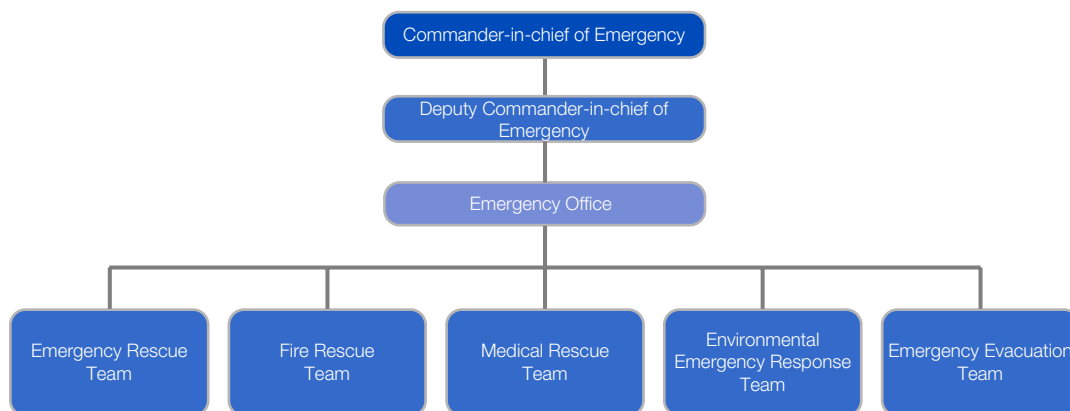
# Environmental, Social and Governance Report

Contents of Measures for Environmental Protection Management	
Contents of environmental protection management:	Contents of management include:
<ul style="list-style-type: none"> <li>Responsibilities for the prevention and control of air pollution and pollution emission management</li> </ul>	<ul style="list-style-type: none"> <li>Emission standards and air pollutant control and management</li> </ul>
<ul style="list-style-type: none"> <li>Rainwater and wastewater drainage control and management</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater drainage management</li> </ul>
<ul style="list-style-type: none"> <li>Solid waste management</li> </ul>	<ul style="list-style-type: none"> <li>Management of domestic waste, construction waste, general solid waste (including scrap steel, discarded furniture, etc.) and industrial solid waste (including ash and slag)</li> </ul>
<ul style="list-style-type: none"> <li>Hazardous waste management</li> </ul>	<ul style="list-style-type: none"> <li>Measures for the prevention and control of hazardous waste pollution management</li> <li>Measures for the identification of hazardous waste labels</li> </ul>
<ul style="list-style-type: none"> <li>Noise control and management</li> </ul>	<ul style="list-style-type: none"> <li>Noise sources, noise control principles and measures</li> </ul>
Management of original supporting documents, standing books, reports and disclosure	Management of original supporting documents, standing books, implementation reports and disclosure
<ul style="list-style-type: none"> <li>Quality management of self-monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Self-monitoring requirements, manual monitoring and automatic monitoring management</li> </ul>
<ul style="list-style-type: none"> <li>Environmental protection education and training management</li> </ul>	<ul style="list-style-type: none"> <li>Targets and content of environmental protection education and training, training plans and implementation, and training assessment and evaluation</li> </ul>
<ul style="list-style-type: none"> <li>Emergency response plans and drills for environmental incidents</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of emergency response plans for environmental incidents, emergency supplies reserve for environmental incidents, and emergency drills for environmental incidents</li> </ul>

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.

# Environmental, Social and Governance Report

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



### 3.3 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 2025, 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 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.

In order to ensure a stable and standard-compliant hourly emission concentration of smoke emissions generated by its Thermal Plant, the Group continued to implement the Reward and Punishment Plan for Environmental Protection in Tianjin Tianbao Energy Co., Ltd. (the "**Reward and Punishment Plan**") in 2025. For the thermal plant outsourced to external units, the Reward and Punishment Plan examines the emissions of smoke, SO<sub>2</sub> and NO<sub>x</sub> from its Thermal Plant during the operation period operated by those units. In addition, assessment criteria, plans, reward and punishment systems are stipulated in the Reward and Punishment Plan in a detailed way.

In 2025, 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<sub>2</sub>, NO<sub>x</sub> and smoke of 35/50/10 mg/m<sup>3</sup> 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).

# Environmental, Social and Governance Report

Our 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 hazardous wastes and industrial solid wastes respectively. In 2025, the Group observed the above regulations and implemented the Measures for Environmental Protection Management to ensure compliance with the separate collection and safe disposal of solid wastes. In respect of the hazardous wastes generated during the Group's production process, which comprise waste mineral oil and waste oil tanks, the Group complied with the Administrative Measures for Hazardous Waste Transfer promulgated by the Ministry of Ecology and Environment and other related regulations, and hired a third party with the qualification issued by competent environmental protection authorities to carry out the collection, storage and disposal of hazardous wastes for the collection, safe transport and proper disposal of waste oil and waste oil tanks. In respect of stove ashes, slags, MgO residues and general industrial solid waste generated during the production process of the Group's coal-fired power plants, all of which are 100% recycled and reused. 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. Fly ash is primarily used in the production of concrete. It is added at a proportion of approximately 10% per cubic meter of concrete, which effectively enhances lubrication within concrete pump pipelines during transportation. Slags and MgO residues are primarily used in pipeline laying works and the production of dry mortar. During pipeline laying works, they are placed beneath pipelines to ensure proper levelling and alignment. During dry mortar production, following high-temperature processing and grinding into powder form, they are incorporated into the mortar to facilitate color adjustment.

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.

## 3.4 Addressing climate change

Tianbao Energy has been actively responding to climate change. It fully implements the Hong Kong Stock Exchange's climate information disclosure requirements, scientifically identifies climate-related risks and opportunities, and strengthens its own adaptability and resilience in response to climate change. It also builds a climate change governance system, optimizes response strategies, strengthens risk management, sets greenhouse gas emission reduction targets and assesses their effectiveness, so as to comprehensively enhance its climate change management capabilities and resilience and help achieve the Company's sustainable development goals.

## **3.4.1 Governance system for addressing climate change**

Tianbao Energy attaches great importance to the governance and disclosure of climate-related risks and opportunities. It has established a climate change governance system framework with the Board, the ESG Working Group and relevant departments at its core, clarified the division of responsibilities, and implemented responsibilities at all levels to promote the efficient development of climate governance work.

### *Governance System Architecture:*

Governance structure: As the highest decision-making body for the Company's response to climate change governance, the Board formulates climate governance-related plans and objectives, sets long-term development directions, holds at least one meeting annually to review major climate-related annual matters, supervises the implementation of climate-related policies and the progress of climate objectives, and reviews and guides the work of the ESG Working Group.

ESG Working Group: The working group is directly led by the Company's general manager, with the deputy general manager serving as the deputy group leader. It is responsible for reviewing the Company's climate-related strategies and policies, identifying and assessing climate risks and opportunities, assisting in the formulation of climate goals and standards, monitoring the effectiveness of policy implementation, and providing advice to the Board.

Executive level: Composed of various departments within the Company, it is the main body responsible for implementing climate-related risk and opportunity management, and is responsible for carrying out specific climate governance work in their respective professional fields.

## **3.4.2 Climate response strategies**

### *Climate risk and opportunity identification*

In accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX), we have improved our risk management process for addressing climate change, and conducted analysis from the perspectives of "climate-related risks and opportunities, business model and value chain, strategy and decision-making, financial condition, financial performance and climate resilience". Based on the national "dual carbon" goals and the Company's green and low-carbon transformation and development, we divided the timeframes into short, medium, and long-term. Through data analysis, management interviews, internal discussions, and risk scoring to assess and rank various climate risks, we formulated targeted countermeasures and created a list of physical risks and transformation risks to enhance the Company's ability to cope with climate change.

# Environmental, Social and Governance Report

## Risk Identification Checklist

			Risk Description	Potential Major Financial Impact	Response Strategies	Potential Opportunities
Physical Risks	Acute physical risks	Short term (2026–2030) Medium term (2031–2035)	<p>Extreme weather events, such as floods, typhoons, and droughts.</p> <ul style="list-style-type: none"> <li>Operating locations may need to be temporarily closed</li> <li>Extreme weather could cause employee injuries or fatalities, potentially disrupting production and supply</li> <li>Damage to manufacturing facilities and equipment</li> <li>Supply chains may be disrupted due to the mandatory closure of highways, railways, and roads</li> </ul>	<p>Extreme weather events may lead to increased operating costs: On the one hand, extreme weather can damage new energy assets, reduce power generation, and cause equipment damage, which will increase operating costs. On the other hand, extreme weather may impact upstream fuel suppliers, increasing supply chain management costs for power plant operations.</p> <p>Frequent extreme weather events can lead to increased employee costs for businesses. During prolonged periods of extreme cold or heat, companies will increase their subsidies and support for on-site staff.</p> <p>Existing assets will be scrapped ahead of schedule, and the value of fixed assets will decrease.</p> <p>Government agencies may impose fines or order production restrictions.</p>	<p>Establish a complete emergency response system for extreme weather, including preventive measures before the flood season and recovery measures after the flood season.</p> <p>In its daily operations, the Company closely monitors weather forecasts and early warning information, keeps abreast of the dynamics and impacts of typhoons and floods, and conducts real-time monitoring and early warning work.</p> <p>When a disaster occurs, the emergency response mechanism will be activated immediately, and the emergency response plan will be initiated as soon as possible.</p> <p>Perform proper equipment maintenance and promptly repair facilities damaged after extreme weather events.</p> <p>Strengthen management training for suppliers and establish emergency plans for special circumstances.</p> <p>Enhance employees' emergency response capabilities and increase investment in ensuring employees' personal safety in extreme weather conditions.</p>	<ul style="list-style-type: none"> <li>Adopt more efficient transportation methods.</li> <li>Develop and invest in disaster management and emergency response systems to create new business plans.</li> </ul>
	Chronic physical risks	Medium term (2031–2035) Long term (2036–2060)	<p>Global warming; the risk of production and operation being affected by chronic climate disasters such as sea-level rise.</p>	<p>Climate change may increase management costs. Rising sea levels could damage some power facilities and increase infrastructure costs. Damage to water resources could lead to insufficient water supply for power plants, increasing operating costs. In the long run, it will affect the stability of cogeneration operations and increase operating costs.</p>	<p>Allocate different types of assets to diversify risk.</p> <p>Use extreme climate models to assess the project's future operations and the resilience of its physical assets in the face of extreme weather conditions.</p>	<p>Develop low-carbon energy: Climate warming has driven an increase in global demand for low-carbon, zero-emission energy.</p>

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			Risk Description	Potential Major Financial Impact	Response Strategies	Potential Opportunities
Transformation Risks	Policies and laws	Short term (2026–2030)	In 2021, the State Council issued the Action Plan for Achieving Carbon Peak Before 2030, and in 2024, it promulgated relevant regulations and documents such as the Interim Regulations on the Administration of Carbon Emission Trading. If national policies and related requirements change, we may need to keep up with the latest technological and trend developments to meet higher industry requirements.	Increased compliance costs: The Company needs to invest more resources to comply with increasingly stringent regulatory requirements and implement higher quality information disclosure.  Increased operating costs: Policies may impose strict requirements on climate regulation, increase carbon allowance prices, and raise operating costs.	Gradually adjust the ratio of coal-fired power generation to new energy power generation.  Focus on strategically emerging industries, promote the development of integrated energy, energy storage, and green electricity trading, and open up new avenues for development.  Formulate and implement emission reduction strategies, and closely monitor the carbon emission pricing mechanism of the national carbon market.	Opportunities for clean energy development: With restrictions and controls on carbon emissions, the Company may have the opportunity to increase investment and development in clean energy, such as wind, solar, and geothermal energy, to meet the needs of a low-carbon economy.
	Market and technology	Short term (2026–2030) Medium term (2031–2035)	<ul style="list-style-type: none"> <li>The market demands products and services with lower carbon emissions;</li> <li>Strict requirements for clean-energy transformation technologies for existing coal-fired power plants;</li> <li>High technical requirements for renewable energy consumption and grid stability;</li> <li>The development of energy storage technology is limited;</li> <li>Changes in electricity trading market rules;</li> <li>Carbon trading requirements have been raised.</li> </ul>	Increased technology research and development costs: The cost of technological research and development in emerging fields such as environmental protection transformation technology innovation, new energy consumption technology, and energy storage technology is increasing.  Increased costs for training professional personnel: Talent is the foundation of technological innovation. The Company needs to build and cultivate a team of professional and technical personnel to make strides in emerging fields.	Strengthen cooperation among industry, academia, research and application, and carefully select technological paths in the process of low-carbon transformation.  Promote the combined application of energy storage with distributed and centralized emerging energy power generation. Strengthen employee professional skills training and enhance technological innovation capabilities.  Actively develop the new energy power generation sector, and increase the proportion of new energy power generation to meet market demand.	<ul style="list-style-type: none"> <li>Enter new markets.</li> <li>Make good use of government incentive programs.</li> <li>Driven by technological innovation: Low-carbon market and technological requirements will accelerate the Company's technological innovation process.</li> </ul>
	Reputational risks	Medium term (2031–2035) Long term (2036–2060)	<ul style="list-style-type: none"> <li>Disrupt existing cooperation arrangements or weaken the ability to attract new partners.</li> <li>It will lose its competitive advantage when compared to competitors who consistently outperform it.</li> <li>Extreme weather can lead to negative public opinion regarding power-related accidents.</li> <li>Receiving environmental regulatory penalties can lead to investor skepticism.</li> </ul>	Negative environmental information will affect a company's reputation in the capital market: If a company is subject to environmental regulatory penalties or an environmental incident occurs, it will affect its financing in the capital market.  This will lead to intense competition in the retail market and volatility in the energy market.  Operating expenses will increase.	Strengthen investor relations management, protect investors' right to know, and enhance the timeliness of information disclosure.  Follow the sustainable development strategy, strengthen environmental management awareness, and improve environmental management systems.	Reputation management and brand rebranding: This will prompt the Company to place greater emphasis on its reputation management, providing opportunities for brand repositioning and enhancing its public image through strengthened environmental and sustainable development measures.

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## Potential impact of climate-related risks on business models and value chains

Risk Type	Climate-related Risks	Impact on Business Model	Impact on Value Chains
Climate-related physical risks			
Acute physical risks	<p>Extreme weather events, such as floods, typhoons, and droughts.</p> <ul style="list-style-type: none"> <li>Operating locations may need to be temporarily closed</li> <li>Extreme weather could cause employee injuries or fatalities, potentially disrupting production and supply</li> <li>Damage to manufacturing facilities and equipment</li> <li>Supply chains may be disrupted due to the mandatory closure of highways, railways, and roads</li> </ul>	<p>Financial performance and resources in high-risk areas are expected to be jeopardized;</p> <p>Negative impacts on the workforce (such as employee health, safety, absenteeism, etc.);</p> <p>Operating locations may need to be temporarily closed;</p> <p>Damage to office space and equipment;</p> <p>Insufficient supply of utilities (such as water and energy) required for production.</p>	<p>Decreased production capacity (e.g., supply chain disruptions, transportation difficulties).</p> <p>Assets located in high-risk areas may have uncertain prospects.</p> <p>Business disruptions may lead to reduced output.</p>
Chronic physical risks	Global warming; the risk of policies, production and operation being affected by chronic climate disasters such as sea-level rise.		
Climate-related transformation risks			
Policies and laws	In 2021, the State Council issued the Action Plan for Achieving Carbon Peak Before 2030, and in 2024, it promulgated relevant regulations and documents such as the Interim Regulations on the Administration of Carbon Emission Trading. If national policies and related requirements change, we may need to keep up with the latest technological and trend developments to meet higher industry requirements.	<p>Policy changes may lead to the premature scrapping of existing assets;</p> <p>Energy efficiency standards are expected to change;</p> <p>Deploy new energy power generation operations and processes for compliance.</p>	Demand for high-emission products and services is expected to decrease.

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Risk Type	Climate-related Risks	Impact on Business Model	Impact on Value Chains
Market and technology	<ul style="list-style-type: none"> <li>The market demands products and services with lower carbon emissions;</li> <li>Strict requirements for clean-energy transformation technologies for existing coal-fired power plants;</li> <li>High technical requirements for the stable grid connection and absorption of new energy sources;</li> <li>The development of energy storage technology is limited;</li> <li>Changes in electricity trading market rules;</li> <li>Carbon trading requirements have been raised.</li> </ul>	<p>Increase spending on research and development of new and alternative technologies;</p> <p>Develop new technologies;</p> <p>Changes in input costs (such as raw materials, energy, and water) and output demands (such as waste disposal);</p> <p>Sudden changes in energy costs;</p> <p>Asset repricing (such as petrochemical fuel reserves, land valuation, securities valuation).</p>	<ul style="list-style-type: none"> <li>Demand for high-emission goods/services is expected to decrease</li> <li>Expected changes in consumer preferences</li> <li>Changes in income composition and sources</li> </ul>
Reputational risks	<ul style="list-style-type: none"> <li>Disrupt existing cooperation arrangements or weaken the ability to attract new partners.</li> <li>It will lose its competitive advantage when compared to competitors who consistently outperform it.</li> <li>Extreme weather can lead to negative public opinion regarding power-related accidents.</li> <li>Receiving environmental regulatory penalties can lead to investor skepticism.</li> </ul>	<ul style="list-style-type: none"> <li>Workforce management and planning (such as employee recruitment and retention) can have negative impacts</li> <li>Reduced available capital</li> </ul>	<ul style="list-style-type: none"> <li>Demand for high-emission goods/services is expected to decrease</li> <li>Stigmatized suppliers may lead to reduced production capacity (such as delayed planning approvals and supply chain disruptions)</li> </ul>

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## Potential impact of climate-related opportunities on business models and value chains

Opportunity Type	Climate-related Opportunities	Impact on Business Model	Impact on Value Chains
Resource efficiency	<ul style="list-style-type: none"> <li>• Adopt more efficient transportation methods</li> <li>• Use more efficient production and sales processes</li> <li>• Recycling and reuse</li> <li>• Reduce water consumption and water usage</li> </ul>	<ul style="list-style-type: none"> <li>• Improve efficiency</li> <li>• It is beneficial for workforce management and planning (such as improving health and safety, employee satisfaction, and productivity)</li> </ul>	<ul style="list-style-type: none"> <li>• Increase production capacity</li> </ul>
Energy sources	<ul style="list-style-type: none"> <li>• Use low-carbon energy</li> <li>• Adopt incentive policies</li> <li>• Use new technologies</li> <li>• Participate in the carbon trading market</li> </ul>	<ul style="list-style-type: none"> <li>• Use the lowest cost emission reduction methods</li> <li>• Reduce the risk of increases in the future fossil fuel price (e.g., by changing the energy mix)</li> <li>• Reduce greenhouse gas emission risks</li> <li>• Increased capital supply (e.g., more investors are optimistic about low-carbon manufacturers)</li> </ul>	<ul style="list-style-type: none"> <li>• It is expected that the reputation will improve and the demand for goods/services will increase</li> </ul>
Markets	<ul style="list-style-type: none"> <li>• Enter new markets</li> <li>• Make good use of government incentive programs</li> </ul>	<ul style="list-style-type: none"> <li>• Enter new and emerging markets (e.g., partnering with governments)</li> </ul>	<ul style="list-style-type: none"> <li>• Reach new and more efficient suppliers</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>• Participate in renewable energy projects and adopt energy-saving measures</li> <li>• Adopt alternative energy/diversification</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen resilience planning (such as infrastructure and supply chain reliability)</li> </ul>	<ul style="list-style-type: none"> <li>• New products and services related to ensuring resilience</li> <li>• Improve supply chain reliability and operational capabilities under different conditions</li> </ul>

### 3.4.3 Climate resilience

To effectively assess and address climate-related risks and opportunities, Tianbao Energy, based on its own green and low-carbon transformation and development path and in conjunction with policy and industry development trends, has conducted climate risk scenario analysis and stress testing. By simulating different climate scenarios, the potential impact of transformation risks and physical risks on the Company's operations and financial performance is analyzed.

#### *Climate scenario analysis*

Tianbao Energy takes a proactive approach to anticipating and managing the impact of climate on its business model, including incorporating climate resilience into the core of its strategic management.

#### *Summary of climate scenario analysis process*

Define the scope and boundaries	We identified the most critical business segments to the Company based on their financial contributions, and ultimately selected two companies for scenario analysis. These companies accounted for more than 80% of the Group's pre-tax profit (EBIT) and total asset value. These operating companies operated businesses including combined heat and power generation, and their industries were likely to be significantly affected by climate change.
Prioritized risks and opportunities	We employed a systematic approach to assess the likelihood of climate-related events and their potential impact on the value chains of selected operating companies, prioritizing these companies for significant climate risks and opportunities. The discussion took into account the potential revenue and cost risks of operating companies, as well as their ability to address climate-related impacts.
Set the scenario	We analyzed the 4-degree Celsius path (the development path scenario of maintaining the status quo) and the 1.5-degree Celsius path (the scenario of conforming to the Paris Agreement). The development path scenario of maintaining the status quo assumed how the economy will develop without the introduction of a new climate policy; while the scenario of conforming to the Paris Agreement assumed the possible future economic development path if a new climate policy is successfully introduced.

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Conduct scenario analysis	<p>Physical risks: Varying by region and industry, the analysis examined the five extreme weather hazards the Group faced over time under two climate scenarios.</p> <p>Transformation risks and opportunities: Varying by region and industry, the potential changes of multiple macroeconomic factors over time under two climate scenarios were simulated.</p>
Test stress resistance	<p>Consider the potential impact of extreme weather hazards on business disruptions and facility damage.</p> <p>Consider the potential impact of changes in macroeconomic factors on the transformation risks and opportunities.</p>

To develop mitigation strategies. We used two scenarios for the period up to 2060 to test and assess the business' s resilience to inherent uncertainties. We considered two scenarios: a high-emission/status-quo development path (increase of 4-degrees Celsius) and a stringent standard aimed at a low-carbon economy (increase of 1.5-degrees Celsius). This served as a basis for fully considering both the physical risks and the transformation risks, and for understanding the potential impact on business development under different future circumstances.

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## Overview of hypothetical scenarios and underlying data sources

Scenario Assumptions	4-degrees Celsius Development Path Scenario of Maintaining the Status Quo	1.5-degrees Celsius Highly Transformative Scenario
Carbon reduction trend	Assuming everything remains normal, emissions will continue to increase.	The global carbon reduction trajectory aligns with the goals of the Paris Agreement, which aims to limit global warming to well below 2 degrees Celsius by 2100, and ideally to 1.5 degrees Celsius.
Policy expectations	Existing regulatory regimes will continue to be implemented, and government or state intervention in climate change will not exceed current levels.	The existing regulatory framework will continue to be effective, and the government will implement additional emissions reduction measures to achieve the global target of 1.5 degrees Celsius.
Substantial impact	Weather events related to climate change are becoming more severe and more frequent.	The chances of severe weather events related to climate change may decrease.
GDP growth	The GDP is expected to continue to grow based on historical trends.	Most economies are still able to achieve GDP growth, but at a slower pace, as resources are being diverted from other production activities in an effort to achieve the global goal of 1.5 degrees Celsius.
Electricity demand	Consistent with the current level.	Policies supporting electric vehicles and natural gas as alternative energy sources will drive up electricity consumption, but improved energy efficiency and increased consumer use of distributed photovoltaic systems will help save energy, offsetting some of the increased demand.
Natural gas demand (fossil fuel source)	Consistent with the current level.	Usage is relatively stable in the short term, but is expected to decline sharply starting in 2030.
Carbon pricing	Carbon-free pricing.	Carbon prices will remain low until 2030, after which the rapid implementation of climate policies will lead to very high global carbon prices in various regions for an extended period.
Fuel prices	The government has not implemented any further policies, so fuel prices have only fluctuated moderately.	Fuel prices, primarily driven by the chosen carbon policies, are expected to rise significantly.
Labor prices	It is rising steadily, consistent with previous trends.	Labor demand and prices are influenced by economic constraints.

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Based on the Company's strategic planning and risk management approach, we elaborated on the response strategies we have adopted for the climate risks and opportunities that have a significant impact on the Company, as follows. Our scenario analysis adopted 2021 as the base year, and then described the scale and potential impact of each scenario, as well as how they will occur in different timeframes: short-term (1–5 years), medium-term (6–10 years), and long-term (11–35 years). The selected timeframe aligned with the time-bound nature of our internal planning and reflected the long-term nature of our infrastructure assets.

## *Define the scope and limits of scenario analysis*

Scenario analysis first identified which businesses were the most critical to the Company based on their financial contribution, even though each operating company was important to the Company's pre-tax profit and total assets. However, we also considered the strategic importance of the business to ensure that most of the risks taken had significant financial value, and that diversified and regional businesses were included. After conducting a financial materiality review and strategic considerations, we performed scenario analysis on two industries located in two regions. The selected businesses accounted for more than 80% of the Company's pre-tax profit and total asset value.

## *Potential impact of assessed physical risks*

Climate change could lead to more frequent and severe extreme weather events (such as floods and typhoons) (acute risks) and longer-lasting events (such as extreme wind speeds and extreme heat) (chronic risks). These disasters can cause severe business disruptions and asset damage, resulting in revenue loss. To assess such physical risks, we paired assets with their respective main business areas and regions. We analyzed a series of disasters under two climate scenarios, using different timelines. We considered the potential risks of asset damage and business disruption for each scenario and risk type, ultimately arriving at a total financial figure reflecting the physical risks of climate change.

Region	Business area	Scenario	Potential risks within the time frame											
			Coastal flooding			River flooding			Surface water flooding			Extreme high temperature		
			Short-term (2026-2030)	Medium-term (2031-2035)	Long-term (2036-2060)	Short-term (2026-2030)	Medium-term (2031-2035)	Long-term (2036-2060)	Short-term (2026-2030)	Medium-term (2031-2035)	Long-term (2036-2060)	Short-term (2026-2030)	Medium-term (2031-2035)	Long-term (2036-2060)
Haigang	Coal-fired power generation/steam supply	4 degrees Celsius			Minor risks			Minor risks	Minor risks	Low risks	Low risks			Low risks
		1.5 degrees Celsius			Minor risks			Minor risks	Minor risks	Low risks	Low risks			Low risks
Lingang	Gas-fired power generation/steam supply	4 degrees Celsius			Minor risks			Minor risks	Minor risks	Low risks	Low risks			Low risks
		1.5 degrees Celsius			Minor risks			Minor risks	Minor risks	Low risks	Low risks			Low risks

Legend: High risks — exceeding 1.5% of asset value; medium risk — 0.2–1.5% of asset value; low risks — 0.01–0.2% of asset value; and minor risks — less than 0.01% of asset value.

## *Main conclusions:*

The results showed that, compared with other models analyzing risks, the risk of surface water flooding was higher, followed by extremely high temperatures. While existing physical risk models cannot fully reflect the complexity of risks when they occur, sea level rise is expected to pose a risk to the reliability and asset integrity of our two operating power plants. Meanwhile, the potential impact of extremely high temperatures under the 4-degree Celsius scenario on cogeneration operations may expand in the long term.

## *Manage physical risks and enhance climate resilience*

We have identified businesses that are vulnerable to specific disasters through physical risk assessment. Overall, the risk of potential financial impact on the Company is lower in the 1.5-degree Celsius scenario than in the 4-degree Celsius scenario. This reflects the climate impacts of extreme weather events caused by global warming. Although regulatory agencies have provided support to ensure that the network performs to a certain standard to safeguard the resilience and stability of the energy supply system, Tianbao Energy has also developed a comprehensive emergency response plan, which includes evacuation procedures, timely communication with emergency services, and the provision of medical assistance. To ensure that the plan is well-prepared and ready at any time, Tianbao Energy continuously tests its emergency equipment and conducts regular emergency drills. In addition, we have proactively taken a series of measures to enhance the resilience of our infrastructure to climate-related risks. Facilities vulnerable to flooding have been equipped with flood protection measures and undergo reliability testing to ensure preparedness for unexpected extreme weather events.

The risk profiles of our assets vary depending on their category and unique characteristics, which means that a diversified portfolio can help further mitigate risk. In our analysis, we also considered existing mitigation and adaptation strategies. We closely monitor the structural resilience of our assets under different weather conditions. Our operations and capital investment strategies focus on strengthening the integrity of our assets in a climate change environment, while developing business continuity strategies for the Company to mitigate the impact of extreme weather events.

## *Potential impact of assessed transition risks and opportunities*

To drive a net-zero transition and meet ever-increasing energy demands, we must develop new renewable or alternative energy sources and ensure the availability of supporting critical infrastructure. As an investor in the power generation market, the Company plans to gradually develop and implement comprehensive carbon reduction strategies and climate response measures at the business unit level. This could lead to increased operating costs, ineffective business decisions, failure to comply with continuously updated regulatory requirements, and other potential risks.

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However, the need for transition toward a sustainable future is also full of opportunities. Proactively managing the risks and opportunities of transition can not only enhance Tianbao Energy’s ability to predict and adapt to urgent changes, but also reduce the Company’s operating costs and enhance its ability to adapt to changes in market demand. To assess these transition risks and opportunities, we projected adjustments to key macroeconomic indicators under selected climate scenarios and analyzed how they would affect the financial performance of the Group’s key businesses over time.

When assessing transition risks, the Celsius 4 scenario serves as a benchmark for “business-as-usual path”, describing a future scenario in which current emission trends will continue without significant changes in policy or behavior. However, the core focus of our transition risk assessment is the 1.5-degrees Celsius scenario, because this scenario is not only more proactive, but is also gradually becoming the policy direction for various parts of the world after the signing of the Paris Agreement. It reflects the direction that the world still needs to work towards in order to significantly reduce emissions and mitigate the severe consequences of climate change.

Risks/ opportunities	Related industry	Region	Scenario	Major impact	Potential impact within the time frame			Main conclusions
					Short term (2026-2030)	Medium term (2031-2035)	Long term (2036-2060)	
The technical requirements for clean energy transformation of existing coal-fired power plants have been raised	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Clean coal power plant transformation technologies increase operating costs	Increased risk	Increased risk	Increased risk	The Haigang Plant is significantly affected by the clean coal power conversion, while the Lingang Plant is unaffected.
			1.5 degrees Celsius		Increased risk	Increased risk	Increased risk	
		Lingang	4 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	
			1.5 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	
Shift in demand for new energy power grids	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Increased demand has led to increased capital investment and revenue in the new energy power generation business	Increased risk	Increased risk	Increased risk	The new energy power generation business poses a significant risk to the Haigang Plant’s transition.
			1.5 degrees Celsius		Increased risk	Increased risk	Increased risk	
		Lingang	4 degrees Celsius		Increased opportunities	Increased opportunities	Increased opportunities	
			1.5 degrees Celsius		Increased opportunities	Increased opportunities	Increased opportunities	
Fuel prices rise	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Increased operating costs	Increased risk	Increased risk	Increased risk	Rising fuel prices have a significant impact on companies that consume raw coal/natural gas/electricity.
			1.5 degrees Celsius		Increased risk	Increased risk	Increased risk	
		Lingang	4 degrees Celsius		Increased risk	Increased risk	Increased risk	
			1.5 degrees Celsius		Increased risk	Increased risk	Increased risk	

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Risks/ opportunities	Related industry	Region	Scenario	Major impact	Potential impact within the time frame			Main conclusions
					Short term (2026–2030)	Medium term (2031–2035)	Long term (2036–2060)	
Rising labor costs	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Increased operating costs	No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	The Company's refined labor management has resulted in minimal impact from rising labor costs, thus limiting the increase in operating costs.
			1.5 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	
		Lingang	4 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	
			1.5 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	No risk/ no opportunity	
Carbon quotas will be reduced and carbon prices will increase	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Increased operating costs	No risk/ no opportunity	No risk/ no opportunity	Increased risk	Carbon prices have a significant impact, but demand is limited. Considering regional raw coal consumption levels, there is no risk/opportunity in the short to medium term.
			1.5 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	Increased risk	
		Lingang	4 degrees Celsius	Increased operating costs	No risk/ no opportunity	No risk/ no opportunity	Increased risk	
			1.5 degrees Celsius		No risk/ no opportunity	No risk/ no opportunity	Increased risk	
Raw material prices rise	Power and heat generation and supply industry	Haigang	4 degrees Celsius	Increased operating costs	Increased risk	No risk/ no opportunity	No risk/ no opportunity	Increased energy consumption has led to higher raw material costs, which are expected to have a significant impact in the short term.
			1.5 degrees Celsius		Increased risk	No risk/ no opportunity	No risk/ no opportunity	
		Lingang	4 degrees Celsius		Increased risk	No risk/ no opportunity	No risk/ no opportunity	
			1.5 degrees Celsius		Increased risk	No risk/ no opportunity	No risk/ no opportunity	

Impact: Increased opportunities, no risk/no opportunities, increased risk

Note: The results show that operating costs may vary. The Company adjusts product prices in response to fluctuations in raw material prices, ensuring we can gradually recover rising costs. This allows our revenue to increase in tandem with operating cost expenditures, thereby maintaining financial stability.

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## *Manage transition risks, build resilience and seize opportunities*

By assessing the impact of the transition under a 1.5-degree Celsius scenario, we have come to understand a growing global consensus that taking proactive and timely action is crucial. To limit global warming to 1.5 degrees Celsius, we must implement stringent policy measures, accelerate technological development, and guide investors and consumers to recognize these needs. This will help us prepare for these tasks, fully promote the low-carbon transition, and anticipate the potential financial and strategic impacts of changes in regulatory and market structures as we work towards this goal globally.

There are many opportunities in the energy transition. As market demand for renewable energy generation increases, to actively support this transition, the Group is actively exploring new energy generation pathways to better utilize renewable energy, such as the acquisition of equity in Yangzhou Qingchang.

Meanwhile, as market demand for fossil fuels may decline and carbon pricing continues to rise, the use of raw coal is decreasing. Nevertheless, natural gas is expected to become a temporary solution for basic power generation in the short term and play a role in replacing carbon-intensive fuels such as coal in the process of transitioning to renewable energy. Therefore, the Group is making every effort to promote the expansion of new energy power generation and green electricity trading, and to advance the transition of coal-fired power generation towards green power generation.

In conclusion, the path to a zero-carbon economy will vary across different industries and regions. We actively explore and study our strategy for exiting fossil fuel-related assets to ensure an orderly transition that aligns with our commitment to sustainable development and responsible investments. Furthermore, we actively support our businesses in further adjusting their carbon reduction strategies through carbon capture, facility modernization, electrification, integration of renewable energy, and other capital enhancement measures to keep pace with market trends and advancing technological developments in the transition from traditional energy to renewable energy. We firmly believe that these strategies, combined with the diversified nature of our businesses, will enable the Company to remain resilient in the ever-changing energy market. We will seize the opportunities brought about by the transition, thereby safeguarding and enhancing the long-term value for stakeholders.

## **3.4.4 Financial condition, financial performance and cash flow**

### *Current financial impact*

Due to the impact of energy conservation and emission reduction policies, and in order to cope with the risks of transition, the Company has begun to implement low-carbon actions such as solar photovoltaic power generation, energy storage technology research and green electricity trading during the 14th Five-Year Plan period. By 2025, energy storage projects and distributed photovoltaic projects had been invested in and constructed, with investment of approximately RMB7.575 million, which had been disbursed within the year.

### *Expected financial impact*

In our commitment to sustainable development, we prioritize addressing climate risks and have taken the lead in implementing a low-carbon transition plan. During the 14th Five-Year Plan period, we significantly increased our investment in renewable energy while gradually phasing out coal-fired equipment in our operations. These strategic decisions not only align with our commitment to reducing greenhouse gas emissions but also make us a leader in the transition to a low-carbon economy. To support these efforts, a significant portion of our Company's future budget will be allocated to upgrading existing infrastructure and building new facilities to support our renewable energy initiatives.

## **3.4.5 Strategies and decisions**

As the world moves towards a zero-carbon economy, the core of Tianbao Energy's strategy and decisions in addressing climate change is the management's firm commitment to environmental, social and governance principles, which is always integrated into the Company's daily operations and investment decisions. We clearly understand that environmental, social, and governance performance should not merely be about meeting compliance requirements, but rather a core element in achieving long-term value. Given the serious challenges posed by climate change, our strategies and policy decisions focus on green investment projects that offer both environmental benefits and long-term viability and efficiency.

### *Clean energy layout*

We adhere to the direction of clean energy transformation by focusing on the construction of clean energy such as wind power and photovoltaics, continuously optimizing the energy structure and striving to increase the proportion of clean energy installed capacity. By the end of 2025, the Group's installed capacity of new energy reached 19.24 MW, accounting for 24.28% of the installed capacity; and the installed capacity of clean energy combined with new energy reached 49.24 MW, reaching 62.14% of the installed capacity. This marks a significant step forward in the transformation of the energy structure, demonstrating the Company's commitment to green development and its responsibility in supporting regional energy transformation. It also injects strong momentum into further deepening the "new energy+" industrial layout and achieving high-quality and sustainable development. By 2025, the amount of new energy power generation reached 19.1148 million kWh, achieving a reduction of 115.9247 million tons of carbon dioxide emissions.

# Environmental, Social and Governance Report

## *Low-carbon technology application*

Tianbao Energy focuses on the application of low-carbon technologies and continuously innovates in the fields of energy storage, transportation power substitution and geothermal energy supply. Through new energy storage platforms, it promotes breakthroughs in energy storage safety technologies and large-scale applications, thereby improving the efficiency of clean energy utilization. It also accelerates the development of battery-swapping heavy trucks, optimizes the layout of charging and battery-swapping facilities, and helps the green transformation of transportation to provide strong support for achieving low-carbon energy use.

## *Market-based transactions*

Tianbao Energy has continuously improved its adaptability to the carbon market and the realization of the value of clean energy. In response to the national “dual carbon” strategy and as an important measure to help enterprises achieve low-carbon transformation and regional green development, the Company officially launched its green electricity trading business in 2024 and fully promoted green electricity trading in 2025, introducing a total of 18.02 million kWh of green electricity throughout the year, continuously amplifying the value of clean green electricity.

## *Green financing*

Tianbao Energy actively engages in green investment and financing to address climate-related risks and opportunities. It supports the construction of clean energy projects through green loans and increases its green investment efforts to provide strong support for promoting the Company’s low-carbon transformation and achieving its “dual carbon” goals.

## *Energy-saving measures*

In 2025, in order to further implement the requirements for cost reduction and efficiency improvement, Tianbao Energy carried out energy-saving and carbon reduction transformation and replaced the No. 3 air compressor of Haigang Thermal Plant with a variable frequency air compressor with a higher energy efficiency level. The project was put into operation on July 10, 2025. Since its commissioning, it has saved 362,628 kWh (362,600 kWh), equivalent to 44.56 tons of standard coal. This has contributed to the clean and efficient operation of coal-fired power plants.

## *Carbon emission management*

Tianbao Energy has taken comprehensive measures to strengthen carbon emission management, actively respond to the challenges of climate change, and formulate the Greenhouse Gas Emission Management Measures to improve the level of carbon emission management. The Company continuously reduces carbon emission intensity and promotes the green and low-carbon transformation of the energy structure by optimizing the ratio of clean energy to thermal power generation, implementing energy-saving and carbon-reducing retrofits for thermal power projects, and promoting green operation, thus making a positive contribution to helping China achieve its “dual carbon” goals.

## 3.4.6 Climate risk management

Tianbao Energy strictly follows the Implementation Guidance for Climate Disclosure under ESG reporting framework of HKEX, and has built a comprehensive climate risk management system covering key aspects such as risk identification, assessment, prioritization, management and integration. This system provides the Board with research results every year. At the same time, the Company actively conducts quantitative scenario analysis and stress testing of climate risks. By combining qualitative and quantitative methods, it identifies physical risks and transition risks, and assesses and prioritizes these risks based on indicators such as likelihood, degree of impact and adaptability, thus identifying five major physical and transition risks in the Company's business. The Company integrates climate risks into its comprehensive corporate risk management framework, develops targeted response strategies, and optimizes measures through dynamic monitoring and evaluation to ensure deep integration of climate risk management with the Company's business strategy and contribute to the Company's sustainable development.

### Climate Risk Management Process



## 3.4.7 Indicators and objectives

Tianbao Energy upholds its responsibility and mission to transform from a traditional power generation company into a green and low-carbon energy supplier. In accordance with the 1.5-degree Celsius global temperature increase limit stipulated in the Paris Agreement to prevent the most severe impacts of climate change, it has formulated a number of management indicators and targets related to climate change. Among these measures, regarding the control of greenhouse gas emissions, greenhouse gas emission management targets have been set, and it has been committed that by 2030, the total greenhouse gas emissions (Scope 1 + Scope 2) of Tianbao Energy and its subsidiaries within the scope of the consolidated financial statements for the same period will decrease by 40% compared with 2021, and the effectiveness of carbon emission management will be continuously evaluated by the ESG Working Group. We will incorporate the target achievement of relevant responsible entities into performance evaluations, commend and reward those who perform outstandingly and excellently, and hold those who cause significant negative impacts accountable.

# Environmental, Social and Governance Report

By 2025, we had completed carbon accounting (Scope 1 and Scope 2) and continued to advance emission reduction efforts. At the same time, we have devoted ourselves to the research and practice of Scope 3 carbon accounting, conducted in-depth investigations into the business activities in the Group's value chain, and clarified and defined the Scope 3 emission calculation categories that are closely related to the Group's business scope.

Scope 3 categories		Calculation method
1	Procurement of goods and services	Calculated by the expenditure approach.
2	Capital goods	Calculated by the expenditure approach.
3	Fuel and energy-related activities	Using the average data method.
4	Upstream transportation and distribution	Using the fuel method.
5	Waste generated during operation	The methods applied include the fuel-based method, distance-based method, and waste type-specific method.
6	Business travel	Distance-based method.
7	Employee commuting	Using the fuel method.
8	Upstream lease assets	Not applicable.
9	Downstream transportation and distribution	Not applicable.
10	Processing of sold products	Not applicable.
11	Use of sold products	Direct-use-stage-emission method.
12	Disposal of sold products	Not applicable.
13	Downstream leased assets	Not applicable.
14	Franchising	Not applicable.
15	Investments	Not applicable.

# Environmental, Social and Governance Report

The Company's greenhouse gas measurement and statistical methods make reference to the GHG Protocol: Corporate Accounting and Reporting Standard and adhere to the principles of relevance, completeness, consistency, accuracy, and transparency. The emission factors are mainly derived from standard documents such as the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises — Power Generation Facilities, the IPCC 2006 National Greenhouse Gas Inventory Guidelines (2019 Revised Edition), the Guidelines of Accounting Methods and Reporting for Greenhouse Gas Emissions of Enterprises in Other Industrial Industries (Trial), enterprise monitoring data, China's product life cycle greenhouse gas emission coefficient database, and the national greenhouse gas emission factor database.

## 3.4.7.1 Greenhouse gas emission data

### Greenhouse gas emission data

Indicators	Unit	2024	2025
Greenhouse gas emissions from fossil fuel combustion (Scope 1)	tons of carbon dioxide equivalent	484,913.91	448,533.65
Greenhouse gas emissions from purchased electricity (Scope 2)	tons of carbon dioxide equivalent	1,839.07	2,811.62
Total greenhouse gas emissions (Scope 1 + Scope 2)	tons of carbon dioxide equivalent	486,752.98	451,345.27
Greenhouse gas emissions per unit of electricity generated	tons of carbon dioxide equivalent/10,000 kWh	5.39	5.20
Greenhouse gas emissions per unit of heating	kilograms of carbon dioxide equivalent/GJ	86.84	81.20
Scope 3 Greenhouse gas emissions	tons of carbon dioxide equivalent	/	689,246.60

Note: The greenhouse gas emissions accounting for 2024 included two thermal power plants, while the greenhouse gas emissions accounting for incremental distribution networks, heating, and office-related facilities outside the power plant boundaries was added in 2025.

# Environmental, Social and Governance Report

## 3.4.7.2 Cross-industry indicators

Type	Financial performance	Financial condition
<b>Climate-related transition risks (amount and percentage)</b>	The amount and percentage increase in costs for deploying new energy power generation for compliance: The average annual investment cost increase is projected to be RMB24.23 million over the next five years. Investment costs amounted to RMB5.0917 million in 2025, representing an increase of 375.87%.	One operational business faced a high risk of transition.
<b>Climate-related physical risks (amount and percentage)</b>	1. Amount and percentage increase in coal procurement price: It is expected to rise to approximately RMB50/tons, an increase of approximately 6.7%.	The proportion of power generation facilities or other asset portfolios in areas affected by floods, typhoons, etc. is 0.
	2. The amount of damage to equipment and facilities is RMB1 million.	The proportion of physical assets facing climate-related hazards is 0.
<b>Climate-related opportunities (amount and percentage)</b>	Revenue from products or services supporting the transition to a low-carbon economy: It is projected that over the next five years, revenue from new energy investments such as wind power and photovoltaic power projects will increase by an average of RMB15.40 million annually. Revenue amounted RMB8.9611 million in 2025, representing a growth rate of 71.85%.	The premium for coverage related to energy efficiency and low-carbon technologies is 0.
		Revenue from the sale of new energy power generation: It is projected that over the next five years, revenue from new energy investments such as wind power and photovoltaic power projects will increase by an average of RMB15.40 million annually.
<b>Capital utilization (amount)</b>	Annual revenue from investments in low-carbon product R&D/new energy power generation projects: It is projected that over the next five years, revenue from new energy investments such as wind power and photovoltaic power projects will increase by an average of RMB15.40 million annually.	Annual revenue from investments in new energy power generation projects: It is projected that over the next five years, revenue from new energy investments such as wind power and photovoltaic power projects will increase by an average of RMB15.40 million annually.

### 3.4.7.3 *Internal carbon pricing*

During the Reporting Period, the Group did not apply an internal carbon pricing mechanism in its investment decisions, operational management or other business decisions, nor did it set an internal carbon price for assessing the cost of greenhouse gas emissions. At the current stage, the Group manages its greenhouse gas emissions through measures such as energy consumption quota management, assessment of energy-saving technological transformations and decomposition of carbon emission intensity targets, with a focus on advancing the implementation of low-carbon projects including the clean transformation of coal-fired power, residual heat recovery and utilization and distributed energy. Thereafter, the Group will continue to monitor carbon market policies and industry practices both domestically and internationally. In line with its emission reduction targets and strategic planning, the Group will study and promote the establishment and application of an internal carbon pricing mechanism when appropriate.

### 3.4.7.4 *Remuneration*

During the Reporting Period, the Group has not yet incorporated climate-related considerations into the remuneration policies for its Directors and senior management. The Company will continue to monitor climate change-related risks and opportunities, assess and improve the linkage mechanism between remuneration and climate performance in a timely manner in light of industry practices and regulatory requirements.

### 3.4.7.5 *Industry indicators*

Tianbao Energy strictly implements the Tianjin Municipal Local Standard “DB12/046.30-2011” for the standard coal consumption limit of 380 gce/kWh for power supply in thermal power plants and the Tianjin Municipal Local Standard “DB12/046.31-2011” for the standard coal consumption limit of 42 kgce/GJ for heating in thermal power plants. In 2025, the standard coal consumption for power generation by thermal power plants was 242.86 gce/kWh, which is lower than 380 gce/kWh; and the standard coal consumption for heating by thermal power plants was 41.69 kgce/GJ, which is lower than 42 kgce/GJ.

# Environmental, Social and Governance Report

## 3.4.7.6 Climate-related goals

Field	Climate-related goals
Greenhouse gas emissions: Scope 1, 2 and 3 greenhouse gas emissions	The goal is to achieve net-zero greenhouse gas emissions in Scope 1, Scope 2 and Scope 3 by 2060, and to set an intermediate target of reducing greenhouse gas emissions in Scope 1 and Scope 2 by 40% from the 2021 baseline by 2030.
Greenhouse gas emission intensity	By 2030, the portfolio's greenhouse gas emission intensity will be reduced by 2% compared to the 2021 baseline.
Transition risks: Assets or business activities vulnerable to climate-related transition risks	By 2030, the percentage of asset value affected by transition risks will decrease by 30% compared to the 2021 baseline.
Physical risks: Assets or business activities vulnerable to climate-related physical risks	By 2030, reduce the percentage of asset value affected by acute and chronic physical climate-related risks by 30%.
	Based on an estimated flood-prone area in 2060, ensure that risk mitigation measures are implemented for at least 60% of assets affected by the flood.
Climate-related opportunities: The proportion of revenue, assets, or business activities consistent with climate-related opportunities	Increase net renewable energy capacity to 65% of total capacity by 2030.
Capital utilization: Capital expenditures, financing, or investments deployed in response to climate-related risks and opportunities	At least 10% of the project portfolio will be primarily focused on areas where physical climate-related risks are mitigated.
	Invest at least 25% of annual capital expenditures in new businesses such as renewable energy power generation and energy storage.
Internal carbon pricing: Price the greenhouse gas emissions per ton of internally used carbon	An internal carbon pricing mechanism will be implemented by 2035.
Compensation: Percentage of senior management's compensation linked to climate considerations	By 2035, senior management whose compensation is affected by climate considerations will be linked to their compensation.

# Environmental, Social and Governance Report

## Goal information

Goal setting	By 2060, greenhouse gas emissions in Scope 1 and Scope 2 will be reduced to zero, and an intermediate target of a 40% reduction by 2030 compared to the 2021 baseline will be set.
Goal type (absolute/intensity)	Absolute
The purpose of the goal	In line with the science-based reduction initiative, reduce greenhouse gas emissions from our own operations to achieve net-zero emissions.  Such goal will be consistent with the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels.
Monitoring difficulty	Our ESG Working Group reviews the greenhouse gas emission targets and performance in Scope 1 and 2 annually to assess whether any revisions are needed.
Scope of the goal	It covers all of the Company's businesses and accounts for 100% of our total revenue.

## Goal setting

Type	Greenhouse gas emissions (tons of carbon dioxide equivalent) in Scope 1 and 2	Decrease compared to the baseline period (%)
Total emissions — baseline period (2021)	679,650.77	—
Total emissions — medium-term goal (2030)	407,790.46	-40%
Total emissions — goal period (2060)	0	-100%

Note: The only greenhouse gas we emit is carbon dioxide (CO<sub>2</sub>).

# Environmental, Social and Governance Report

## Progress to date

	Greenhouse gas emissions (tons of carbon dioxide equivalent) in Scope 1 and 2	Decrease compared to the baseline period (%)
2021	679,650.77	—
2024	486,752.98	-28.38
Current period (2025)	451,345.27	-33.59

Note: During the Reporting Period, we increased the proportion of new energy power generation such as solar and wind power, thereby gradually reducing greenhouse gas emissions.

The Group plans to offset its residual emissions by 2060 through CCUS or natural carbon sinks.

## 3.5 Energy management

The Group's main energy consumption sources are electricity, raw coal, natural gas and diesel. The Group has set energy conservation goals for 2025. To achieve its goals, the Company continuously improves its energy management structure, implementing a three-tiered management system at the company, department, and work team levels:

Organization department	Main responsibilities
Energy conservation leading group	The group is led by the Company's general manager, with department heads and energy management personnel as members.
	A quarterly energy conservation meeting is held to summarize the implementation of energy conservation work and existing problems, analyze and discuss new energy conservation technologies and measures, exchange energy conservation experiences, and plan the next major energy conservation work.
Dedicated energy conservation management department	Responsible for the decomposition and assessment of energy conservation targets, energy consumption control, energy statistical reporting, and energy work planning.
Energy conservation teams in various departments	Implement energy management plans, promote energy conservation and consumption reduction efforts to frontline employees, and enforce performance indicators.
	This department's daily energy waste inspection work involves supervising department employees to ensure they operate in accordance with energy management procedures.
	This department is responsible for the allocation, record keeping, maintenance, and inspection reporting of energy monitoring equipment.

The Company issued the Energy Conservation Situation Analysis Report of Tianjin Tianbao Energy Co., Ltd. in 2025, which summarizes, records and analyzes the Company's energy conservation management work and achievements. During the Reporting Period, the Company has implemented the following energy-saving measure: replacing the No. 3 air compressor of Haigang Thermal Plant with a variable frequency air compressor with a higher energy efficiency level. The project was put into operation on July 10, 2025. Since its commissioning, it has saved 362,628 kWh (362,600 kWh), equivalent to 44.56 tons of standard coal.

The Group is committed to energy conservation and will continue to reduce emissions by strengthening the operation and management of thermal power plants, optimizing operating methods, communicating with users in the region in a timely manner, predicting steam consumption and adjusting boiler operation methods.

### **3.6 Sustainable development goals plan**

The Group operates in the energy industry. Due to the gradual increase in domestic energy demand in recent years, the Group has seen increases in both energy and water resources consumption, resulting in some fluctuations in its sustainable development goals. However, we still set medium- to long-term management goals for the 2021 reporting period to improve energy efficiency and reduce waste and greenhouse gas emissions on top of 2020. Furthermore, since Tianbao Energy acquired Lingang Thermal Power in May 2020, and 2021 was the full year after the consolidation, the baseline year for the Company's sustainable development goals has been adjusted to 2021. Water efficiency has been improved compared to 2021.

Water consumption in 2025 was lower than in the baseline year of 2021, while electricity consumption, greenhouse gas emissions, and the generation of harmless waste also decreased. The Group will continue to monitor various environmental data and make continuous progress. At the same time, the Group will actively follow up on the progress of various environmental protection goals and explore more opportunities. In the future, we will formulate more specific quantitative environmental goals, with the general direction of nurturing the environment and cherishing natural resources.

# Environmental, Social and Governance Report

## 4 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 State Grid Tianjin Electric Power Company (國網天津市電力公司), 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.

2025 annual performance	
Electricity generation: 250,883,700.00 kWh	Production of steam: 1,679,091.43 tons
Total heating area: 0.2848 million square meters	Total cooling area: 0.1092 million square meters

### 4.1 Employee's health and production safety management

The Group is committed to providing a healthy and safe working environment for all employees. 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, Tianjin Safe Production Regulations, Regulation on Emergency Responses to Work Safety Accidents, Provisions on Safety Training for Producers and Operators, and other relevant national and local laws and regulations. In addition, Tianbao Energy formulated the Safety Production Management System, Occupational Health Management Measures, Safety Education and Training Measures, Management Measures for Labor Protection Articles, Management Measures for Fire Safety, Work Safety Inspection and Hazard Remediation Measures and other regulations.

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

# Environmental, Social and Governance Report

Tianbao Energy adheres to the principle of “safety first, prevention-oriented, and comprehensive governance”, and has formulated and implemented a series of measures to protect employees’ occupational health and safety, and to avoid work-related injuries or occupational hazards.

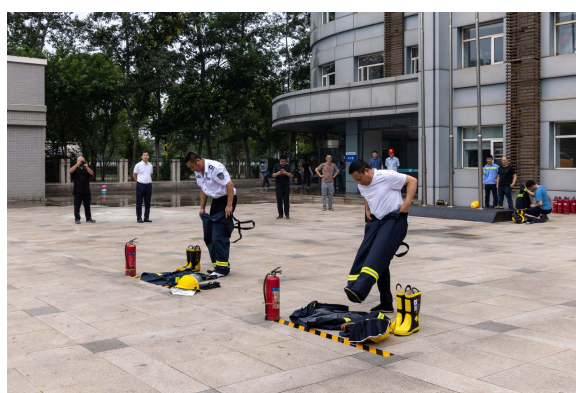
<b>Measures to Protect Employees’ Occupational Health and Safety</b>
<b>Work Safety Responsibility System</b>
All employees sign Work Safety Responsibility Letters at the beginning of each year. Regular assessments are conducted to ensure that personnel at all levels fulfill their safety responsibilities.
<b>Safety Training and Education</b>
New employees receive induction safety training to ensure they possess essential work safety knowledge and understand their rights and obligations in relation to safety. Special operations personnel undergo “three-level” safety training and may only take up their posts after passing the assessment and obtaining the required certificates. Regular safety and health training is organized for all employees, covering topics such as fire safety, safety procedures, occupational health knowledge, hazardous chemicals handling, etc.
<b>Risk Identification and Control</b>
The Company organizes all employees to identify, assess and classify safety risks present in production and operations, and to develop corresponding preventive measures.
<b>Hazard Identification and Remediation</b>
Management at all levels and frontline operators conduct regular safety inspections of production sites. For any hazards identified, responsible persons are assigned to complete rectification within a specified timeframe, continuously improving site safety.
<b>Emergency Response System</b>
The Company has formulated a total of 70 emergency response plans covering various production safety accidents and sudden incidents. Regular training and drills are conducted, emergency rescue supplies are procured and stockpiled, and personnel are arranged to be on duty in response to government-issued weather warnings, ensuring timely and effective response to emergencies.
<b>Occupational Disease Prevention</b>
Professional organizations are engaged to monitor occupational hazards such as noise and dust at the worksite. Employees exposed to such hazards are provided with appropriate personal protective equipment and are arranged to undergo regular medical examinations.
<b>Fire Safety Management</b>
Regular inspection and maintenance are conducted on fire automatic alarm systems, fire hydrants, sprinkler systems, fire extinguishers, evacuation signs, emergency lighting and other facilities. Escape routes and exits are kept unobstructed. Hot work operation is strictly subject to written approval procedures.

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In July 2025, the Group organized a fire evacuation drill and firefighting competition at the Haigang Thermal Plant.

The evacuation drill simulated a scenario in which an electric bicycle caught fire while charging outside the comprehensive building of the Haigang Thermal Plant. In the emergency response, the first discoverer immediately initiated initial firefighting efforts, called the fire rescue hotline for support, and activated the building's automatic fire alarm system to trigger audible and visual alarms. All 90 people inside the building completed evacuation within 3 minutes. Rescue teams arrived promptly and successfully extinguished the fire. During the drill, various departments coordinated smoothly, responded precisely, and acted swiftly and effectively, successfully completing both firefighting and evacuation objectives.

In the firefighting skills competition, eight teams each sent participants to compete in the races for firefighting gear donning and fire extinguisher operation. Participants demonstrated quick and proficient performance in donning equipment and discharging extinguishers, earning enthusiastic applause from the audience.



**Fire evacuation drill and firefighting competition**

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

The Group completed a total of 440 training hours per person for safety training during the year, with a 100% completion rate for hazard rectification.

## 4.2 System certification

Tianbao Energy'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. Tianbao Energy continued to pass the re-certification audit of ISO9001 quality management system in September 2025.

During the Reporting Period, Tianbao Energy has strictly complied with the requirements for products and service quality 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. Tianbao Energy has established the Tianbao Energy Quality Management Manual to provide systematic policy support for quality management.



Quality management system certification certificate

## 4.3 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, implements the principles of single point of contact, first-contact responsibility, one-time disclosure and time-bound completion, 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 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, which is then submitted to the Customer Service Manager for review.
2)	Customer Service Department	Sort and organize recorded information and then send it to relevant functional departments involved.
3)	Relevant functional departments	Investigate the facts based on the worksheet, contact the customer, determine and implement corrective actions, and take corresponding corrective actions, and provide feedback 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.

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.

# Environmental, Social and Governance Report

## 4.4 Supplier management

Tianbao Energy serves as an energy 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 to third-party professional service providers. The following table lists suppliers by geographical region:

Region	Supplier(s)
Tianjin	84
Henan	10
Hebei	9
Liaoning	5
Beijing	5
Jiangsu	5
Fujian	4
Shanxi	3
Jiangxi	2
Shandong	2
Sichuan	1
Hubei	1
Inner Mongolia	1
Shanghai	1
Hunan	1

To reinforce supplier safety management and ensure the Company developing in a secure and stable manner, Tianbao Energy engaged suppliers in accordance with the procedures specified in the Related Party Management System of Tianjin Tianbao Energy Co., Ltd., during which, the qualified materials of suppliers will be submitted to material management department by the relevant business department, and will be included in the list of qualified suppliers of the Company upon the consideration and approval of the Company's general manager office meeting. In the practical course of implementation, the relevant business department will inspect suppliers and conduct concentrated assessments at the end of each year, suppliers whose evaluations are deemed unqualified will be excluded from the list upon the consideration and approval of the Company's general manager office meeting. In addition, the Group implemented the provisions on the supplier review and procurement control process in the policies such as Management System for Tendering, Materials (Services) Procurement Management System, and Coal Purchasing Management Measures for all procurement activities.

# Environmental, Social and Governance Report

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 is 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. 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, invited tendering and direct procurement 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.

For the issues of excessive exhaust emissions and coal dust pollution during the coal transportation, the Group has adopted enclosed pure electric trucks for all coal transport vehicles during the year in accordance with the local environmental protection requirements, to ensure that all pollutant emissions meet the required standards, and mitigate risks to the environment and society. Meanwhile, in the procurement of environmental-friendly materials, water treatment materials and equipment accessories, and during the disposal process of ashes and slags, we require and urge suppliers to use vehicles complying with environmental protection requirements for transportation, and the purchased materials will be inspected and accepted in strict compliance with national and local environmental protection standards. Products that fail to meet environmental protection standards will be rejected or returned, and an evaluation will be conducted on the supplier in a timely manner. Suppliers with two similar violations are classified as unqualified suppliers and removed.

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 corporate social 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 134 suppliers. The Group has implemented the Group's internal supplier management system for all the above suppliers.

## 4.5 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.

## 4.6 Anti-corruption

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, Tianbao Energy have observed the PRC Company Law, 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 Tianbao Energy 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.

Tianbao Energy formulated the Code of Conduct for Employees to regulate the execution of such behavioral norms and standards and conducted training education and supervision inspection in a timely manner. Tianbao Energy earnestly gave play to the supervisory role of all employees in the Company via opening reporting channels, setting complaint mailboxes 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, Tianbao Energy did not receive any whistle-blowing or investigation concerning corruption cases.

## 5 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.

### 5.1 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, Employee Rank Management System, the Administrative Measures for Attendance and Vacation and the Employee Performance 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, provident 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.

# Environmental, Social and Governance Report

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

Social category	Unit	Year 2025
<b>Employment management</b>		
Total number of employees	persons	72
<b>Total number of employees by gender</b>		
Female employees	persons	19
Male employees	persons	53
<b>Total number of employees by employment type</b>		
General employees	persons	47
Middle management	persons	19
Senior management	persons	6
<b>Total number of employees by age group</b>		
Under 35	persons	10
36–45	persons	30
46–55	persons	25
56 and above	persons	7
<b>Total number of employees by geographical region</b>		
North China	persons	72

## 5.2 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, to strengthen and standardize employees' attendance and vacation administration, 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.

# Environmental, Social and Governance Report

## 5.3 Talent cultivation

The energy industry and transformation require professionals, so talent 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 2025, 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 2025, the Group provided 114 internal and external professional skills training for most of its employees, involving different orientations and categories, departments covering safety and environmental protection 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:

Social category	Unit	Year 2025
<b>Employee training performance by gender</b>		
Percentage of female employees trained	%	20.43
Percentage of male employees trained	%	79.57
Average training hours for female employees	hours	123.95
Average training hours for male employees	hours	173.03
<b>Employee training performance by employment type</b>		
Percentage of general employees trained	%	66.00
Percentage of middle management trained	%	26.46
Percentage of senior management trained	%	7.54
Average training hours for general employees	hours	161.85
Average training hours for middle management	hours	152.50
Average training hours for senior management	hours	173.80

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

## 6 SOCIAL RESPONSIBILITIES

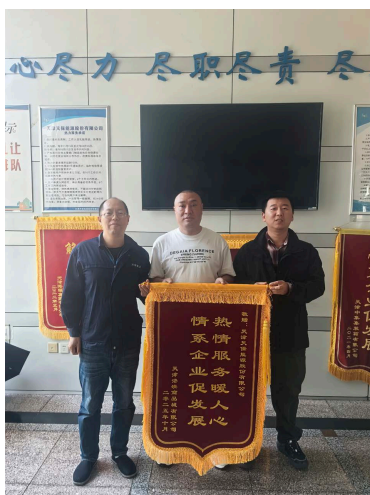
As a supporting energy company in Tianjin, Tianbao Energy has been actively fulfilling its social responsibilities and supporting the communities where we operate to strengthen the resilience and development of the communities.

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 particular, the Party member service team of Tianbao Energy launched a customized power supply service initiative for the enterprises in the community on December 9, 2025. Potential electricity demand was captured in detail through on-site surveys. The enterprises plan to upgrade their existing equipment and increase power capacity in the future. The team members conducted on-site briefings to guide the enterprises regarding the capacity expansion process, covering the necessary steps, documents, and precautions. They helped the enterprise develop improvement plans and tracked their implementation to ensure stable and reliable operation of production equipment. Such service initiative not only deepened the cooperative relationship between the Company and the electricity-consuming enterprises, but also provided strong support for the enterprises seeking new development opportunities under the current downward economic pressure.



# Environmental, Social and Governance Report

Meanwhile, the Company advanced initiatives to address urgent public needs during the year. After learning of the grid connection acceptance application for the new photovoltaic installation from Zhongding Construction Group Co., Ltd.\* (中鼎建設集團有限公司), a community electricity-consuming enterprise, our electricity business representatives promptly arranged relevant personnel to conduct on-site inspections. While ensuring the quality of the acceptance process, we expedited the acceptance process and quickly approved the grid connection. Our swift coordination received positive feedback from the customer. In recognition of this, the enterprise presented a commemorative banner as a token of gratitude.



During the Reporting Period, employees of the Group participated in public welfare activities in 34 attendances, which lasted for 30 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.

# Environmental, Social and Governance Report

## APPENDIX 1: SUMMARY OF INFORMATION ON SUSTAINABLE DEVELOPMENT

Emissions of air pollutants <sup>1</sup>			
Indicators		2024	2025
SO <sub>2</sub>	ton	14.01	10.88
NOx	ton	51.00	58.06
Particulate Matter	ton	6.74	4.65

Water consumption			
Indicators		2024	2025
Water consumption	ton	2,509,693.00	2,396,184.00
Water withdrawal	ton	2,275,259.00	2,178,658.00
Water consumption of unit power supply	kg/kWh	1.94	1.98
Water consumption of unit steam supply	tons/GJ	0.52	0.51
Wastewater discharge	ton	381,668.76	425,087.00
Recycling of industrial water	ton	234,434.00	217,526.00

Waste <sup>2</sup>			
Indicators		2024	2025
Non-hazardous waste generation	ton	11,790.00	12735.25
Non-hazardous waste generation of unit power supply	kg/kWh	0.02	0.02
Non-hazardous waste generation of unit steam supply	kg/GJ	6.16	6.69
Hazardous waste generation	ton	2.24	10.08
Hazardous waste generation of unit power supply	g/10MWh	43.89	376.95
Hazardous waste generation of unit steam supply	g/GJ	0.46	2.20

Note: The Group replaced the lubricating oil in the gas turbine, resulting in higher-than-usual waste oil generation during the year.

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.

# Environmental, Social and Governance Report

Energy consumption			
Indicators		2024	2025
Electricity consumption in comprehensive plants	kWh	28,621,051.00	27,282,331.20
Electricity consumption in working areas	kWh	2,320,113.26	2,195,296.14
Electricity consumption of unit heat supply	kWh/GJ	6.27	6.16
Diesel oil consumption	ton	21.92	27.95
Coal consumption	ton	103,864.45	99,892.75
Natural gas consumption	10,000 CBM	11,897.74	11,324.02

Power generation					
Indicators		2024	2025	% of 2024	% of 2025
Total power generation	10MWh	27,073.04	25,088.37	100.00	100.00
Coal power generation	10MWh	4,594.26	4,622.97	16.97	18.43
Natural gas power generation	10MWh	20,991.88	18,553.92	77.54	73.95
PV power generation	10MWh	1,486.90	1,911.48	5.49	7.62

Emissions of greenhouse gases <sup>3</sup>			
Indicators		2024	2025
Emissions of fossil fuel combustion (scope 1) <sup>4</sup>	tCO <sub>2</sub> e	484,913.91	448,533.65
Emissions from purchased electricity (scope 2)	tCO <sub>2</sub> e	1,839.07	2,811.62
Direct emissions of greenhouse gases (scope 1+ scope 2)	tCO <sub>2</sub> e	486,752.98	451,345.27
Greenhouse gas emissions of unit power supply	tCO <sub>2</sub> e/10MWh	5.39	5.20
Greenhouse gas emissions of unit heat supply	kg CO <sub>2</sub> e/GJ	86.84	81.20
Emissions of greenhouse gases (scope 3)	tCO <sub>2</sub> e	/	689,246.60

3 The calculation is based on the "Guidelines for Greenhouse Gas Accounting and Reporting for Power Generation Facilities" and the "Technical Guidelines for Greenhouse Gas Verification for Power Generation Facilities" issued by the Ministry of Ecology and Environment on December 21, 2022.

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

# Environmental, Social and Governance Report

Social category	Unit	2025
<b>Employment management</b>		
Total number of employees	persons	72
<b>Total number of employees by gender</b>		
Female employees	persons	19
Male employees	persons	53
<b>Total number of employees by employment type</b>		
General employees	persons	47
Middle management	persons	19
Senior management	persons	6
<b>Total number of employees by age group</b>		
Under 35	persons	10
36–45	persons	30
46–55	persons	25
56 and above	persons	7
<b>Total number of employees by geographical region</b>		
North China	persons	72

# Environmental, Social and Governance Report

Social category	Unit	2025
<b>Employee turnover rate<sup>5</sup></b>		
Total employee turnover rate	%	0
<b>Employee turnover rate by gender</b>		
Female	%	0
Male	%	0
<b>Employee turnover rate by age group</b>		
Under 35	%	0
36–45	%	0
46–55	%	0
56 and above	%	0
<b>Employee turnover rate by geographical region</b>		
North China	%	0

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

# Environmental, Social and Governance Report

Social category	Unit	2025
<b>Employee training<sup>6</sup></b>		
Employee training performance by gender		
Percentage of female employees trained	%	20.43
Percentage of male employees trained	%	79.57
Average training hours for female employees	hours	123.95
Average training hours for male employees	hours	173.03
<b>Employee training performance by employment type</b>		
Percentage of general employees trained	%	66.00
Percentage of middle management trained	%	26.46
Percentage of senior management trained	%	7.54
Average training hours for general employees	hours	161.85
Average training hours for middle management	hours	152.50
Average training hours for senior management	hours	173.80
<b>Occupational health and safety</b>		
Work-related fatalities in 2025	persons	0
Million work hours injury rate in 2025	persons/million work hours	0
Work-related fatalities in 2024	persons	0
Million work hours injury rate in 2024	persons/million work hours	0
Work-related fatalities in 2023	persons	0
Million work hours injury rate in 2023	persons/million work hours	0
Lost days due to work injury	days	0

6 Percentage of employees trained: Percentage of employees trained by relevant categories =  $T(x)/T \times 100\%$ .  
T(x) = Employees in the specified category.  
T = Employees who took part in training.

# Environmental, Social and Governance Report

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

Indicator			Chapter and Section	
<b>A. Environmental category</b>				
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 nonhazardous waste.	3	Green operation
			3.3	Management of pollutants and wastes
			3.5	Energy management
	A1.1	The types of emissions and respective emissions data.	Appendix 1: Summary of information on sustainable development	
	A1.3	Total hazardous waste produced (in tonnes) 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 tonnes) 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.	3.3	Management of pollutants and wastes
			3.5	Energy management
			3.6	Sustainable development goals plan
	A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.3	Management of pollutants and wastes
3.6			Sustainable development goals plan	

# Environmental, Social and Governance Report

Indicator			Chapter and Section	
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3	Green operation
			3.2	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.	3.5	Energy management
			3.6	Sustainable development goals plan
	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.	3.3	Management of pollutants and wastes
3.6			Sustainable development goals plan	
A2.5*	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable		
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.2	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.	3.2	Environmental protection management system

\* 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.

# Environmental, Social and Governance Report

Indicator			Chapter and Section		
<b>B. Social category</b>					
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.	5 Professional team		
			5.1 Recruitment		
			5.2 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.	4.1 Employee's health 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.	4.1 Employee's health and production safety management

# Environmental, Social and Governance Report

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.	5.3 Talent cultivation
	B3.1	The percentage of employees trained by gender and employee category (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.	5.1 Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Recruitment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4 Supplier management
	B5.1	Number of suppliers by geographical region.	4.4 Supplier management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.4 Supplier management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.4 Supplier management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.4 Supplier management

# Environmental, Social and Governance Report

Indicator			Chapter and Section
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.	4.2 System certification
			4.5 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.	4.3 Customer service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 System certification
	B6.4	Description of quality assurance process and recall procedures.	4.2 System certification
			The recall procedures are not applicable to the Group
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.5 Privacy and cybersecurity	
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.6 Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting Period and the outcomes of the cases.	4.6 Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.6 Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	4.6 Anti-corruption

\*\* 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.

# Environmental, Social and Governance Report

Indicator			Chapter and Section	
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, sport).	6	Social responsibilities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	6	Social responsibilities
<b>D. Response to climate change</b>				
Governance	General Disclosure	Information disclosure about the followings: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	3.4.1	Governance system for addressing climate change

# Environmental, Social and Governance Report

Indicator			Chapter and Section
Strategies	General Disclosure	Climate-related risks and opportunities Shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	3.4.2 Climate response strategies
		Business model and value chain Shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	3.4.2 Climate response strategies
		Strategies and Decision-Making Shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making.	3.4.5 Strategies and decisions
		Financial position, financial performance and cash flows Current financial impact; anticipated financial impact.	3.4.4 Financial condition, financial performance and cash flow

# Environmental, Social and Governance Report

Indicator			Chapter and Section
		<p>Climate resilience</p> <p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.</p>	3.4.3 Climate resilience
		<p>Risk Management</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks;</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	3.4.6 Climate risk management

# Environmental, Social and Governance Report

Indicator			Chapter and Section
Metrics and Targets	Targets	Climate-related Transition Risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks	3.4.7 Indicators and objectives
		Climate-related Physical Risks An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks	3.4.7 Indicators and objectives
		Climate-related Opportunities An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	3.4.7 Indicators and objectives
		Capital Deployment An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	3.4.7 Indicators and objectives
		Internal Carbon Prices An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	3.4.7 Indicators and objectives
		Remuneration An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement.	3.4.7 Indicators and objectives

# Environmental, Social and Governance Report

Indicator			Chapter and Section
		<p>Industry-based Metrics</p> <p>An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry.</p>	3.4.7 Indicators and objectives
		<p>Climate-related Targets</p> <p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p>	3.4.7 Indicators and objectives
	Metrics	<p>Greenhouse gas emissions expressed as tons, and classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.</p>	3.4.7 Indicators and objectives

# Independent Auditor's Report



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香港銅鑼灣告士打道311號  
皇室大廈安達人壽大樓17樓

## 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 135 to 202, which comprise the consolidated statement of financial position as at December 31, 2025, 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 December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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**”), as applicable to audits of consolidated financial statements of public interest entities. We have also 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

As at December 31, 2025, the Group had property, plant and equipment of approximately RMB618,370,000 and right-of-use assets for properties of approximately RMB65,016,000.

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.

### How the matter was addressed in our audit

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.

# Independent Auditor's Report

## **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 with IFRS Accounting Standards 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 HKSA's 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 HKSA's, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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.

# Independent Auditor's Report

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

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 Ms. Leung Pui Sze.

### **SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

Leung Pui Sze

Practising Certificate Number: P07957

Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	3	<b>773,853</b>	824,050
Cost of sales		<b>(713,950)</b>	(764,860)
<b>Gross profit</b>		<b>59,903</b>	59,190
Other net (loss)/income	4	<b>(390)</b>	2,236
Administrative expenses		<b>(31,210)</b>	(28,280)
Reversal of impairment loss/(impairment loss) on financial assets	5(c)	<b>881</b>	(491)
<b>Profit from operations</b>		<b>29,184</b>	32,655
Interest income		<b>158</b>	161
Finance costs	5(a)	<b>(12,150)</b>	(17,073)
<b>Profit before taxation</b>	5	<b>17,192</b>	15,743
Income tax	6(a)	<b>(5,654)</b>	(4,326)
<b>Profit for the year</b>		<b>11,538</b>	11,417
<b>Profit Attributable to:</b>			
Equity shareholders of the Company		<b>8,355</b>	4,530
Non-controlling interests		<b>3,183</b>	6,887
<b>Profit for the year</b>		<b>11,538</b>	11,417
<b>Earnings per share</b>	9		
Basic (Cents)		<b>5.22</b>	2.83
Diluted (Cents)		<b>5.22</b>	2.83

# Consolidated Statement of Financial Position

At December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	618,370	653,726
Right-of-use assets for properties	14	65,016	66,786
Intangible assets	11	7,807	8,264
Deferred tax assets	24	6,760	7,181
Other receivables and assets	17	—	1,612
Goodwill	12	1,614	1,614
		<b>699,567</b>	739,183
<b>Current assets</b>			
Inventories	15	914	720
Trade and bill receivables	16	126,253	126,354
Other receivables and assets	17	60,039	69,122
Cash and cash equivalents	18	71,551	128,795
Restricted deposits	18	4,520	6,600
		<b>263,277</b>	331,591
<b>Current liabilities</b>			
Trade and other payables	19	79,320	92,459
Loans and borrowings	20	184,322	218,199
Contract liabilities	21	8,799	9,663
Salary and welfare payables		7,695	8,047
Current taxation		5,348	5,992
Lease liabilities	22	361	407
		<b>285,845</b>	334,767
<b>Net current liabilities</b>		<b>(22,568)</b>	(3,176)
<b>Total assets less current liabilities</b>		<b>676,999</b>	736,007

# Consolidated Statement of Financial Position

At December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Loans and borrowings	20	156,348	216,086
Lease liabilities	22	954	1,184
Deferred income	23	40,401	42,585
Contract liabilities	21	4,006	4,493
Deferred tax liabilities	24	5,846	6,018
		<b>207,555</b>	<b>270,366</b>
<b>NET ASSETS</b>			
		<b>469,444</b>	<b>465,641</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	25(b)	159,921	159,921
Reserves	25(c) (d)	162,543	156,424
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>322,464</b>	<b>316,345</b>
<b>Non-controlling interests</b>			
		<b>146,980</b>	<b>149,296</b>
<b>TOTAL EQUITY</b>			
		<b>469,444</b>	<b>465,641</b>

The consolidated financial statements on pages 135 to 202 were approved and authorised for issue by the board of directors on March 26, 2026 and are signed on its behalf by:

**Zhou Shanzhong**  
Director

**Mao Yongming**  
Director

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to equity shareholders of the Company						
	Share capital	Capital reserve	Statutory	Retained profits	Total	Non-controlling interests	Total equity
			surplus reserves				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at January 1, 2024	159,921	79,530	13,786	58,578	311,815	146,976	458,791
Profit for the year	—	—	—	4,530	4,530	6,887	11,417
Total comprehensive income	—	—	—	4,530	4,530	6,887	11,417
Capital injections of non-controlling interests in a non wholly-owned subsidiary	—	—	—	—	—	180	180
Increase in non-controlling interests due to acquisition of a subsidiary	—	—	—	—	—	752	752
Dividends approved in respect of the previous year	—	—	—	—	—	(5,499)	(5,499)
Appropriation to reserves	—	—	109	(109)	—	—	—
<b>Balance at December 31, 2024 and January 1, 2025</b>	<b>159,921</b>	<b>79,530</b>	<b>13,895</b>	<b>62,999</b>	<b>316,345</b>	<b>149,296</b>	<b>465,641</b>
Profit for the year	—	—	—	8,355	8,355	3,183	11,538
Total comprehensive income	—	—	—	8,355	8,355	3,183	11,538
Dividends approved in respect of the previous year	—	—	—	(2,236)	(2,236)	(5,499)	(7,735)
Appropriation to reserves	—	—	588	(588)	—	—	—
Balance at December 31, 2025	159,921	79,530	14,483	68,530	322,464	146,980	469,444

# Consolidated Cash Flow Statement

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Profit before taxation		17,192	15,743
Adjustments for:			
(Reversal of impairment loss)/impairment loss on financial assets		(881)	491
Depreciation in property, plant and equipment		48,369	49,112
Amortisation in intangible assets and depreciation of right-of-use assets for properties		2,757	2,738
Loss/(gain) on disposal and written off of property, plant and equipment		352	(119)
Gain on early termination of a lease		(19)	—
Interest expenses	5a	12,095	17,039
Exchange gains		(146)	(194)
Amortisation in deferred income		(3,339)	(3,109)
		76,380	81,701
Changes in working capital:			
(Increase)/decrease in inventories		(194)	4,703
Decrease/(increase) in trade and bill receivables		982	(12,482)
Decrease in restricted deposit		2,080	1,600
Decrease in other receivables and assets		10,695	12,692
Decrease in trade and other payables		(13,139)	(20,251)
(Decrease)/increase in contract liabilities		(1,351)	1,768
(Decrease)/increase in salary and welfare payables		(352)	2,086
		75,101	71,817
Cash generated from operations		75,101	71,817
Income tax paid		(6,049)	(4,355)
<b>Net cash from operating activities</b>		<b>69,052</b>	<b>67,462</b>
<b>Investing activities</b>			
Proceeds from disposal of property, plant and equipment		24	230
Acquisition of a subsidiary, net of cash acquired	30	—	(13,889)
Proceeds from issuance of additional equity of a non wholly-owned subsidiary		—	180
Proceeds from government grants		1,155	—
Payment for the purchase of property, plant and equipment and intangible assets		(14,058)	(31,029)
<b>Net cash used in investing activities</b>		<b>(12,879)</b>	<b>(44,508)</b>

# Consolidated Cash Flow Statement

For the year ended December 31, 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>Financing activities</b>			
Dividends paid to shareholders of the Company and equity owners of a subsidiary		<b>(7,735)</b>	(5,499)
Proceeds from bank loans		<b>134,428</b>	270,384
Repayment of other borrowings		<b>(12,500)</b>	(4,944)
Repayment of bank loans		<b>(215,543)</b>	(282,299)
Interest paid		<b>(12,040)</b>	(16,200)
Capital element of lease rentals paid		<b>(118)</b>	(40)
Interest element of lease rentals paid		<b>(55)</b>	(62)
<b>Net cash used in financing activities</b>		<b>(113,563)</b>	(38,660)
<b>Net decrease in cash and cash equivalents</b>		<b>(57,390)</b>	(15,706)
<b>Cash and cash equivalents at January 1,</b>		<b>128,795</b>	144,307
Effect of foreign exchange rate changes		<b>146</b>	194
<b>Cash and cash equivalents at December 31,</b>	<i>18</i>	<b>71,551</b>	128,795

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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 February 28, 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 City, the People’s Republic of China (“**PRC**”).

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 Port Free Trade Zone), 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 consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, ISA Standards and IFRIC Interpretations issued by the International Accounting Standards Board (the “**IASB**”). These consolidated 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 IFRS Accounting Standards 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 consolidated financial statements.

### (b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

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

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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

In determining the appropriate basis of preparation of consolidated financial statements, the directors of the Company 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 December 31, 2025, the Group has net current liabilities of RMB22,568,000.

Notwithstanding the net current liabilities, the directors of the Company 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 RMB251,431,000 as of December 31, 2025.

Consequently, the directors of the Company are of the opinion that it is appropriate to prepare the Group's consolidated financial statements for the year ended December 31, 2025 on a going concern basis.

### (c) Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these consolidated financial statements for the current accounting period:

- Amendments to IAS 21, Lack of Exchangeability

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

The application of the amendments to IFRS Accounting Standards 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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (d) Subsidiaries and non-controlling interest *(Continued)*

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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (f) Property, plant and equipment *(Continued)*

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.

### (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
• Customer relationship	22.75 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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.

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 and bill 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.

## 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*

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);
- 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.

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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)*

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.

*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.

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (j) Credit losses and impairment of assets *(Continued)*

#### (ii) Impairment of other non-current assets *(Continued)*

- 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.

- 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (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.

### (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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (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.

### (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.

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (r) **Income tax** *(Continued)*

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

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.

### (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.

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (t) Revenue and other income *(Continued)*

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.

#### (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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (t) Revenue and other income *(Continued)*

#### (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.

### (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 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 1. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### **(w) Related parties** *(Continued)*

(b) (Continued)

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

### **(x) Segment reporting**

Operating segments, and the amounts of each segment item reported in the consolidated 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES

### **Critical accounting judgements in applying the Group's accounting policies**

In the application of the Group's material 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.

#### **(i) Going concern assumption**

In the process of applying the Group's material accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors of the Company consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in note 1(b) to the consolidated financial statements.

#### **(ii) 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

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

#### **(iii) 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.

#### **(iv) ECLs recognised in respect of trade and bill receivables**

The impairment for trade and bill receivables are based on assumptions about ECLs. 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 reversal or additional impairment charge to the profit or loss. During the year ended December 31, 2025, reversal of impairment loss of trade and bill receivables of RMB881,000 (2024: impairment loss of RMB491,000) is recognised.

#### **(v) Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. As at December 31, 2025, the carrying amount of goodwill is RMB1,614,000 (2024: RMB1,614,000), net of accumulated impairment loss of nil (2024: nil). Details of the recoverable amount calculation are disclosed in note 12.

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 2. ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

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

#### *(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 though 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 of the Company 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 of 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).
- Photovoltaic power generation and selling business: photovoltaic power generation and selling electricity to customers in Yangzhou and Tianjin Port Free Trade Zone (Seaport).
- Others: construction and operation maintenance of industrial facilities, trading of electronic components.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
— Electricity dispatch and sale	218,231	220,582
— Power generation and supply	518,858	563,723
— Photovoltaic power generation and selling	8,961	8,188
— Others	27,803	31,557
	<b>773,853</b>	824,050

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 December 31, 2025, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately RMB66,091,700 (2024: RMB11,790,400). The amount represents revenue expected to be recognised in the future from provision of service from energy management project, which was included in “others” segment.

The Group will recognise this revenue as the service is completed, which is expected to occur over the next 30 months (2024: 6 months).

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period and the expected timing of recognition are, as follows:

	2025 RMB'000	2024 RMB'000
Within one year	26,437	11,790
More than one year	39,655	—
	<b>66,092</b>	11,790

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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.

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment results, assets and liabilities (Continued)

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 December 31, 2025 and 2024 is set out below.

For the year ended December 31,	Electricity dispatch and sale		Power generation and supply		Photovoltaic power generation and selling		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	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	218,231	220,582	518,858	563,723	8,961	8,188	1,450	2,819	747,500	795,312
Over time	—	—	—	—	—	—	26,353	28,738	26,353	28,738
Revenue from external customers	218,231	220,582	518,858	563,723	8,961	8,188	27,803	31,557	773,853	824,050
Inter-segment revenue	404	1,815	—	—	—	—	—	—	404	1,815
<b>Reportable segment revenue</b>	<b>218,635</b>	<b>222,397</b>	<b>518,858</b>	<b>563,723</b>	<b>8,961</b>	<b>8,188</b>	<b>27,803</b>	<b>31,557</b>	<b>774,257</b>	<b>825,865</b>
Reportable segment profit (adjusted EBITDA)	10,009	10,899	85,595	87,610	8,087	6,718	8,856	8,434	112,547	113,661
Depreciation and amortisation	7,019	7,309	37,737	38,533	4,405	4,087	1,965	1,921	51,126	51,850
(Reversal of impairment loss)/ impairment loss on financial assets	(64)	(38)	(24)	(66)	(600)	600	(193)	(5)	(881)	491
<b>Reportable segment assets</b>	<b>62,940</b>	<b>61,942</b>	<b>681,260</b>	<b>726,421</b>	<b>77,515</b>	<b>45,542</b>	<b>45,656</b>	<b>77,907</b>	<b>867,371</b>	<b>911,812</b>
Additions to non-current segment assets	1,478	94	2,933	5,238	7,939	52,982	1,588	—	13,938	58,314
Reportable segment liabilities	31,022	30,379	92,332	114,455	4,330	2,527	15,820	17,990	143,504	165,351

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. REVENUE AND SEGMENT REPORTING (Continued)

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

	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Reportable segment revenue	774,257	825,865
Elimination of inter-segment revenue	(404)	(1,815)
Consolidated revenue	<u>773,853</u>	<u>824,050</u>
<b>Profit</b>		
Reportable segment profit	112,547	113,661
Other net income	184	221
Interest income	158	161
Interest expense	(12,150)	(17,073)
Depreciation and amortisation	(51,126)	(51,850)
Unallocated head office and corporate expenses	(32,421)	(29,377)
Consolidated profit before taxation	<u>17,192</u>	<u>15,743</u>
<b>Assets</b>		
Reportable segment assets	867,371	911,812
Unallocated head office and corporate assets	95,473	158,962
Consolidated total assets	<u>962,844</u>	<u>1,070,774</u>
<b>Liabilities</b>		
Reportable segment liabilities	143,504	165,351
Unallocated head office and corporate liabilities	349,896	439,782
Consolidated total liabilities	<u>493,400</u>	<u>605,133</u>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 3. REVENUE AND SEGMENT REPORTING (Continued)

### (d) Geographic information

Since all the revenue from customers is derived from the customers located in Tianjin and Yangzhou in PRC and the non-current assets are located in Tianjin and Yangzhou in PRC, 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:

	2025 RMB'000	2024 RMB'000
Customer A <sup>1</sup>	100,308	97,374
Customer B <sup>1</sup>	85,756	94,212
Customer C <sup>1</sup>	82,355	N/A <sup>2</sup>
Customer D <sup>1</sup>	N/A <sup>2</sup>	88,027

<sup>1</sup> Revenue from power generation and supply segment

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group

## 4. OTHER NET (LOSS)/INCOME

	2025 RMB'000	2024 RMB'000
Government grants ( <i>note</i> )	3,339	3,109
Net foreign exchange gains	146	194
Others	(3,875)	(1,067)
	(390)	2,236

*Note:*

The Group received grants of RMB3,184,000 (2024: RMB3,109,000) 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. During the year, the Group received a one-off grants of RMB155,000 (2024: Nil) from the local government related to environment of protection project.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 5. PROFIT BEFORE TAXATION

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

### (a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans	11,585	16,200
Interest on other borrowings	455	777
Interest on lease liabilities	55	62
Other financial costs	55	34
	<b>12,150</b>	<b>17,073</b>

### (b) Staff costs

	2025 RMB'000	2024 RMB'000
Contributions to defined contribution retirement plan ( <i>note</i> )	3,590	3,430
Salaries, wages and other benefits	24,865	27,513
	<b>28,455</b>	<b>30,943</b>

*Note:* As at December 31, 2025, the Group had no significant forfeited contributions available to reduce its contributions to the retirement scheme in future years (2024: Nil).

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

### (c) Other items

	2025 RMB'000	2024 RMB'000
(Reversal of impairment loss)/impairment loss of financial assets	(881)	491
Amortisation of intangible assets (included in cost of sales and administrative expenses)	987	968
Depreciation of right-of-use assets for properties	1,770	1,770
Depreciation	48,369	49,112
Auditors' remuneration	868	868
Purchase of electricity (include in cost of sales)	195,955	200,732
Amount of inventories recognised as expenses	360,884	403,043
Outsourcing operation (include in cost of sales)	37,733	39,325
Loss/(gain) on disposal of property, plant and equipment	222	(119)
Loss on written off of property, plant and equipment	130	—
Gain on early termination of a lease	(19)	—

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 6. INCOME TAX

### (a) Taxation in profit or loss represents:

	2025 RMB'000	2024 RMB'000
<b>Current tax</b>		
Provision for the year	5,405	4,434
<b>Deferred tax</b>		
Provision/(reversal) of temporary differences ( <i>note 24</i> )	249	(108)
	<b>5,654</b>	4,326

The companies in the Group are subject to the statutory income tax rate of 25% for the year ended December 31, 2025 (2024: 25%), except for two subsidiaries Tianjin Tianbao New Energy Co., Ltd. and Yangzhou Qingchang, which is eligible for preferential income tax policies for small and low-profit enterprises and subject to tax rate of 5% (2024:5%) for the year ended December 31, 2025.

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	17,192	15,743
Notional tax on profit before taxation	4,298	3,936
Others	1,356	390
Income tax expenses	<b>5,654</b>	4,326

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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	2025 Total RMB'000
<b>Chairman</b>					
Zhou Shanzhong	—	354	404	97	855
<b>Executive directors</b>					
Wang Geng	—	354	404	97	855
Yao Shen	—	318	296	88	702
Mao Yongming	—	318	357	85	760
<b>Non-executive directors</b>					
Yang Dingjing (appointed on January 16, 2026)	—	—	—	—	—
Shi Wei	—	—	—	—	—
Wu Guoqi (retired on January 16, 2026)	—	—	—	—	—
<b>Independent non-executive directors</b>					
Chan Wai Dune	90	—	—	—	90
Yang Ying (retired on January 16, 2026)	90	—	—	—	90
You Shijun (retired on January 16, 2026)	90	—	—	—	90
Zhang Huan (appointed on January 16, 2026)	—	—	—	—	—
Yang Wei (appointed on January 16, 2026)	—	—	—	—	—
<b>Supervisors</b>					
Shao Guoyong	—	—	—	—	—
Jiao Dongxu	—	205	45	55	305
Li Yingjie	—	—	—	—	—
	<b>270</b>	<b>1,549</b>	<b>1,506</b>	<b>422</b>	<b>3,747</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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	2024 Total RMB'000
<b>Chairman</b>					
Zhou Shanzhong	—	371	406	96	873
<b>Executive directors</b>					
Wang Geng	—	371	404	91	866
Yao Shen	—	333	327	86	746
Mao Yongming	—	333	295	87	715
<b>Non-executive directors</b>					
Dong Guangpei (resigned on July 19, 2024)	—	—	—	—	—
Wang Xiaotong (resigned on June 26, 2024)	—	—	—	—	—
Wu Guoqi (appointed on July 9, 2024)	—	—	—	—	—
Shi Wei (appointed on July 19, 2024)	—	—	—	—	—
<b>Independent non-executive directors</b>					
Chan Wai Dune	90	—	—	—	90
Yang Ying	90	—	—	—	90
You Shijun	90	—	—	—	90
<b>Supervisors</b>					
Shao Guoyong	—	—	—	—	—
Jiao Dongxu	—	264	199	70	533
Li Yingjie	—	—	—	—	—
	270	1,672	1,631	430	4,003

During the years, there were no amounts paid or payable by the Group to the directors of the Company 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 years.

The executive directors' emoluments shown above 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four are directors (2024: four) whose emoluments are disclosed in note 7. The aggregate emoluments of the remaining one (2024: one) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	323	321
Discretionary bonuses	182	363
Retirement scheme contributions ( <i>note</i> )	78	85
	<b>583</b>	769

*Note:*

As at December 31, 2025, the Group had no significant forfeited contributions available to reduce its contributions to the retirement scheme in future years (2024: Nil).

The emoluments of the one (2024: one) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
Nil — HK\$1,000,000	1	1

## 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 December 31, 2025 of RMB8,355,000 (2024: RMB4,530,000) and the weighted average of 159,921,000 (2024: 159,921,000) ordinary shares 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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
<b>Cost:</b>						
<b>Balance at January 1, 2024</b>	174,888	955,931	1,147	15,911	1,511	1,149,388
Acquisition of a subsidiary	—	37,462	—	—	—	37,462
Additions	—	3,512	—	345	6,258	10,115
Decrease-early termination of lease	—	(2,300)	(270)	(221)	—	(2,791)
Transfer from CIP	—	4,791	—	1,031	(5,822)	—
<b>Balance at December 31, 2024 and January 1, 2025</b>	<b>174,888</b>	<b>999,396</b>	<b>877</b>	<b>17,066</b>	<b>1,947</b>	<b>1,194,174</b>
Additions	—	1,389	—	1,432	10,707	13,528
Decrease-disposal	—	(2,166)	(159)	(74)	—	(2,399)
Written-off	—	—	—	—	(130)	(130)
Decrease-early termination of lease	—	(282)	—	—	—	(282)
Transfer from CIP	505	7,193	—	—	(7,698)	—
<b>Balance at December 31, 2025</b>	<b>175,393</b>	<b>1,005,530</b>	<b>718</b>	<b>18,424</b>	<b>4,826</b>	<b>1,204,891</b>
<b>Accumulated depreciation:</b>						
<b>Balance at January 1, 2024</b>	(29,794)	(456,322)	(957)	(6,943)	—	(494,016)
Charge for the year	(6,011)	(41,322)	(48)	(1,731)	—	(49,112)
Decrease-disposal	—	2,206	258	216	—	2,680
<b>Balance at December 31, 2024 and January 1, 2025</b>	<b>(35,805)</b>	<b>(495,438)</b>	<b>(747)</b>	<b>(8,458)</b>	<b>—</b>	<b>(540,448)</b>
Charge for the year	(5,970)	(40,716)	(48)	(1,635)	—	(48,369)
Decrease-early termination of lease	—	143	—	—	—	143
Decrease-disposal	—	1,932	151	70	—	2,153
<b>Balance at December 31, 2025</b>	<b>(41,775)</b>	<b>(534,079)</b>	<b>(644)</b>	<b>(10,023)</b>	<b>—</b>	<b>(586,521)</b>
<b>Net book value:</b>						
<b>Balance at December 31, 2025</b>	<b>133,618</b>	<b>471,451</b>	<b>74</b>	<b>8,401</b>	<b>4,826</b>	<b>618,370</b>
<b>Balance at December 31, 2024</b>	<b>139,083</b>	<b>503,958</b>	<b>130</b>	<b>8,608</b>	<b>1,947</b>	<b>653,726</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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:

	2025 RMB'000	2024 RMB'000
Buildings and structure leased for own use, carried at depreciated cost	1,022	1,251
	<b>1,022</b>	1,251

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

	2025 RMB'000	2024 RMB'000
Depreciation of buildings and structure leased for own use	173	149
Depreciation of right-of-use assets for properties <i>(note 14)</i>	1,770	1,770
Interest on lease liabilities <i>(note 5(a))</i>	55	62
Additions of right-of-use assets	83	295
Gain on early termination of a lease	19	—
Expense relating to short-term leases	—	286

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(b), 22 and 26(b), respectively.

### (c) Assessing impairment

Electricity dispatch and sale business in Seaport, power generation and supply business in Seaport, power generation and supply business in Tianjin Tianbao Lingang and photovoltaic power generation in Yangzhou Qingchang have been identified as four separate cash-generating units (“CGUs”). 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 is considered necessary for the property, plant and equipment and right-of-use assets for properties since there are no impairment indicator as at December 31, 2025 (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 11. INTANGIBLE ASSETS

	<b>Customer relationship</b> RMB'000	<b>Software and others</b> RMB'000	<b>Total</b> RMB'000
<b>Cost:</b>			
At January 1, 2024	—	9,999	9,999
Acquisition of a subsidiary	4,100	—	4,100
Additions	—	53	53
At December 31, 2024 and January 1, 2025	<b>4,100</b>	<b>10,052</b>	<b>14,152</b>
Additions	—	530	530
At December 31, 2025	<b>4,100</b>	<b>10,582</b>	<b>14,682</b>
<b>Accumulated amortisation:</b>			
At January 1, 2024	—	(4,920)	(4,920)
Charge for the year	(150)	(818)	(968)
At December 31, 2024 and January 1, 2025	<b>(150)</b>	<b>(5,738)</b>	<b>(5,888)</b>
Charge for the year	(180)	(807)	(987)
At December 31, 2025	<b>(330)</b>	<b>(6,545)</b>	<b>(6,875)</b>
<b>Net book value:</b>			
At December 31, 2025	<b>3,770</b>	<b>4,037</b>	<b>7,807</b>
At December 31, 2024	3,950	4,314	8,264

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 12. GOODWILL

	RMB'000
<b>Cost</b>	
At January 1, 2024	537
Arising on acquisition of a subsidiary	1,077
At December 31, 2024, January 1, 2025 and December 31, 2025	<b>1,614</b>
<b>Carrying amounts</b>	
At December 31, 2025	<b>1,614</b>
At December 31, 2024	1,614

### Assessing impairment

For the purposes of impairment testing, goodwill and the customer relationship set out in note 11 have been allocated to two individual cash-generating units, comprising one subsidiary in the power generation and supply segment and one subsidiary in the photovoltaic power generation and selling segment. The carrying amounts of goodwill (net of accumulated impairment losses) as at December 31, 2025 allocated to these units are as follows:

	Goodwill 2025 RMB'000	2024 RMB'000
Power generation and supply		
– Tianbao Lingang cash-generating unit	537	537
Photovoltaic power generation and selling		
– Yangzhou Qingchang cash-generating unit	1,077	1,077
	<b>1,614</b>	1,614

### Tianbao Lingang cash-generating unit

The recoverable amounts of the CGU is determined based on value-in-use calculation. That calculation uses 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% (2024: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 9.00% (2024: 9.48%). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

During the year ended December 31, 2025, management of the Group determines that there are no impairments of the CGU containing goodwill.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 12. GOODWILL (Continued)

### Yangzhou Qingchang cash-generating unit

The recoverable amounts of the CGU is determined based on value-in-use calculation. That calculation uses 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% (2024: 0%). The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cashflows are discounted using a discount rate of 9.00% (2024: 9.48%). The discount rate used are pre-tax and reflect specific risks relating to the relevant segment.

During the year ended December 31, 2025, management of the Group determines that there are no impairments of the CGU containing goodwill or the customer relationship.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGU to exceed the aggregate recoverable amount of the CGU.

## 13. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2025 and 2024, the Company had three 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				Principal activity
			Group's effective interest		Held by the Company		
			2025	2024	2025	2024	
Tianjin Tianbao New Energy Co., Ltd. 天津天保新能有限公司	Tianjin, PRC as a company with limited liability	21,709	100%	100%	100%	100%	Photovoltaic power generation, electricity infrastructure construction and sales of electronic component
Tianjin Tianbao Lingang Thermal Power Co., Ltd. 天津天保臨港熱電有限公司*	Tianjin, PRC as a company with limited liability	122,500	45%	45%	45%	45%	Steam and electricity production and supply
Yangzhou Qingchang Solar Energy Technology Co., Ltd. 揚州晴昌太陽能科技有限公司	Yangzhou, PRC as a company with limited liability	10,000	95%	N/A	95%	N/A	Photovoltaic power generation

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 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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 13. INVESTMENTS IN SUBSIDIARIES (Continued)

	2025 RMB'000	2024 RMB'000
NCI percentage	55%	55%
Current assets	122,205	134,420
Non-current assets	403,927	429,502
Current liabilities	(75,120)	(102,209)
Non-current liabilities	(174,422)	(180,666)
Net assets	276,590	281,047
Carrying amounts of NCI	145,813	148,266
Revenue	381,017	409,349
Profit for the year	5,541	12,349
Total comprehensive income	5,541	12,349
Profit allocated to NCI	3,047	6,792
Dividend paid to NCI	5,499	5,499
Cash flows generated from operating activities	42,260	53,874
Cash flows used in investing activities	(2,318)	(28,736)
Cash flows used in financing activities	(41,945)	(46,405)

## 14. RIGHT-OF-USE ASSETS FOR PROPERTIES

	2025 RMB'000	2024 RMB'000
<b>Cost:</b>		
At the beginning and end of the year	76,735	76,735
<b>Accumulated depreciation:</b>		
At the beginning of the year	(9,949)	(8,179)
Depreciation for the year	(1,770)	(1,770)
At the end of the year	(11,719)	(9,949)
<b>Net book value:</b>		
At the end of the year	65,016	66,786

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

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 15. INVENTORIES

	2025 RMB'000	2024 RMB'000
Fuel	605	327
Goods and supplies	309	393
	<b>914</b>	720

## 16. TRADE AND BILL RECEIVABLES

	2025 RMB'000	2024 RMB'000
Accounts receivable, net of loss allowance	<b>126,253</b>	126,354

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

	2025 RMB'000	2024 RMB'000
Within 3 months	<b>123,237</b>	123,649
4 to 6 months	<b>2,763</b>	1,365
7 to 9 months	<b>202</b>	789
10 to 12 months	<b>51</b>	506
Over 12 months	<b>—</b>	45
	<b>126,253</b>	126,354

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).

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 17. OTHER RECEIVABLES AND ASSETS

	2025 RMB'000	2024 RMB'000
<b>Current</b>		
Price subsidy	36,089	38,689
Value added tax recoverable	614	2,106
Advance to suppliers	21,747	27,857
Others	1,589	470
	60,039	69,122
<b>Non-current</b>		
Deposits with third parties	—	1,612

## 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:

	2025 RMB'000	2024 RMB'000
Cash at bank	71,551	128,795

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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
<b>At January 1, 2025</b>	—	434,285	161	1,591	436,037
Cash flows:					
Dividends paid	(7,735)	—	—	—	(7,735)
Proceeds from new bank loans	—	134,428	—	—	134,428
Repayment of bank loans	—	(215,543)	—	—	(215,543)
Repayment of other borrowings	—	(12,500)	—	—	(12,500)
Interest paid	—	—	(12,040)	—	(12,040)
Capital element of lease rentals paid	—	—	—	(118)	(118)
Interest element of lease rentals paid	—	—	—	(55)	(55)
Non-cash changes:					
Interest incurred	—	—	12,040	55	12,095
Early termination of lease	—	—	—	(241)	(241)
New lease for the year	—	—	—	83	83
Dividends declared	7,735	—	—	—	7,735
<b>At December 31, 2025</b>	—	340,670	161	1,315	342,146

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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 January 1, 2024	—	450,367	161	1,336	451,864
Cash flows:					
Dividends paid	(5,499)	—	—	—	(5,499)
Proceeds from new bank loans	—	270,384	—	—	270,384
Repayment of bank loans	—	(282,299)	—	—	(282,299)
Repayment of other borrowings	—	(4,944)	—	—	(4,944)
Interest paid	—	—	(16,200)	—	(16,200)
Capital element of lease rentals paid	—	—	—	(40)	(40)
Interest element of lease rentals paid	—	—	—	(62)	(62)
Non-cash changes:					
Interest incurred	—	777	16,200	62	17,039
Dividends declared	5,499	—	—	—	5,499
Increase in lease liabilities from entering into new leases during the year	—	—	—	295	295
At December 31, 2024	—	434,285	161	1,591	436,037

### (b) Total cash outflow for leases

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

	2025 RMB'000	2024 RMB'000
Within operating cash flows	—	286
Within financing cash flows	173	102
	<b>173</b>	<b>388</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 19. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payable to third parties	67,834	56,923
Bills payable	—	20,000
Retention payable	2,866	6,059
Payables for value added tax and other taxes	3,680	3,138
Payables for purchase of property, plant and equipment	4,931	6,331
Others	9	8
	<b>79,320</b>	92,459

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 payable, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	52,898	60,510
4 to 6 months	4,755	13,198
7 to 12 months	7,723	849
Over 12 months	2,458	2,366
	<b>67,834</b>	76,923

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. LOANS AND BORROWINGS

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

	2025 RMB'000	2024 RMB'000
<b>Bank loans</b>		
Within 1 year or on demand	184,322	214,031
After 1 year but within 2 years	21,655	73,787
After 2 years but within 5 years	42,063	23,861
After 5 years	92,630	110,106
	<b>156,348</b>	<b>207,754</b>
	<b>340,670</b>	<b>421,785</b>
<b>Other borrowings</b>		
Within 1 year or on demand	—	4,168
After 1 year but within 2 years	—	4,166
After 2 years but within 5 years	—	4,166
	—	8,332
	—	12,500
	<b>340,670</b>	<b>434,285</b>
	<b>2025 RMB'000</b>	<b>2024 RMB'000</b>
Amounts shown under current liabilities	184,322	218,199
Amounts shown under non-current liabilities	156,348	216,086
	<b>340,670</b>	<b>434,285</b>

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

	2025	2024
Effective interest rate:	2.50%–4.34%	2.35%–4.75%

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 20. LOANS AND BORROWINGS (Continued)

### (b) Assets pledged as security for loans and borrowings

At December 31, 2025, the loans and borrowings were secured as follows:

	2025 RMB'000	2024 RMB'000
<b>Bank loans</b>		
– secured	44,700	53,000
– guaranteed by the Company	143,670	143,585
– unsecured	152,300	225,200
Other borrowings		
– secured	–	12,500
	<b>340,670</b>	434,285

At December 31, 2025, the secured bank loans were pledged with the 45% (2024: 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.

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

As at December 31, 2025, 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 December 31, 2025 the aggregate amount of bank loan balances with such covenants is RMB143,902,000 which will mature over the next 5 years.

There was no non-compliance with loan covenants as at December 31, 2025.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 21. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities		
<b>Current portion</b>		
Electricity and power supply contracts		
– Billings in advance	8,799	9,663
<b>Non-current</b>		
Prepaid facility usage fees	4,006	4,493
	<b>12,805</b>	14,156

Revenue recognised during the year ended December 31, 2025 that was included in the contract liabilities as at January 1, 2025 is approximately RMB10,150,000 (2024: RMB7,318,000). 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 December 31, 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	361	407
After 1 year but within 2 years	188	172
After 2 years but within 5 years	321	494
After 5 years	445	518
	<b>1,315</b>	1,591
Less: Amount due for settlement within 12 months	<b>(361)</b>	(407)
	<b>954</b>	1,184

## 23. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	40,401	42,585

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 24. DEFERRED TAX ASSETS/(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	Intangible assets	Credit loss allowance	Right-of-use assets	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	RMB'000	RMB'000
At January 1, 2024	(5,598)	—	197	334	(276)	95	1,250	5,903	1,905
Credited/(charged) to profit or loss	396	31	123	64	(37)	—	(123)	(346)	108
Addition through acquisition of a subsidiary	—	(850)	—	—	—	—	—	—	(850)
At December 31, 2024 and January 1, 2025	<b>(5,202)</b>	<b>(819)</b>	<b>320</b>	<b>398</b>	<b>(313)</b>	<b>95</b>	<b>1,127</b>	<b>5,557</b>	<b>1,163</b>
Credited/(charged) to profit or loss	137	38	(221)	(68)	57	—	106	(298)	(249)
At December 31, 2025	<b>(5,065)</b>	<b>(781)</b>	<b>99</b>	<b>330</b>	<b>(256)</b>	<b>95</b>	<b>1,233</b>	<b>5,259</b>	<b>914</b>

### (ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax asset presented in the consolidated statement of financial position	<b>6,760</b>	7,181
Net deferred tax liability presented in the consolidated statement of financial position	<b>(5,846)</b>	(6,018)
	<b>914</b>	1,163

At the end of reporting period, the Group has unused tax losses of RMB21,035,000 (2024: RMB22,228,000) available for offset against future profits.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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
<b>At January 1, 2025</b>	<b>159,921</b>	<b>79,137</b>	<b>13,895</b>	<b>37,969</b>	<b>290,922</b>
Total comprehensive income	—	—	—	5,871	5,871
Dividend declared and paid	—	—	—	(2,236)	(2,236)
Appropriation to reserves	—	—	588	(588)	—
<b>At December 31, 2025</b>	<b>159,921</b>	<b>79,137</b>	<b>14,483</b>	<b>41,016</b>	<b>294,557</b>
<b>At January 1, 2024</b>	159,921	79,137	13,786	36,985	289,829
Total comprehensive income	—	—	—	1,093	1,093
Appropriation to reserves	—	—	109	(109)	—
<b>At December 31, 2024</b>	<b>159,921</b>	<b>79,137</b>	<b>13,895</b>	<b>37,969</b>	<b>290,922</b>

### (b) Share capital

	2025		2024	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
<b>Ordinary shares, issued and fully paid:</b>				
At January 1, and December 31,	<b>159,921</b>	<b>159,921</b>	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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 25. CAPITAL AND RESERVES *(Continued)*

### (c) Capital reserve

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

### (d) Statutory surplus reserves

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

### (e) Distributable reserves

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

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 Accounting Standards.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 25. CAPITAL AND RESERVES (Continued)

### (f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities) less cash and cash equivalents. Adjusted capital comprises all components of equity.

The Group's adjusted net debt-to-capital ratio at December 31, 2025 and 2024 was as follows:

	Notes	2025 RMB'000	2024 RMB'000
Current liabilities:			
Loans and borrowings	20	184,322	218,199
Lease liabilities	22	361	407
		<b>184,683</b>	218,606
Non-current liabilities:			
Loans and borrowings	20	156,348	216,086
Lease liabilities	22	954	1,184
Total debt		341,985	435,876
Less: cash and cash equivalents	18	(71,551)	(128,795)
<b>Adjusted net debt</b>		<b>270,434</b>	307,081
<b>Total equity</b>		<b>469,444</b>	465,641
<b>Adjusted net debt-to-capital ratio</b>		<b>57.61%</b>	65.95%

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

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 25. CAPITAL AND RESERVES (Continued)

### (g) Dividends

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

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.026 per ordinary share (2024: RMB0.014)	4,158	2,239

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

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year of RMB0.014 per ordinary share (2024: nil)	2,236	—

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets stated at amortised cost (including cash and cash equivalents)	238,433	291,688
<b>Financial liabilities</b>		
Financial liabilities stated at amortised cost	424,005	531,653

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

*(Continued)*

### **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, 11% (2024: 10%) and 36% (2024: 21%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

### (a) Credit risk (Continued)

#### Trade receivables (Continued)

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

	Expected loss rate %	2025	Loss allowance RMB'000
		Gross carrying amount RMB'000	
Current (not past due)	0.19%	123,470	233
Less than 3 months past due	4.71%	2,900	137
4 to 6 months past due	8.35%	220	18
7 to 9 months past due	15.55%	60	9
10 to 12 months past due	79.48%	1	1
		<b>126,651</b>	<b>398</b>

	Expected loss rate %	2024	Loss allowance RMB'000
		Gross carrying amount RMB'000	
Current (not past due)	0.39%	124,133	484
Less than 3 months past due	9.99%	1,517	152
4 to 6 months past due	14.37%	921	132
7 to 9 months past due	23.85%	664	158
10 to 12 months past due	88.72%	398	353
		<b>127,633</b>	<b>1,279</b>

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 life of the receivables.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

### (a) Credit risk (Continued)

Movement in the loss allowance account in respect of trade and bill receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at January 1,	1,279	788
(Reversal of impairment loss)/impairment loss recognised during the year	(881)	491
Balance at December 31,	398	1,279

### (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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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:

	2025					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within	More than	More than	More than	Total	
	1 year or	1 year but	2 years but	5 years		
on demand	less than	less than	5 years	RMB'000	RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	192,226	26,913	53,845	102,213	375,197	340,670
Lease liabilities	409	235	402	544	1,590	1,315
Trade and other payables	75,640	—	—	—	75,640	75,640
Salary and welfare payables	7,695	—	—	—	7,695	7,695
<b>Total</b>	<b>275,970</b>	<b>27,148</b>	<b>54,247</b>	<b>102,757</b>	<b>460,122</b>	<b>425,320</b>

	2024					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within	More than	More than	More than	Total	
	1 year or	1 year but	2 years but	5 years		
on demand	less than	less than	5 years	RMB'000	RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings	226,464	85,415	42,246	126,133	480,258	434,285
Lease liabilities	466	223	602	645	1,936	1,591
Trade and other payables	89,321	—	—	—	89,321	89,321
Salary and welfare payables	8,047	—	—	—	8,047	8,047
<b>Total</b>	<b>324,298</b>	<b>85,638</b>	<b>42,848</b>	<b>126,778</b>	<b>579,562</b>	<b>533,244</b>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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 0.01% (2024: 0.01%) 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 loans and borrowings at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
<b>Fixed rate borrowings:</b>		
Lease liabilities	1,315	1,591
Loans and borrowings	175,300	278,500
	<b>176,615</b>	280,091
<b>Variable rate borrowings:</b>		
Loans and borrowings	165,370	155,785

#### (ii) Sensitivity analysis

At December 31, 2025, 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 RMB794,000 (2024: RMB1,168,000).

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(Continued)

### (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	
	2025 Hong Kong Dollars RMB'000	2024 Hong Kong Dollars RMB'000
Cash and cash equivalents	4,735	7,833

#### (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.

	2025		2024	
	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% (10%)	393 (393)	10% (10%)	587 (587)

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 December 31, 2025 and 2024, the carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 27. COMMITMENTS

	2025 RMB'000	2024 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	<b>705</b>	6,331

## 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:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	<b>4,126</b>	4,404
Post-employment benefits	<b>581</b>	595
	<b>4,707</b>	4,999

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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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
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

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 28. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Related party balances and transactions (Continued)

<u>Names of related parties</u>	<u>Nature of relationship</u>
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. 天津港保稅區環境投資發展集團有限公司	equity owner of a subsidiary (Before June 2025)
Tianjin Pilot Free Trade Zone Emerging Technology Industry Group Co., Ltd. 天津自貿試驗區新興科技產業集團有限公司	equity owner of a subsidiary (After June 2025)
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.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 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:

	2025 RMB'000	2024 RMB'000
Advance payment for gas to related parties outside Tianbao Group	20,977	27,138
Due from Tianbao Group and its subsidiaries	1,178	1,717

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

	2025 RMB'000	2024 RMB'000
Advance received from subsidiaries of Tianbao Group	118	253

### (d) Related party transactions

	2025 RMB'000	2024 RMB'000
<b>Sales of goods to</b>		
Subsidiaries of Tianbao Group	3,024	5,153
<b>Services provided to</b>		
Subsidiaries of Tianbao Group	1,792	1,711
<b>Purchase of goods from</b>		
A company controlled by the same ultimate controller of the equity owner of a subsidiary	280,041	300,401
<b>Services received from</b>		
Subsidiaries of Tianbao Group	1,196	1,846
A subsidiary of equity owner of a subsidiary	8,647	9,932

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 29. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	215,455	232,473
Investments in subsidiaries	155,170	155,170
Right-of-use assets for properties	12,999	13,331
Deferred tax assets	6,564	6,804
Other non-current assets	—	1,612
Intangible assets	3,770	3,978
	<u>393,958</u>	<u>413,368</u>
<b>Current assets</b>		
Inventories	914	720
Trade and bill receivables	80,685	77,412
Other receivables and assets	18,167	20,713
Cash and cash equivalents	35,621	89,911
Restricted deposits	2,400	6,600
	<u>137,787</u>	<u>195,356</u>
<b>Current liabilities</b>		
Loans and borrowings	119,500	129,667
Trade and other payables	70,644	80,266
Contract liabilities	8,446	9,663
Salary and welfare payables	6,912	7,246
	<u>205,502</u>	<u>226,842</u>
<b>Net current liabilities</b>	<u>(67,715)</u>	<u>(31,486)</u>
<b>Total assets less current liabilities</b>	<u>326,243</u>	<u>381,882</u>

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

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

	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>		
Loans and borrowings	20,300	78,833
Deferred income	7,380	7,634
Contract liabilities	4,006	4,493
	31,686	90,960
<b>NET ASSETS</b>	294,557	290,922
<b>CAPITAL AND RESERVES</b>		
Share capital	159,921	159,921
Reserves	134,636	131,001
	294,557	290,922

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 30. ACQUISITION OF A SUBSIDIARY

During the year ended December 31, 2024, the Group acquired 95% of the interests in Yangzhou Qingchang at a consideration of approximately RMB15,373,000, which is principally engaged in photovoltaic power generation business. As a result, the Group obtained control of Yangzhou Qingchang. The acquisition has been accounted for as acquisition of business using the acquisition method.

### Fair value of assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Cash and cash equivalents	1,484
Customer relationship	4,100
Property, plant and equipment	37,462
Trade receivables	1,034
Other receivables and prepayments	2,374
Trade and other payables	(30,556)
Deferred tax liabilities	(850)
	<u>15,048</u>

### Goodwill arising on acquisition

	RMB'000
Consideration	15,373
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of Yangzhou Qingchang	752
Less: recognised amounts of net assets acquired	<u>(15,048)</u>
Goodwill arising on acquisition	<u>1,077</u>

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 30. ACQUISITION OF A SUBSIDIARY *(Continued)*

### Net cash outflow on acquisition of a subsidiary

	RMB'000
Cash consideration paid	15,373
Less: Cash and cash equivalents acquired	<u>(1,484)</u>
	<u>13,889</u>

### Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2024 of approximately RMB2,701,000 was generated by Yangzhou Qingchang. Revenue for the year ended December 31, 2024 was approximately RMB5,170,000 generated from Yangzhou Qingchang.

No pro forma information for the acquisition of Yangzhou Qingchang is prepared as the acquisition would have no significant contribution to the Group's revenue or financial performance for the period from January 1, 2024 to respective date of acquisition and the pro forma revenue and results of operation of the Group for the acquisition approximate the Group's revenue and results for the year ended December 31, 2024.

# Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

## 31. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting period beginning on or after</b>
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	January 1, 2026
Amendments to IFRS Accounting Standards, <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	January 1, 2026
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date not yet determined
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	January 1, 2026
Amendments to IAS 21, <i>Translation to a Hyperinflationary</i>	January 1, 2027

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.

“AGM”	the 2025 annual general meeting of the Company to be held on May 6, 2026
“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”, “our Group” or “Tianbao Energy”	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 8, 2026, 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

# Definitions

“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 modified from time to time
“Prospectus”	the prospectus of the Company dated on April 16, 2018
“Reporting Period”	from January 1, 2025 to December 31, 2025, 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 and the board of supervisors of the Company was abolished at the first extraordinary general meeting of the Company in 2025 held on 22 September 2025
“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
“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 purpose 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. MAO Yongming (毛永明)  
(*Appointed as the general manager on March 26, 2026*)  
Mr. YAO Shen (姚慎) (*Deputy general manager*)  
Mr. WANG Geng (王廣)  
(*Resigned as the general manager on March 5, 2026*)

### Non-executive Directors

Mr. WU Guoqi (武國旗) (*Retired on January 16, 2026*)  
Ms. YANG Dingjing (楊定婧) (*Appointed on January 16, 2026*)  
Ms. SHI Wei (史瑋)

### Independent non-executive Directors

Mr. CHAN Wai Dune (陳維端)  
Mr. YOU Shijun (由世俊) (*Retired on January 16, 2026*)  
Ms. YANG Ying (楊瑩) (*Retired on January 16, 2026*)  
Ms. ZHANG Huan (張歡) (*Appointed on January 16, 2026*)  
Ms. YANG Wei (楊威) (*Appointed on January 16, 2026*)

## AUDIT COMMITTEE

Mr. CHAN Wai Dune (陳維端) (*Chairperson*)  
Ms. YANG Ying (楊瑩) (*Retired on January 16, 2026*)  
Ms. YANG Wei (楊威) (*Appointed on January 16, 2026*)  
Ms. SHI Wei (史瑋)

## REMUNERATION COMMITTEE

Mr. YOU Shijun (由世俊) (*Chairperson*)  
(*Retired on January 16, 2026*)  
Ms. YANG Ying (楊瑩) (*Retired on January 16, 2026*)  
Ms. ZHANG Huan (張歡) (*Chairperson*)  
(*Appointed on January 16, 2026*)  
Ms. YANG Wei (楊威) (*Appointed on January 16, 2026*)  
Mr. MAO Yongming (毛永明)  
(*Resigned on January 24, 2025*)  
Mr. YAO Shen (姚慎) (*Appointed on January 24, 2025*)

## NOMINATION COMMITTEE

Mr. ZHOU Shanzhong (周善忠) (*Chairperson*)  
Ms. YANG Ying (楊瑩) (*Retired on January 16, 2026*)  
Mr. YOU Shijun (由世俊) (*Retired on January 16, 2026*)  
Ms. ZHANG Huan (張歡) (*Appointed on January 16, 2026*)  
Ms. YANG Wei (楊威) (*Appointed on January 16, 2026*)

## COMPANY SECRETARY

Mr. LAU Kwok Yin (劉國賢)

## AUTHORIZED REPRESENTATIVES

Mr. MAO Yongming (毛永明) (*Appointed on March 26, 2026*)  
No. 35 Haibinba Road  
Tianjin Free Trade Zone  
(Tianjin Port Free Trade Zone)  
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 Free Trade Zone  
(Tianjin Port Free Trade Zone)  
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

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 the 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  
13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

## PRC LEGAL ADVISER

Anli (Tianjin) Partners  
17th Floor, Office Building 1  
Guantang Building  
No. 14 Yujiang Road  
Hexi District, Tianjin, 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

[www.tjtbny.com](http://www.tjtbny.com)

## INVESTOR ENQUIRIES

Investor Hotline: +86 22-66276388  
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Email: [tianbaonengyuan@tjtbny.com](mailto:tianbaonengyuan@tjtbny.com)