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**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)**

**UPDATE IN RELATION TO THE POTENTIAL CONSTRUCTION WORKS**

Reference is made to the circular (the “**Circular**”) of Tianjin Tianbao Energy Co., Ltd.\* (the “**Company**”) dated March 8, 2022 in relation to, among other things, the Construction Tender, the Potential Construction Works and the Proposed Construction Mandate, the transactions contemplated thereunder and the relevant Shareholders’ approval. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that Suhua Construction Group Co., Ltd.\* (蘇華建設集團有限公司) (the “**Contractor**”) has been confirmed as the successful bidder of the Construction Tender. Accordingly, on April 27, 2022, Lingang Thermal Power and the Contractor entered into the Construction Agreement. The principal terms of the Construction Agreement are set out as follows:

Date: April 27, 2022

Parties: 1. Lingang Thermal Power  
2. The Contractor

Scope of services: Pursuant to the Construction Agreement, the Contractor shall be responsible for the Potential Construction Works in relation to the Gas Distributed Energy Station Project, including but not limited to:

- (a) the construction works relating to the simple gas turbines recycling system comprising the Gas Turbines (being two 15MW graded gas turbines and two 29 tons/hour waste heat steam boilers) and the Gas Boilers (being five gas boilers with output of 40 tons/hour each) and all their respective ancillary equipment; and

- (b) except the booster transformer and power transmission works in the project site, all pile foundation engineering, construction engineering, decoration engineering, gas engineering, thermal engineering, automatic control engineering, flue gas online continuous monitoring system (CEMS), electrical equipment installation engineering, water supply and drainage engineering, heating cooling and ventilation system engineering, fire protection engineering, greening engineering, road engineering, security monitoring engineering in the project site and all engineering projects connected with the original production system at the site of Lingang Thermal Power.

Construction Period: The construction period is expected to be 426 days, scheduled to commence on May 1, 2022 and end on June 30, 2023.

Consideration and payment terms: The consideration for the Potential Construction Works shall be RMB73.89 million. (the “**Construction Consideration**”). The Construction Consideration includes all costs to be incurred by the Contractor relating to the Potential Construction Works including the engineering and construction works, construction materials, construction equipment, all related professional works, subcontracting fees (if applicable) and any repair and maintenance during the Defect Liability Period.

The Construction Consideration was determined based on the Construction Tender undertaken by Lingang Thermal Power, details of which are stated in the Circular. The Contractor was selected as the winner of the Construction Tender after taking into account a series of factors including the technical capabilities of the contractor to provide the Potential Construction Works at the required specifications, the commercial terms proposed, the competitive tender price proposal and payment schedule. Among the 24 bidders that participated in the Construction Tender, the Contractor has provided the most competitive overall proposal with normal commercial terms and its price proposal is also similar to that of the other bidders. The Board is of the view that the total Construction Consideration is fair and reasonable.

The Construction Consideration will be payable by Lingang Thermal Power to the Contractor with reference to the progress of the Potential Construction Works as follows:

- (a) prior to the completion of the Potential Construction Works, the project payment shall be paid on a monthly basis at 70% of the monthly completed project output as approved by Lingang Thermal Power (based on the monthly report provided by the Contractor and upon review by Lingang Thermal Power);

- (b) upon completion of the Potential Construction Works:
  - (i) after acceptance of the completion, payment up to 85% of the actual completion value shall be payable upon issuance of the completion acceptance report by the relevant responsible unit;
  - (ii) after completion of the construction settlement audit, payment up to 97% of the audited settlement amount shall be payable after documents relating to the Potential Construction Works have been handed over to Lingang Thermal Power and receipt of the file data handover form; and
- (c) upon completion of filing and handover of the Potential Construction Works and expiration of the Defect Liability Period, payment up to 100% of the audited settlement amount shall be payable.

The Construction Consideration is expected to be paid by Lingang Thermal Power as to 30% by its own funds and 70% by bank borrowings, respectively.

Defect Liability Period: The Defect Liability Period shall be two years after the Potential Construction Works has passed the project completion acceptance.

During the Defect Liability Period, the Contractor shall maintain the Potential Construction Works and rectify all defects or replace all defective works with specified materials, fixtures and equipment which are identified during the Defect Liability Period and are attributable to certain specified causes.

Quality Guarantee Fee: A lump sum quality guarantee fee amounting to 3% of the audited settlement amount of the Potential Construction Works will be withheld upon completion and settlement of the Potential Construction Works, and will be turned to the Contractor by Lingang Thermal Power upon expiration of the Defect Liability Period in full (without interest).

Performance Guarantee : The Contractor shall provide a performance guarantee in the amount of 5% of the Construction Consideration within one month after the entering of the construction contract. Performance guarantee shall remain valid until 30 days after the date of handover of documents of the Potential Construction Works.

## **Information of the Contractor**

The Contractor is a company established in the PRC with limited liability and is principally engaged in general construction contracting for power engineering works, boiler installation, renovation, repair and maintenance, power facilities installation, repair and testing, etc. Its ultimate beneficial owner is SONG Xiaohua\* (宋小華). To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

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

Tianjin, the People's Republic of China  
April 27, 2022

*As of the date of this announcement, the Board comprises Mr. Zhou Shanzhong, Mr. Mao Yongming and Mr. Xing Cheng as executive Directors; Mr. Wang Xiaotong and Ms. Dong Guangpei as non-executive Directors; and Mr. Chan Wai Dune, Mr. Han Xiaoping and Ms. Yang Ying as independent non-executive Directors.*

\* *For identification purpose only*