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)

DISCLOSEABLE TRANSACTION ACQUISITION OF 95% OF THE EQUITY INTEREST IN THE TARGET COMPANY

The Board hereby announces that, on December 28, 2023, the Company and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Company agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest of the Target Company at a total consideration of approximately RMB15.37 million.

Upon completion of the Equity Transfer Agreement, the Company will hold 95% of the equity interest of the Target Company and the Target Company shall become a non-wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board hereby announces that, on December 28, 2023, the Company and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Company agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest of the Target Company at a total consideration of approximately RMB15.37 million.

Upon completion of the Equity Transfer Agreement, the Company will hold 95% of the equity interest of the Target Company and the Target Company shall become a non-wholly-owned subsidiary of the Company.

THE EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement are set out below:

Date

December 28, 2023

Parties

(1) The Company; and

(2) The Vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Subject Matter

Pursuant to the Equity Transfer Agreement, the Company agreed to acquire, and the Vendor agreed to sell, 95% of the equity interest in the Target Company.

Consideration and Payment Terms

The consideration of the Acquisition in the amount of approximately RMB15.37 million was determined based on arm's length negotiations between the Vendor and the Company with reference to, among other things, (i) the appraised value of the entire equity interest of the Target Company as at the Valuation Benchmark Date as set out in the Valuation Report; (ii) the projects undertaken and to be undertaken by the Target Company in the distributed photovoltaic market and the estimated construction costs thereof; and (iii) the financial position of the Target Company (including the payment and distribution of dividends by the Target Company prior to the Acquisition. Such consideration shall be settled by the Company with its internal funds and bank borrowings (if needed) in the designated bank account in the following manner:

(1) first installment: 50% of the consideration (i.e. approximately RMB7.69 million) shall be paid within 5 Business Days upon the effective date of the Equity Transfer Agreement; and

(2) second installment: the remaining 50% of the consideration (i.e. approximately RMB7.69 million) shall be paid within 5 Business Days upon completion of the industrial and business registration of the Equity Transfer with the relevant government authorities, the satisfaction of the undertaking provisions of the Vendor under the Equity Transfer Agreement and the completion of the handover of assets between the parties.

Existing Pledges

The Vendor shall arrange the release of the existing equity pledges of the Target Company by Ping An Bank Nanjing Branch within 20 Business Days upon receipt of the first installment of the consideration of the Equity Transfer Agreement.

Completion

The completion of delivery of the equity interest in the Target Company shall be subject to the completion of the industrial and business registration of the Equity Transfer and the registration of the Company as the owner of 95% of the equity interest in the Target Company.

VALUATION OF THE TARGET COMPANY

The Company has engaged Zhongyi Tianjin to carry out valuation of the entire equity interest of the Target Company, which was appraised to be at approximately RMB17.86 million on the Valuation Benchmark Date in accordance with the discounted cash flow method under the income approach as set out in the Valuation Report. Since the discounted cash flow method in the income approach was adopted in preparation of the Valuation Report, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, the requirements of Rules 14.60A and 14.62 of the Listing Rules shall apply.

Key Assumptions of the Valuation

Pursuant to Rule 14.62(1) of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

1. Trading hypothesis

   It is assumed that all the subjects to be appraised already remain in the trading process, and the appraisal professionals simulate the market to appraise the assets to be appraised based on the trading conditions and other factors.

2. Open market hypothesis

   The open market hypothesis assumes that assets can be bought and sold freely in a fully competitive market, and their prices depend on the value judgments of independent buyers and sellers of assets under the supply conditions of a certain market.

   The open market hypothesis is an assumed explanation or restriction on the conditions for proposed entry into the market and effects on the assets under comparatively perfect market conditions.

   An open market is a fully competitive market with a large number of buyers and sellers. Buyers and sellers share the equal status in this market and both parties have the chance and time to obtain adequate market information; and the transactions between them are made on a voluntary, rational, non-compulsory and unrestricted condition. Both the buyers and sellers can make a rational judgment as to the function, purpose and trading price of the asset.

3. Hypothesis of going concern

   It is assumed that the Target Company will not cease operation for any reason in the foreseeable future, but will continue to operate lawfully with its existing assets and resources.

4. Hypothesis of continuous use

   The hypothesis of continuous use of asset assumes that the assets to be appraised are continuously and efficiently used in compliance with the laws according to their designed purpose, way of use, scale, frequency and environment, and will not have material changes in the foreseeable service lives.

5. It is assumed that the photovoltaic projects included in the scope of appraisal can operate normally according to their designed service lives, the equipment is in continuous use and requires simple maintenance only without significant modifications or replacement, and there is no change in the operation and maintenance method.

6. It is assumed that no material changes will happen to relevant current laws, regulations, policies and macroeconomic situation of China, no material changes will happen to the political, economic and social environments in the regions of the parties to the transaction; and there are no unpredictable and force majeure factors which will have a material adverse impact.

7. It is assumed that no material changes will happen to the interest rate, tax benchmark, tax rate, policy-related surcharges (including the national power tariffs) and other items related to the Target Company after the Valuation Benchmark Date.

8. It is assumed that the management of the Target Company is responsible and stable, and is capable to hold the positions after the Valuation Benchmark Date.

9. It is assumed that the contracts and agreements provided by the Target Company that are being performed or have not been performed keep in effect and can be completed within the planned time; and that corporate users of electricity maintain continuous operation, stable electricity demands and sufficient payment ability.

10. It is assumed that the general information, property right information, policy documents and other relevant materials relating to business operation provided by the principal and the Target Company are authentic and effective.

11. It is assumed that the accounting policy to be adopted by the Target Company after the Valuation Benchmark Date will be basically consistent in important aspects with the accounting policy when this asset appraisal report is prepared.

12. It is assumed that the cash inflows and outflows of the Target Company after the Valuation Benchmark Date are one-off inflows and outflows at the end of the year.

13. The income tax rate of the Target Company in 2023 is 0%, which is the preferential tax rate enjoyed by the Target Company in accordance with the policy preferential documents stipulated by the State Administration of Taxation. The Target Company is entitled to the above-mentioned tax concessions of the "three exemptions and three reductions" for its two photovoltaic power generation projects, with 2023 being the third year of the "three exemptions" among the "three exemptions and three reductions". This policy concession will expire in 2027.

    If there are changes in relevant preferential tax policies or laws and regulations in the future, all or part of the preferential tax policies enjoyed by the Target Company may be adjusted or cancelled, which may adversely affect the operating results of the Target Company. The relevant assessment assumes that the Target Company is subject to a preferential tax rate of 12.5% before 2027 and a 25% income tax rate after 2027, without taking into account the impact of possible future policy changes on the appraised value.

Assessment of Key Specific Assumptions

14. Hypothesis about the increase or decrease in revenue

    The growth rate of operating revenue and total assets of the Target Company stood at a high level in 2022, mainly because the Target Company commenced production in 2021 (two photovoltaic power generation projects commenced production in 2021) and realized normal production in 2022. According to the specific characteristics of the industry and assets and the technical parameters provided by the photovoltaic module manufacturers, the annual power generation of photovoltaic power generation modules will decline year by year (by 2.5% in the first year and by 0.6% annually thereafter) along with the performance of the products. It is assumed that the power generation and revenue of the Target Company will show a downward trend year by year based on the technical parameters of the industry.

15. Useful life or income period

    It adopts the finite useful life as income period, and adopts the finite useful life model according to the specific characteristics of the industry and assets. According to the technical parameters provided by the photovoltaic module manufacturers, the output power of the equipment is guaranteed to be over 80% after 25 years of operation. When conducting feasibility studies, project initiation and asset evaluation, the useful life of photovoltaic equipment is set at 25 years. It is assumed that the output power of the photovoltaic module equipment of this project is guaranteed to be over 80% after 25 years of operation, and its useful life can reach 25 years as scheduled.

16. Hypothesis about gross profit margin

    This assumption is related to paragraph 9 above, that is, provided that the contracts and agreements provided by the Target Company that are being performed or have not been performed keep in effect and can be completed within the planned time; and that corporate users of electricity maintain continuous operation, stable electricity demands and sufficient payment ability, gross profit margin can be estimated by the estimated sales revenue of electricity (including power generation and electricity prices) and cost of sales (including depreciation charge, operation and maintenance expenses, insurance expenses and overhaul expenses, among which depreciation charge is the main expense, accounting for approximately 74% of the annual principal operating costs). According to the analysis, the gross profit margin of the Target Company was 82.85%, 68.00% and 71.85% in 2021, 2022 and January to June 2023, respectively. It is anticipated that the gross profit margin in the second half of 2023 will be 68.75%, and then decrease by approximately 0.2 percentage point year by year.

    It is assumed that the Target Company has stable power generation and sales structure under which electricity can be sold to its customers, Yangzhou Kaixiang Precision Casting Technology Co., Ltd. ("**Kaixiang Company**"), Yangzhou Fayun Electric Co., Ltd ("**Fayun Company**") and State Grid with stable prices.

17. Note on the installation and use of power generation equipment: As of the Valuation Benchmark Date, the Target Company operated two photovoltaic power generation projects.

    (1) 0.64MW Photovoltaic Power Generation Project: according to the Contractual Energy Management Contract for Distributed Photovoltaic Power Generation Project entered into between the Target Company and Fayun Company, the Target Company shall invest in the construction of the power station on the roof of buildings of Fayun Company and enjoy the ownership of and the electricity sales income generated by the power station. Fayun Company shall have priority to the electricity generated by the power station and enjoy preferential electricity price through leasing the roof of buildings out. It is agreed that preferential electricity price shall be calculated as 100% of the real-time electricity price of State Grid for the first 8 years, and 88% for the following 8 to 25 years.

    (2) 5.8MW Photovoltaic Power Generation Project: according to the Contractual Energy Management Contract for Distributed Photovoltaic Power Generation Project entered into between the Target Company and Kaixiang Company, the Target Company shall utilize the roof of buildings of Kaixiang Company, invest in the rooftop photovoltaic power generation construction project and enjoy the ownership of and the electricity sales income generated from the project. Kaixiang Company shall have priority to the electricity generated under the project and enjoy preferential electricity price through leasing the roof of buildings out. It is agreed that preferential electricity price shall be calculated as 80% of the catalog electricity price for the same period when its local premises use the public power grid.

        The conclusion is based on the assumption that the above-mentioned contracts will continue to be performed as a prerequisite for the relevant future income. If the contracts are no longer performed or significant changes occur, the conclusion will change accordingly.

18. Note on entrusted management of power generation projects: For the operation of the above two photovoltaic power generation projects, the Target Company entered into the Distributed Photovoltaic Asset Management Service Contract with Zhejiang Qingdian Construction Co., Ltd., pursuant to which Zhejiang Qingdian Construction Co., Ltd. shall be responsible for the operation, inspection, maintenance, production management, malfunction handling, fire management, safety protection, on-site meter reading confirmation of generated electricity, electricity bill settlement and recovery of power station equipment. The Target Company shall pay Zhejiang Qingdian Construction Co., Ltd. a relatively fixed annual service fee. The conclusion is based on the assumption that the above-mentioned contract will continue to be performed as a prerequisite for the relevant future expenditures. If the contract is no longer performed or significant changes occur, the conclusion will change accordingly.

19. Assumptions for forecasting period expenses

The Target Company's period expenses mainly consisted of administrative expenses and financial expenses.

(1) Administrative expenses mainly included postage and telecommunications, agency service fees, travel expenses, office expenses, etc. Since the Target Company did not have a management team and management staff at the location of the project, the management functions were undertaken by the Company. The valuation was made based on a reasonable estimation of the various expenses according to the actual expenses incurred by the Target Company over the years for each project and the assumption that the Target Company will reasonably share the expenses of the professional management team in the future.

(2) Financial expenses were mainly interest expenses on loans, which were based on the bank's calculation of the instalment repayment of the loan principal and interest. The valuation assumes that the interest rate of the bank loans remains stable during the loan repayment period.

20. Assumptions about capital expenditure

According to the actual situation of the Target Company, the expenditure on the maintenance and transformation of fixed assets in the capital expenditure was considered in the forecast, and the additional capital expenditure required to maintain the existing scale of operations was also considered to be appropriately increased. As the expenses of overhaul is the forecasted expenses of overhaul of the fixed assets of the Target Company, which has been forecasted in the cost of sales. After the consultation with industry experts, distributed photovoltaic equipment usually needs to be overhauled after 10 years of operation, being the 11th year, and then every 5 years, at a rate of approximately RMB0.12/wp. In addition, there is no need to increase the capital expenditure required to maintain the existing scale of operations. The valuation assumes that the period and expenses forecasts for the overhaul are accurate and reasonable.

21. Method for determining discount rate

Based on the principle that the revenue is consistent with the discount rate, the valuation adopted the weighted average cost of capital (WACC) model to determine the discount, which can be expressed by the following mathematical formula:

$$WACC=ke\times E/(D+E)+kd\times(1-t)\times D/(D+E)$$

Where: ke means the cost of equity capital; E means the market value of equity capital; D means the market value of debt capital; Kd means the cost of debt capital; and t means the income tax rate.

In calculating ke, being the cost of equity capital, we adopted the Capital Asset Pricing Model ("**CAPM**"). The CAPM model is a commonly adopted method of estimating investor returns as well as the cost of equity capital. The CAPM model can be expressed by the following mathematical formula:

$$Re= Rf+\beta\times ERP+ Rs$$
$$=Rf+\beta(Rm-Rf)+ Rs$$

Where: Re means the expected return on equity, being the cost of equity capital; Rf means rate of risk-free yield; β means the market risk coefficient; ERP means the equity risk premium (being Rm-Rf); Rm means the expected return of market; Rs means the specific risk excess return of the company.

Year	**Second half of 2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031 to 2046**
Return on equity (Re)	11.93%	11.14%	10.77%	10.44%	9.85%	9.53%	9.21%	8.91%	8.58%
Weighted average cost of capital (WACC)	8.54%	8.09%	8.13%	8.18%	7.91%	8.04%	8.19%	8.36%	8.58%

The discount rate (Weighted Average Cost of Capital (WACC)) changes until 2030 due to changes in the capital structure of the Target Company during the repayment period as the Target Company repaid the principal and interest and also due to changes in the corporate income tax rate. The valuation was based on the discount rate stated in the table.

22. Sensitivity analysis

An analysis of the sensitivity of the market value of the Target Company to changes in the discount rate is set out in the table below:

Sensitivity analysis of Target Company's market value to changes in discount rate

Unit: RMB0'000

	Range of changes in discount rate						
Discount rate	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%
Appraised value	2,069.66	1,969.67	1,875.52	1,785.82	1,700.63	1,602.25	1,543.41
Changes	283.84	183.85	89.7	0	-85.19	-183.57	-242.41
Discrepancy ratio	15.89%	10.29%	5.02%	0.00%	-4.77%	-10.28%	-13.57%

The Board has reviewed the key assumptions upon which the profit forecast was based and is of the view that the profit forecast was made after due and careful considerations and enquiry.

According to the relevant requirements in respect of state-owned assets, the Target Company's asset appraisal report has been filed for the state-owned assets appraisal project, and the State-owned Assets Appraisal Project Filing Form has been obtained.

SHINEWING has been engaged by the Company to review the arithmetical calculation and compilation of the discounted future estimated cash flows upon which the Valuation Report prepared by Zhongyi Tianjin was based. A letter from the Board and a report from SHINEWING are included in the appendices to this announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on July 16, 2019 and is wholly-owned by the Vendor as at the date of this announcement and immediately before the completion of the Acquisition. The Target Company is principally engaged in the development, design and construction of solar photovoltaic power generation projects.

Set out below is the net profit (both before and after tax) of the Target Company for the years ended December 31, 2021 and December 31, 2022 according to the unaudited financial information of the Target Company:

	For the year ended December 31, 2021	**For the year ended December 31, 2022**
	RMB'000	*RMB'000*
Net profit before tax	1,430	2,392
Net profit after tax	1,430	2,392

The unaudited book value of the net assets of the Target Company as at 30 June 2023 was approximately RMB11.16 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The acquisition of 95% of the equity interest of the Target Company is in line with the development strategy of the Company. It is an important measure for the Company's further transformation and upgrading to the direction of new energy and also a concrete action for the Company to deepen the reform of state-owned enterprises and enhance the vitality of the Company. As the Company's first out-of-town project, this project is of great significance for the Company to go out of Tianjin, expand its service area, and implement the Company's "14th Five-Year Plan".

The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY

The Company is a joint stock company with limited liability incorporated in the PRC on February 28, 2017, and the H Shares are listed on the Main Board of the Stock Exchange (stock code: 1671). The Company is mainly responsible for the power supply and service guarantee of electricity and heating for the Tianjin Port Free Trade Zone (Seaport) and the heating supply and service guarantee for the Grain and Oil Industrial Park of Tianjin Port Free Trade Zone (Lingang).

INFORMATION OF THE VENDOR

The Vendor is a company with limited liabilities established in the PRC and is principally engaged in the production, technical service and sales of power equipment. It is owned as to approximately 49% by COSCO SHIPPING (Tianjin) Co., Ltd. (中遠海運(天津)有限公司), 31% by Beijing Goldwind Zero Carbon Energy Company Limited (北京金風零碳能源有限公司) and 20% by Goldwind Investment Holding Co., Ltd. (金風投資控股有限公司). COSCO SHIPPING (Tianjin) Co., Ltd. is under the ultimate control of the State Council. Beijing Goldwind Zero Carbon Energy Company Limited and Goldwind Investment Holding Co., Ltd. are wholly-owned subsidiaries of GOLDWIND SCIENCE&TECHNOLOGY CO., LTD., a joint stock limited company listed on the Shenzhen Stock Exchange (stock code: 002202.SZ) and the Stock Exchange (stock code: 2208).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualifications
Zhongyi Tianjin	PRC asset valuer
SHINEWING	Certified Public Accountants, Hong Kong

Each of Zhongyi Tianjin and SHINEWING has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context of this announcement in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of Zhongyi Tianjin and SHINEWING is a third party independent of the Group and is not a connected person of the Group.

As at the date of this announcement, neither Zhongyi Tianjin nor SHINEWING has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

DEFINITIONS

Unless the context requires otherwise, the following terms shall have the meanings set out below in this announcement:

"Acquisition"	the acquisition of 95% of the equity interest of the Target Company
"Board"	the board of Directors
"Business Day(s)"	a day (other than public holidays) on which commercial banks in the PRC are open for business
"Company"	Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司), a joint stock company with limited liability incorporated in the PRC on February 28, 2017, and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1671)
"Director(s)"	the director(s) of the Company
"Equity Transfer"	the transfer of 95% of the equity interest of the Target Company from the Vendor to the Company
"Equity Transfer Agreement"	the equity transfer agreement dated December 28, 2023 entered into between the Company and the Vendor in respect of the Acquisition
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holders of the shares of the Company
"SHINEWING"	SHINEWING (HK) CPA Limited
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	Yangzhou Qingchang Solar Energy Technology Co., Ltd.* (揚州晴昌太陽能科技有限公司), a company with limited liability established in the PRC
"Valuation Benchmark Date"	June 30, 2023
"Valuation Report"	the asset valuation report in respect of the appraised value of the entire equity interest of the Target Company as at the Valuation Benchmark Date, which was issued by Zhongyi Tianjin on August 7, 2023
"Vendor"	Tianjin Yuanhai Jinfeng New Energy Co., Ltd.* (天津遠海金風新能源有限公司), a company with limited liability established in the PRC
"Zhongyi Tianjin"	Zhongyi (Tianjin) Real Estate Appraisal Co., Ltd. (中意(天津)房地產土地資產評估有限公司)

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

Tianjin, the PRC, December 28, 2023

As at the date of this announcement, the Board comprises Mr. Zhou Shanzhong, Mr. Wang Geng, Mr. Mao Yongming and Mr. Yao Shen as executive directors; Mr. Wang Xiaotong and Ms. Dong Guangpei as non-executive directors; and Mr. Chan Wai Dune, Mr. You Shijun and Ms. Yang Ying as independent non-executive directors.

* *For identification purpose only*

The following is the text of a letter from the Board prepared for the purpose of inclusion in this announcement.

The Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

December 28, 2023

Dear Sirs,

Discloseable Transaction – Acquisition of 95% of the Equity Interest in the Target Company

We refer to the announcement of Tianjin Tianbao Energy Co., Ltd.* (天津天保能源股份有限公司) dated December 28, 2023 (the "**Announcement**") and the asset valuation report dated August 7, 2023 prepared by Zhongyi (Tianjin) Real Estate Appraisal Co., Ltd. (中意(天津)房地產土地資產評估有限公司) (the "**Independent Valuer**") in relation to the valuation of the equity interest in Yangzhou Qingchang Solar Energy Technology Co., Ltd (揚州晴昌太陽能科技有限公司) as at June 30, 2023 (the "**Valuation**"). As the discounted cash flow method under the income approach was adopted in the Valuation, the Valuation constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and accordingly, Rule 14.62 of the Listing Rules is applicable. The key assumptions upon which the Valuation is based had been stated in the Announcement.

We have discussed with the Independent Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report from our reporting accountants, SHINEWING (HK) CPA Limited, regarding whether the Valuation was compiled properly so far as the calculations are concerned. We have noted that the profit forecasts in the Valuation are mathematically accurate and the discounted cash flows will not be affected by accounting policies.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, we are of the opinion that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Tianjin Tianbao Energy Co., Ltd.*
Zhou Shanzhong
Chairman

The following is the text of a report received from the Company's reporting accountants, SHINEWING, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

Board of Directors
Tianjin Tianbao Energy Co., Ltd.*
No. 35 Haibinba Road
Tianjin Port Free Trade Zone
Tianjin City
People's Republic of China

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying profit forecast (the "**Underlying Forecast**") to the business valuation report dated 7 August 2023 prepared by Zhongyi (Tianjin) Real Estate Appraisal Co., Ltd. (中意(天津)房地產土地資產評估有限公司) in respect of the valuation on Yangzhou Qingchang Solar Energy Technology Co., Ltd. (揚州晴昌太陽能科技有限公司) (the "**Target Company**") in connection with the proposed acquisition of 95% equity interests in the Target Company by the Tianjin Tianbao Energy Co., Ltd.* (the "**Company**"), as set out in the Announcement of the Company dated December 28, 2023 (the "**Announcement**").

Directors' Responsibilities

The directors of the Company and the Target Company (the "**Directors**") are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**") that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, (the "**HKICPA**") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) ("**HKSAE 3000 (Revised)**") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors as set out in the Announcement.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming

Practising Certificate Number: P07068

Hong Kong

December 28, 2023