THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Huadian Power International Corporation Limited*** (the "**Company**"), you should at once hand this circular and the proxy form to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

華電國際電力股份有限公司

Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION
(2) PROPOSED ISSUANCE OF A SHARES
(3) APPLICATION FOR WHITEWASH WAIVER
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

RAINBOW CAPITAL (HK) LIMITED
滂博資本有限公司

Independent Financial Adviser to the
Independent Board Committees and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 10 to 46 of this circular. Letters from the Independent Board Committees to the Independent Shareholders are set out on pages 47 to 49 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committees and the Independent Shareholders is set out on pages 50 to 91 of this circular.

The EGM of the Company will be held at 2:00 p.m., on Wednesday, 27 November 2024 at Oriental Garden Hotel, No. 6 Dongzhimen South Street, Dongcheng District, Beijing, the PRC. A notice convening the EGM is set out on pages EGM-1 to EGM-5 of this circular.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish.

8 November 2024

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"A Share(s)"	means share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the main board of the SSE and traded in RMB (stock code: 600027);
"acting in concert"	has the meaning as defined in the Takeovers Code;
"Announcement"	means the announcement of the Company dated 30 October 2024 in relation to, among other things, the Transaction and the Proposed Issuance of A Shares;
"Appraisal Benchmark Date"	means 30 June 2024;
"Asset Appraisal Reports"	means Asset Appraisal Reports issued by CAA and CEA in respect of Target Companies, each of which has been filed with the competent state-owned assets supervision and administration authorities or its authorised agency;
"Asset Purchase Agreement I"	means the asset purchase agreement entered into between the Company and China Huadian dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 80% equity interests in Jiangsu Huadian by way of issuance of Shares or a combination of issuance of Shares and cash payments;
"Asset Purchase Agreement II"	means the asset purchase agreement entered into between the Company and Huadian Furui dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan by way of cash payments;
"Asset Purchase Agreement III"	means the asset purchase agreement entered into between the Company and Operation Company dated 1 August 2024, pursuant to which the Company conditionally agreed to purchase 100% equity interests in Guigang Electric Power by way of cash payments;

"Asset Purchase Agreements"	means Asset Purchase Agreement I, Asset Purchase Agreement II and Asset Purchase Agreement III;
"Board"	means the board of directors of the Company;
"CAA"	means China Alliance Appraisal Co. Ltd (北京中同華資產評估有限公司);
"CEA"	means China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司);
"China Huadian"	means China Huadian Corporation Limited* (中國華電集團有限公司), a wholly PRC state-owned enterprise, and the controlling Shareholder of the Company directly and indirectly holding approximately 45.17% of the Company's total issued share capital as at the Latest Practicable Date;
"China Huadian Hong Kong"	means China Huadian HongKong Company Limited (中國華電香港有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Huadian Overseas Investment Co., Ltd., which is in turn wholly-owned by China Huadian;
"Closing Date"	means the date on which the Sellers deliver the Target Assets to the Company;
"Code IBC"	means an independent committee of the Board comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Transaction and the Whitewash Waiver (namely Mr. Zhu Peng and Mr. Wang Xiaobo being the non-executive Directors, and all of the independent non-executive Directors, being Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling) and established pursuant to the requirements of the Takeovers Code to provide recommendations to the Independent Shareholders on the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver;

"Company"	means Huadian Power International Corporation Limited* (華電國際電力股份有限公司), a Sino-foreign investment joint stock company limited by shares incorporated in the PRC, whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 1071) and the SSE (stock code: 600027), respectively;
"Compensation Agreements"	means the First Compensation Agreement, the Second Compensation Agreement and the Third Compensation Agreement;
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Consideration Share(s)"	means A Shares to be issued by the Company to China Huadian under the Asset Purchase Agreement I (as supplemented by the Supplemental Agreement I), as the consideration for 80% equity interests in Jiangsu Huadian;
"controlling Shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"CSRC"	means China Securities Regulatory Commission (中國證券監督管理委員會);
"Director(s)"	means the director(s) of the Company;
"Effective Date"	means the date on which all the conditions precedent agreed in the Asset Purchase Agreements (as supplemented by the Supplemental Agreements) are satisfied;
"EGM"	means the extraordinary general meeting of the Company to be held at 2:00 p.m. on Wednesday, 27 November 2024 at Oriental Garden Hotel, No. 6 Dongzhimen South Street, Dongcheng District, Beijing, the PRC;
"Enlarged Group"	means the Group as enlarged by the Transaction;
"Executive"	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;

"First Compensation Agreement"	has the meaning ascribed to it in section "9. Material contracts" in "Appendix VIII – General Information" of this circular;
"Fuxin Guangzhou"	means Huadian Fuxin Guangzhou Energy Co., Ltd.* (華電福新廣州能源有限公司), a non-wholly owned subsidiary of Huadian Furui in which it holds 55% interests as of the Latest Practicable Date;
"Fuxin Jiangmen"	means Huadian Fuxin Jiangmen Energy Company Limited* (華電福新江門能源有限公司), a non-wholly owned subsidiary of Huadian Furui in which it holds 70% interests as of the Latest Practicable Date;
"Fuxin Qingyuan"	means Huadian Fuxin Qingyuan Energy Company Limited* (華電福新清遠能源有限公司), a wholly owned subsidiary of Huadian Furui as at the Latest Practicable Date;
"Group"	means the Company together with its branches and subsidiaries;
"Guangzhou University City"	means Guangzhou University City Huadian New Energy Company Limited* (廣州大學城華電新能源有限公司), a non-wholly owned subsidiary of Huadian Furui in which it holds 55.0007% interests as at the Latest Practicable Date;
"Guigang Electric Power"	means CHD Guigang Electric Power Co., Ltd.* (中國華電集團貴港發電有限公司), a wholly owned subsidiary of Operation Company as at the Latest Practicable Date;
"H Share(s)"	means the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange (stock code: 01071) and are traded in Hong Kong dollars;
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;

"Hong Kong Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Huadian Furui"	means Fujian Huadian Furui Energy Development Co., Ltd* (福建華電福瑞能源發展有限公司), a wholly owned subsidiary of China Huadian;
"Independent Board Committees"	means collectively, the LR IBC and the Code IBC;
"Independent Financial Adviser" or "Gram Capital"	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser appointed by the Company to advise the Independent Board Committees and the Independent Shareholders in relation to the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver and to make recommendations as to voting;
"Independent Shareholders"	means Shareholders other than (i) China Huadian and parties acting in concert with it (including China Huadian Hong Kong), (ii) any other Shareholders who are involved or interested in the Transaction and/or the Whitewash Waiver, and (iii) those who are required to abstain from voting for approving the resolutions relating to the Transaction and the Proposed Issuance of A Shares;
"Issuance Date"	means the date on which the new Shares issued by the Company to the counterparties are registered under the name of the counterparties;
"Jiangsu Huadian"	means Jiangsu Huadian Energy Co., Ltd.* (華電江蘇能源有限公司), a non-wholly owned subsidiary of China Huadian in which it holds 80% interests as at the Latest Practicable Date;
"Latest Practicable Date"	means 6 November 2024, being the latest practicable date for ascertaining certain information contained herein;

"LR IBC"	means an independent committee of the Board comprising all the independent non-executive Directors who do not have a material interest in the Transaction (namely Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling) and established pursuant to the requirements of the Hong Kong Listing Rules to advise the Independent Shareholders on the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares);
"New A Share(s)"	means A Shares to be issued by the Company under the Proposed Issuance of A Shares;
"Operation Company"	means CHD Power Plant Operation Co., Ltd.* (中國華電集團發電運營有限公司), a subsidiary of China Huadian owned as to (i) 75% by China Huadian, (ii) 12.5% by ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司), which is wholly-owned by Agricultural Bank of China Limited (中國農業銀行股份有限公司) whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 1288) and the SSE (stock code: 601288) and (iii) 12.5% by CCB Financial Asset Investment Co., Ltd. (建信金融資產投資有限公司), which is wholly-owned by China Construction Bank Corporation (中國建設銀行股份有限公司) whose H shares and A shares are listed on the Hong Kong Stock Exchange (stock code: 939) and the SSE (stock code: 601939);
"PRC"	means the People's Republic of China and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
"Pricing Benchmark Date"	means the pricing benchmark date of the issuance of Consideration Shares, which is the announcement date of the resolutions passed at the tenth meeting of the tenth session of the Board of the Company, i.e. 2 August 2024;
"Pricing Date"	means the pricing benchmark date of the Proposed Issuance of A Shares, which is the first day of issuance period of the New A Shares;
"Proposed Issuance of A Shares"	means the proposed issuance of New A Shares by the Company to no more than 35 (including 35) target subscribers to raise ancillary fund;

"Relevant Period"	means the period commencing from a date falling six months before the publication of the announcement on 19 July 2024 in relation to the suspension of trading of A Shares on the proposed connected transaction for the Company to acquire the Target Assets from China Huadian (i.e. 19 January 2024), up to and including the Latest Practicable Date;
"RMB"	means Renminbi, the lawful currency of the PRC;
"SASAC"	means the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會);
"Second Compensation Agreement"	has the meaning ascribed to in the section "9. Material contracts" in "Appendix VIII – General Information" of this circular;
"Securities and Futures Ordinance" or "SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Seller(s)"	means China Huadian, Huadian Furui and Operation Company or any of them;
"SFC"	means the Securities and Futures Commission of Hong Kong;
"Shanghai Fuxin"	means Shanghai Huadian Fuxin Energy Co., Ltd.* (上海華電福新能源有限公司), a non-wholly owned subsidiary of Huadian Furui in which it holds 51% interests as at the Latest Practicable Date;
"Shanghai Minhang"	means Shanghai Huadian Minhang Energy Co., Ltd.* (上海華電閔行能源有限公司), a wholly-owned subsidiary of Huadian Furui as at the Latest Practicable Date;
"Share(s)"	mean A Share(s) and H Share(s);
"Shareholder(s)"	means the shareholder(s) of the Company;

"Specific Mandate(s)"	means the specific mandate(s) to be sought from the Independent Shareholders at the general meeting to issue (i) the Consideration Shares under the Asset Purchase Agreements (as supplemented by the Supplemental Agreements); and (ii) the New A Shares under the Proposed Issuance of A Shares;
"SSE"	means the Shanghai Stock Exchange;
"SSE Listing Rules"	means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange;
"subsidiary(ies)"	has the meaning ascribed to it under the Hong Kong Listing Rules that apply to the Company;
"Supplemental Agreement I"	means the supplemental agreement to the Asset Purchase Agreement I dated 30 October 2024 entered into between the Company and China Huadian;
"Supplemental Agreement II"	means the supplemental agreement to the Asset Purchase Agreement II dated 30 October 2024 entered into between the Company and Huadian Furui;
"Supplemental Agreement III"	means the supplemental agreement to the Asset Purchase Agreement III dated 30 October 2024 entered into between the Company and Operation Company;
"Supplemental Agreements"	means Supplemental Agreement I, Supplemental Agreement II and Supplemental Agreement III;
"Takeovers Code"	means the Code on Takeovers and Mergers in Hong Kong;
"Target Assets"	means Target Assets I, Target Assets II and Target Assets III;
"Target Assets I"	means 80% equity interests in Jiangsu Huadian;
"Target Assets II"	means 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen and 100% equity interests in Fuxin Qingyuan;

"Target Assets III"	means 100% equity interests in Guigang Electric Power;
"Target Companies"	means Jiangsu Huadian, Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen, Fuxin Qingyuan and Guigang Electric Power;
"Target Companies II"	means Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen and Fuxin Qingyuan;
"Third Compensation Agreement"	has the meaning ascribed to in the section "9. Material contracts" in "Appendix VIII – General Information" of this circular;
"Trading Day(s)"	means a day(s) on which the SSE is open for dealing or trading in securities;
"Transaction"	means the acquisition of the Target Assets by the Company by way of issuance of Consideration Shares and/or cash payments under the Asset Purchase Agreements (as supplemented by the Supplemental Agreements);
"Transition Period"	means the period from the valuation reference date (excluding the valuation reference date) to the Closing Date (including the Closing Date);
"Whitewash Waiver"	means the waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation on the part of China Huadian to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by China Huadian and any parties acting in concert with it arising as a result of the Transaction;
"%"	means per cent.

* *For identification purpose only*

華電國際電力股份有限公司

Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

Directors:
Dai Jun *(Chairman, Executive Director)*
Chen Bin *(Executive Director)*
Zhu Peng *(Non-executive Director)*
Zhao Wei *(Non-executive Director)*
Zeng Qinghua *(Non-executive Director)*
Cao Min *(Non-executive Director)*
Wang Xiaobo *(Non-executive Director)*
Li Guoming *(Executive Director)*
Feng Zhenping *(Independent Non-executive Director)*
Li Xingchun *(Independent Non-executive Director)*
Wang Yuesheng *(Independent Non-executive Director)*
Shen Ling *(Independent Non-executive Director)*

Office address:
No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC

Place of business in Hong Kong:
31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

8 November 2024

To the Shareholders,

Dear Sir/Madam,

(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION
(2) PROPOSED ISSUANCE OF A SHARES
(3) APPLICATION FOR WHITEWASH WAIVER
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

References are made to the announcements of the Company dated 18 July 2024, 25 July 2024 and 1 August 2024, and the Announcement in relation to, among other things, (i) the Transaction, (ii) the Proposed Issuance of A Shares and (iii) the Whitewash Waiver.

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM, including:

(i) details of the Transaction, the Proposed Issuance of A Shares, the Specific Mandates, and the Whitewash Waiver;

(ii) the letter from the LR IBC to the Independent Shareholders regarding the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares);

(iii) the letter from the Code IBC to the Independent Shareholders regarding the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver;

(iv) the letter from Gram Capital to the Independent Board Committees and the Independent Shareholders regarding the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver; and

(v) the notice of the EGM at which relevant resolutions will be proposed to consider and approve, (i) the Transaction; (ii) issuance of Consideration Shares to China Huadian pursuant to Specific Mandate; (iii) the Whitewash Waiver and (iv) the Proposed Issuance of A Shares.

II. MAJOR TRANSACTION AND CONNECTED TRANSACTION

1. Principal terms of the Asset Purchase Agreements (as supplemented by the Supplemental Agreements):

Date: 1 August 2024 (as supplemented by the Supplemental Agreements dated 30 October 2024)

Parties: Asset Purchase Agreement I (as supplemented by Supplemental Agreement I):

(1) Company (as the purchaser); and

(2) China Huadian (as the Seller).

Asset Purchase Agreement II (as supplemented by Supplemental Agreement II):

(1) Company (as the purchaser); and

(2) Huadian Furui (as the Seller).

Asset Purchase Agreement III (as supplemented by Supplemental Agreement III):

(1) Company (as the purchaser); and

(2) Operation Company (as the Seller).

Target Assets:

Asset Purchase Agreement I (as supplemented by Supplemental Agreement I):

80% equity interests in Jiangsu Huadian

Asset Purchase Agreement II (as supplemented by Supplemental Agreement II):

51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan

Asset Purchase Agreement III (as supplemented by Supplemental Agreement III):

100% equity interests in Guigang Electric Power

Consideration and Payment Method:

The Parties have engaged CAA and CEA, both qualified asset appraisal agencies in the PRC, to conduct valuation on the Target Assets. The Asset Appraisal Reports have been approved by and filed with the state-owned assets supervision and administration authority or its authorised agency.

Target Assets I:

According to the Asset Appraisal Reports, as at the Appraisal Benchmark Date, the appraised value of Target Assets I which was primarily determined based on the asset-based approach, is RMB7,268.3 million (representing the appraised value of Jiangsu Huadian attributable to Target Assets I). The appraised value includes the value of perpetual capital securities of RMB3,840.0 million (being the principal amount of such perpetual capital securities) attributable to Target Assets I.

After arm's length negotiation between the Company and China Huadian taking into account the appraised value of Target Assets I, and as adjusted by deducting the value of the perpetual capital securities which would not be acquired by the Company, the parties have agreed that the consideration for the purchase of Target Assets I shall be RMB3,428.3 million.

In particular, the consideration for Target Assets I will be paid by the Company by way of issuance of Consideration Shares.

Target Assets II:

According to the Asset Appraisal Reports, as at the Appraisal Benchmark Date, the appraised value of Target Assets II which were primarily determined based on the asset-based approach, are as follows:

Target Assets II	**Appraised value** *(RMB' million)*
51% of equity interests in Shanghai Fuxin	131.6
100% of equity interests in Shanghai Minhang	637.7
55.0007% equity interests in Guangzhou University City	291.9
55% equity interests in Fuxin Guangzhou	556.6
70% equity interests in Fuxin Jiangmen	166.3
100% of equity interests in Fuxin Qingyuan	116.6
Total	1,900.6

After arm's length negotiation between the Company and Huadian Furui taking into account the respective appraised values of Target Assets II, the parties have agreed that the consideration for the purchase of Target Assets II shall be as follows:

Target Assets II	**Consideration** *(RMB' million)*
51% of equity interests in Shanghai Fuxin	131.6
100% of equity interests in Shanghai Minhang	637.7
55.0007% equity interests in Guangzhou University City	291.9
55% equity interests in Fuxin Guangzhou	556.6
70% equity interests in Fuxin Jiangmen	166.3
100% of equity interests in Fuxin Qingyuan	116.6
Total	1,900.6

The Company shall pay the consideration for the purchase of Target Assets II in cash. The consideration shall be paid as to approximately (i) 51% within 15 business days after the Effective Date and (ii) 49% upon completion of registration with the administration for industry and commerce.

Target Assets III:

According to the Asset Appraisal Reports, as at the Appraisal Benchmark Date, the appraised value of Target Assets III which was primarily determined based on the asset-based approach, is RMB1,837.7 million.

After arm's length negotiation between the Company and Operation Company taking into account the appraised value of Target Assets III, and as adjusted by an amount of RMB160.0 million paid by Operation Company into the capital reserves of Guigang Electric Power on 30 October 2024, the parties have agreed that the consideration for the purchase of Target Assets III shall be RMB1,997.7 million. As further explained below, the capital injection primarily serves to support Guigang Electric Power's operational needs.

The Company shall pay the consideration for the purchase of Target Assets III in cash. The consideration shall be paid as to (i) 51% within 15 business days after the Effective Date (with RMB200 million of which being paid within 5 business days after the Effective Date) and (ii) 49% upon completion of registration with the administration for industry and commerce.

The consideration for Target Assets II and Target Assets III shall be subject to an increase of not exceeding RMB250.0 million and RMB190.0 million (exclusive of the above-mentioned RMB160.0 million that has been paid into the capital reserves of Guigang Electric Power), respectively, to reflect the amounts that may be paid respectively by Huadian Furui and Operation Company into the registered paid-up capital/capital reserves of Target Companies II and Guigang Electric Power during the Transition Period. Any such capital injection by Huadian Furui will be proportional to its shareholdings in Target Companies II, and Operation Company is the sole shareholder of Guigang Electric Power. The injection of RMB160.0 million into the capital reserves of Guigang Electric Power on 30 October 2024 and the potential injection of capital into Target Companies II and Guigang Electric Power during the Transition Period primarily serve to enhance their liquidity and working capital to support their operational needs, including the construction and maintenance of machineries and equipment.

On the basis that the adjustment represents the amounts that will be paid into the registered share capital/capital reserves of Huadian Qingyuan and Guigang Electric Power, the Board (including the independent non-executive Directors) considers that the above arrangement is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Appraisal of Target Assets:

The appraisal results were arrived at by adopting the asset-based approach. Based on the statements of financial position of the Target Companies as at the Appraisal Benchmark Date (under Generally Accepted Accounting Principles of the PRC), all assets and liabilities of the Target Companies, including but not limited to current assets (such as cash and cash equivalents, trade and other receivables, and raw materials), non-current assets (such as machinery and equipment, long-term equity investments and other investment instruments, electronic equipment and vehicles, buildings, construction-in-progress) and intangible assets (such as land use rights) were valued. Having considered the characteristics of the power industry, including that it is a heavy industry, the appraisers concluded that the asset-based approach is more suitable and the appraised value thereunder was adopted as the final appraised value of the Target Companies.

In arriving at the appraisal results, the appraisers had made various general assumptions including assumptions of all appraised assets being in the course of transaction, open market, going-concern, and no material change. With respect to individual Target Companies, the appraisers had made special assumptions including operating life of specific assets, successful renewal or non-revocation of certain licenses and the continuance of certain policies and concessions.

Adopting the asset-based approach and on the basis of the above-mentioned assumptions, the appraisers have arrived at appraised value representing appreciation rates that range from 17.63% to 60.61% over the book value of the Target Companies. The difference in appraised value of assets under the asset-based approach and their net book value is primarily attributable to the methodology of the asset-based approach, being that the value of the appraised object is determined from a re-acquisition perspective.

Please refer to Appendix V to this circular for a summary of the Asset Appraisal Reports. Pursuant to Rule 11.1(b) of the Takeovers Code, Gram Capital has confirmed that each of CAA and CEA is suitably qualified to and experienced to undertake the valuation of the Target Assets. Please refer to Appendix VII to this circular for the report from Gram Capital in this regard.

Conditions Precedent for Effectiveness of the Asset Purchase Agreements and the Supplemental Agreements:

The Asset Purchase Agreements (as supplemented by the Supplemental Agreements) shall come into force on the date on which all the following conditions precedent are fulfilled or satisfied:

(1) the Transaction including the Asset Purchase Agreements (as supplemented by the Supplemental Agreements) having been considered and approved by the Board and at the general meeting of the Company, including having obtained the requisite approvals of: (i) Independent Shareholders in relation to the issue of Consideration Shares and the Transaction including the Asset Purchase Agreements (as supplemented by the Supplemental Agreements); (ii) Shareholders in relation to the waiver of general offer obligation by China Huadian arising in connection with the Transaction under the applicable PRC laws and regulations; and (iii) Independent Shareholders in relation to the waiver of mandatory offer obligation by China Huadian arising in connection with the Transaction under the Rule 26 of Takeovers Code;

(2) the Sellers having performed the relevant internal procedures to consider and approve the Transaction (including having been considered and approved by their respective boards of directors);

(3) the Asset Appraisal Reports having been filed with the state-owned assets supervision and administration authority or its authorised agency;

(4) the Transaction having been approved by the state-owned assets supervision and administration authority or its authorised agency and other regulatory authorities (if any);

(5) the Transaction having been approved by the SSE and having been consented for registration by the CSRC; and

(6) the Transaction having been approved or consented to by the relevant regulatory authorities in Hong Kong, including the granting of the Whitewash Waiver by the Executive to China Huadian.

None of the above conditions may be waived by any of the Parties. As at the Latest Practicable Date, except for conditions (2) and (3), none of the above conditions precedent has been fulfilled.

Attribution of Profits and Losses for the Transition Period:

Save that an amount of not exceeding RMB250.0 million and RMB190.0 million that may be paid respectively by Huadian Furui and Operation Company into the registered paid-up capital/capital reserves of Target Companies II and Guigang Electric Power shall be adjusted for in cash payment to Huadian Furui and Operation Company, the profits and losses of the Target Assets during the Transition Period shall be shared or borne by the Company, and the parties to the Transaction are not required to adjust the consideration of the Target Assets according to the profits and losses during the Transition Period. Such Transition Period is expected to end by the second quarter of 2025 and is subject to, among others, the respective approval and registration process of the SSE and CSRC.

Closing:

The Sellers shall, immediately after the Effective Date, procure the Target Companies to perform the necessary procedures, amend the articles of association and other documents, and complete the industrial and commercial change registration of the transfer of the Target Assets to the Company within 15 business days after the Effective Date.

2. Issuance of Consideration Shares

Type and Par Value of Consideration Shares to be Issued:

Ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE.

The Consideration Shares, when fully paid and issued, will rank *pari passu* in all respects with the A Shares in issue at the time of the issuance of such Consideration Shares.

Method of Issuance and Target Subscribers:

The method for issuance of Consideration Shares shall be issuing shares to a specific target subscriber, who will be China Huadian.

Specific Mandate for the Issuance of Consideration Shares:

The Company shall issue the Consideration Shares under the Specific Mandate to be sought from the Independent Shareholders at the general meeting.

Pricing Benchmark Date, Pricing Basis and Issue Price:

The Pricing Benchmark Date for the Consideration Shares shall be the announcement date of the resolutions passed at the tenth meeting of the tenth session of the Board of the Company (i.e. 2 August 2024) in which the proposals related to the Transaction were considered and approved. After negotiation between the parties, the initial issue price of the Consideration Shares was determined to be RMB5.13 per A Share, which is not less than 80% of the average trading price of the Company's A Shares in the 20 Trading Days prior to the Pricing Benchmark Date. The issue price of the Consideration Shares was adjusted to RMB5.05 per A Share following the Company's distribution of 2024 interim dividend of RMB0.08 per Share (tax inclusive), according to the formula below.

Pursuant to the Measures for the Administration of the Major Asset Restructuring of Listed Companies (2023 Revision) (《上市公司重大資產重組管理辦法(2023年修訂)》), the price of the shares to be issued by the listed companies shall not be less than 80% of the market reference price of the shares. The market reference price shall be any of the average trading price of the shares of the listed companies over the last 20 Trading Days, 60 Trading Days or 120 Trading Days prior to the pricing benchmark date of the shares to be issued. The formula for calculating the average trading price during a certain period is as follows:

$$\text{Average trading price} = \frac{\text{Total trading value of A Shares during the period}}{\text{Total trading volume of A Shares during the period}}$$

The average trading prices of the A Shares of the Company over the last 20 Trading Days, 60 Trading Days and 120 Trading Days prior to the Pricing Benchmark Date are shown in the following table:

Unit: RMB/Share

Period	**Market reference price** *(RMB)*	**80% of market reference price** *(RMB)*
Last 20 Trading Days	6.41	5.13
Last 60 Trading Days	6.60	5.29
Last 120 Trading Days	6.44	5.16

Note: the calculation results for 80% of the market reference price are rounded up to the nearest two decimal places. On 18 July 2024, the Company announced the implementation of the 2023 annual dividend distribution and a cash dividend of RMB0.15 per share (tax inclusive) has been distributed to all Shareholders. The Company's A Shares were suspended from trading since the opening of market on 19 July 2024 due to the planning of the Transaction. The ex-rights (ex-dividend) date for the dividend distribution was 25 July 2024. The aforementioned calculation has been adjusted for ex-rights and ex-dividend events based on the aforesaid dividend distribution. As further detailed below, the Company has subsequently distributed its 2024 interim dividend of RMB0.08 per A Share (tax inclusive) and HK$0.08775 per H Share and does not have further plan for dividend distribution as at the Latest Practicable Date.

During the period between the Pricing Benchmark Date and the Issuance Date of the Consideration Shares, if there are any ex-rights or ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalisation issue, the issue price will be adjusted according to the following formula, and the calculation result will be rounded up to the nearest two decimal places. The adjustment formula for the issue price is as follows:

In the event of bonus issue or capitalisation issue: $P1=P0/(1+n)$;

In the event of share allotment: $P1=(P0+A\times k)/(1+k)$;

In the event of the above two items implemented simultaneously: $P1=(P0+A\times k)/(1+n+k)$;

In the event of distribution of cash dividend: $P1=P0-D$;

In the event that the above three items are implemented simultaneously: $P1=(P0-D+A\times k)/(1+n+k)$.

Where, "P0" is the issue price of the Consideration Shares before adjustment; "n" is the rate of bonus issue or rate of capitalisation issue; "k" is the rate of shares to be allotted per share; "A" is the share price to be allotted; "D" is the amount of cash dividend per share; and "P1" is the adjusted issue price of the Consideration Shares.

Following the Company's distribution of 2024 interim dividend of RMB0.08 per Share (tax inclusive), the issue price has been adjusted from RMB5.13 per Share to RMB5.05 per A Share according to the above formula.

The issue price of RMB5.05 per Consideration Share represents:

(1) a discount of approximately 11.40% to the closing price of RMB5.70 per A Share as quoted on SSE on 6 November 2024, being the Latest Practicable Date;

(2) a discount of approximately 7.68% to the closing price of RMB5.47 per A Share as quoted on SSE on 30 October 2024, being the date of the Announcement;

(3) a discount of approximately 13.68% to the closing price on an ex-dividend basis of RMB5.85 per A Share as quoted on SSE on 18 July 2024, being the last Trading Day before the Pricing Benchmark Date;

(4) a discount of approximately 13.68% to the average closing price on an ex-dividend basis of RMB5.85 per A Share as quoted on SSE for the five consecutive Trading Days immediately prior to the Pricing Benchmark Date;

(5) a discount of approximately 17.89% to the average closing price on an ex-dividend basis of RMB6.15 per A Share as quoted on SSE for the ten consecutive Trading Days immediately prior to the Pricing Benchmark Date;

(6) a discount of approximately 22.43% to the average closing price on an ex-dividend basis of RMB6.51 per A Share as quoted on SSE for the 30 consecutive Trading Days immediately prior to the Pricing Benchmark Date;

(7) a premium of approximately 32.30% over the Company's audited net asset value attributable to the Shareholders per Share of approximately RMB3.82 as at 31 December 2023; and

(8) a premium of approximately 26.57% over the Company's unaudited net asset value attributable to the Shareholders per Share of approximately RMB3.99 as at 30 June 2024.

The issue price of the Consideration Shares was arrived at after arm's length negotiation between China Huadian and the Company in accordance with the applicable PRC laws, regulations and regulatory requirements, taking into account factors including present market conditions and lock-up requirements. Accordingly, the Board (including the independent non-executive Directors) considers that the issue price of the Consideration Shares is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Adjustment Mechanism for the Issue Price

In order to better respond to the fluctuation of the Company's share price caused by market and industry factors such as changes in capital market performance, an adjustment mechanism for the issue price of the Consideration Shares will be introduced, the details of which are as follows:

(1) The target of the price adjustment mechanism

The adjustment target of the price adjustment mechanism is the issue price of Consideration Shares.

(2) Conditions for the effectiveness of the price adjustment mechanism

The price adjustment mechanism shall be approved at the general meeting of the Company.

(3) Adjustable period

From the poll results announcement date of the general meeting of the Company at which the Transaction was considered until the Transaction is registered with the CSRC.

(4) Trigger conditions of the price adjustment

During the adjustable period, in the event that there are following significant changes in the A Shares price as compared with the initial issue price of the Consideration Shares, the Board has the right to convene a Board meeting to consider whether to adjust the issue price of the Consideration Shares after the Transaction is considered and approved at the general meeting of the Company. In the event where the number of Consideration Shares to be issued exceeds 678,863,257 as a result of the Board exercising its discretion to adjust the issue price according to the above-mentioned price adjustment mechanism after the EGM, the Company will seek further approval for the Specific Mandate for the issuance of Consideration Shares and a new Whitewash Waiver, which, along with the Transaction, will be subject to approval from Independent Shareholders at a separate general meeting.

A. Downward adjustment

During the adjustable period, downward adjustment will be triggered when the following two conditions are simultaneously satisfied on any Trading Day: (a) the closing index of the SSE Composite Index (000001.SH) or Wind Power Industry Index (882528.WI) on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% lower than the closing index on the Trading Day before the holding of the first Board meeting of the Company to approve the Transaction; (b) the daily average trading price of A Shares of the Company on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% lower than the closing price of A Shares on the Trading Day before the holding of the first Board meeting of the Company for the Transaction.

B. Upward adjustment

During the adjustable period, upward adjustment will be triggered when the following two conditions are simultaneously satisfied on any Trading Day: (a) the closing index of the SSE Composite Index (000001.SH) or Wind Power Industry Index (882528.WI) on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% higher than the closing index on the Trading Day before the holding of the first Board meeting of the Company to approve the Transaction; (b) the daily average trading price of A Shares of the Company on at least 20 Trading Days of 30 consecutive Trading Days before such Trading Day are more than 20% higher than the closing price of shares on the Trading Day before the holding of the first Board meeting of the Company for the Transaction.

The above price adjustment mechanism would allow the Board to adjust the issue price of Consideration Shares in response to significant changes in market conditions, and would not affect the amount of consideration for the Transaction. Accordingly, the Board (including the independent non-executive Directors) considers that the price adjustment mechanism is fair and reasonable and in the interests of the Company and Shareholders as a whole. As further explained below, in the event where the Board exercises its discretion to adjust the issue price of Consideration Shares downward, so that more than 678,863,257 Consideration Shares will be issued, the Company will seek further approval for the Specific Mandate for the issuance of Consideration Shares and the Whitewash Waiver from Independent Shareholders at a general meeting. As at the Latest Practicable Date, none of the above trigger conditions had occurred.

(5) Price adjustment reference date

During the adjustable period, if the Board decides to adjust the issue price of the Consideration Shares within 20 Trading Days after one of the "trigger conditions of the price adjustment" above is satisfied, the price adjustment reference date shall be the next Trading Day after the trigger condition of the price adjustment is satisfied for the first time.

(6) Issue price adjustment mechanism

An adjustment to the issue price of the Consideration Shares could and could only be made once by the Company during the adjustable period. Upon agreement by China Huadian, if the Board considers and decides to adjust the issue price of the Consideration Shares, the issue price of the Consideration Shares shall be adjusted to: not less than 80% of the average trading price of the Company's A Shares in 20 Trading Days, 60 Trading Days or 120 Trading Days (excluding the price adjustment reference date) prior to the price adjustment reference date and not less than the net asset value per Share of RMB3.82 in the Company's latest audit report.

If the Board considers and decides not to adjust the issue price of the Consideration Shares, the issue price of the Consideration Shares shall not be adjusted subsequently.

(7) Adjustment to the number of Shares to be issued

After the adjustment to the issue price of the Consideration Shares, the consideration of 80% equity interests in Jiangsu Huadian shall remain unchanged, and the number of Consideration Shares to be issued to China Huadian shall be adjusted accordingly. As noted above, in the event where the number of Consideration Shares to be issued exceeds 678,863,257 as a result of the Board exercising its discretion to adjust the issue price according to the above-mentioned price adjustment mechanism after the EGM, the Company will seek further approval for the Specific Mandate for the issuance of Consideration Shares and a new Whitewash Waiver, which, along with the Transaction, will be subject to approval from Independent Shareholders at a separate general meeting.

(8) Ex-rights and ex-dividend events for the period between the price adjustment reference date and the Issuance Date

During the period between the price adjustment reference date and the Issuance Date, if there are any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalisation issue, the adjusted price and number of the Consideration Shares to be issued shall be adjusted accordingly in accordance with the above relevant formulas.

Number of Consideration Shares to be Issued:

The number of Consideration Shares to be issued shall be determined according to the following formula:

Total number of the Consideration Shares to be issued = Consideration to be paid to China Huadian in the form of issuance of Shares/Issue price of the Consideration Shares

The number of new Shares to be acquired by China Huadian, as calculated according to the above formula, shall be rounded down to the nearest one share, and fractional Share shall be regarded as its donation to the Company and directly included in the capital reserve of the Company.

The final number of Consideration Shares to be issued is subject to the number of Consideration Shares to be considered and approved at the general meeting of the Company, approved by the SSE and registered with the CSRC.

During the period between the Pricing Benchmark Date and the Issuance Date, if there are any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, share allotment or capitalisation issue, or the issue price is adjusted according to the above-mentioned issue price adjustment mechanism, the number of Consideration Shares to be issued will also be adjusted accordingly according to the adjustment of the issue price.

On the basis that the consideration for the purchase of Target Assets I to be settled by the issuance of Consideration Shares is RMB3,428.3 million and assuming the final issue price of the Consideration Shares is the issue price of RMB5.05 per Consideration Share, the number of Consideration Shares to be issued by the Company to China Huadian is 678,863,257 A Shares.

In the event where the number of Consideration Shares to be issued exceeds 678,863,257 as a result of the Board exercising its discretion to adjust the issue price according to the above-mentioned price adjustment mechanism after the EGM, the Company will seek further approval for the Specific Mandate for the issuance of Consideration Shares and a new Whitewash Waiver, which, along with the Transaction, will be subject to approval from Independent Shareholders at a separate general meeting.

Lock-up Period

China Huadian shall not transfer the Shares acquired under the Transaction within 36 months from the date of the closing of the issuance of Consideration Shares in any manner. Where the closing price of A Shares is lower than the issue price for 20 consecutive Trading Days during the 6 months after completion of the issuance of Consideration Shares or the closing price is lower than the issue price at the end of the 6 months after completion of the issuance of Consideration Shares, the lock-up period of A Shares held by it will be automatically extended for another 6 months.

The A Shares held directly and indirectly by China Huadian prior to the issuance of Consideration Shares will not be transferred within 18 months after completion of the issuance of Consideration Shares in any manner; if such Shares are increased due to (among others) the issuance of bonus share, capitalisation issue or share allotment of the Company, the increased A Shares will also be subject to the above-mentioned lock-up period. However, transfers permitted under applicable laws, regulations and regulatory documents are not subject to such restrictions.

China Huadian agrees to make corresponding adjustments in accordance with the latest regulatory requirements of the securities regulatory authorities if the lock-up period undertaking is inconsistent with such latest regulatory requirements of the securities regulatory authorities. After the expiration of the lock-up period, such transfer shall be subject to the relevant requirements of the CSRC and the SSE.

Arrangements for Accumulated Profit:

The accumulated undistributed profits (if any) of the Company before completion of the issuance of Consideration Shares shall be jointly shared by new and existing Shareholders after completion of the issuance of Consideration Shares in proportion to their respective shareholding as registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch from the completion date of the issuance of Consideration Shares.

3. Information on the Parties to the Transaction

The Group

The Group is one of the largest comprehensive energy companies in the PRC, which is principally engaged in the construction and operation of power plants, including large-scale efficient coal or gas-fired generating units and various hydropower projects.

China Huadian

China Huadian, the controlling shareholder of the Company, directly and indirectly holds approximately 45.17% of total issued share capital of the Company as at the Latest Practicable Date. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services. Its ultimate beneficial owner is SASAC.

Huadian Furui

Fujian Huadian Furui Energy Development Co., Ltd. is a limited liability company established in the PRC in 2020, and its principal businesses are power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; supervision of construction engineering; supervision of water conservancy engineering; installation, maintenance and testing of power transmission, power supply, power receiving facilities; construction engineering (items subject to approval by law may not be carried out until approved by the relevant departments, and the specific business projects shall be subject to the approval documents or license certificates of the relevant departments) General items: power generation technical services; wind power technical services; solar power generation technical service; sales of solar thermal power generation products; information technology consulting services; lease of photovoltaic power generation equipment; environmental consulting services; technology promotion services; technical services; technology development, technology consulting, technology exchange, technology transfer, technology promotion; engineering management services; sales of coal and its products; sales of metal materials; manufacture of electronic (gas) physical equipment and other electronic equipment; sales of power electronic components; hardware products wholesale; sales of construction materials; import and export of goods (except for items subject to approval by law, with a business license to conduct business activities independently in accordance with the law.)

Operation Company

CHD Power Plant Operation Co., Ltd. is a limited liability company established in the PRC in 2007, and its principal businesses are heat production and supply; cooling services; technical services for power generation; technical services for wind power generation; technical services for solar power generation; technical services for energy storage; biomass energy technology services; electrical equipment repairment; technical services; technical

development, technical consultation, technical exchange, technology transfer and technology popularisation; new energy technology research and development; import and export of technologies, import and export of goods; import and export agents; engineering management services; park management services; entrepreneurial space services; property management; Non-residential real estate leasing; enterprise management; enterprise headquarters management. Licensed projects (except for projects subject to approval by law, with a business license to conduct business activities independently in accordance with the law): power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; power supply business; Installation, maintenance and testing of power transmission, power supply and power receiving facilities; electrical installation services; construction engineering; construction engineering supervision. (For projects subject to approval in accordance with the law, the company can only carry out business activities after approval by the relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments) (The company shall not engage in business activities of projects prohibited and restricted by the state and the city's industrial policy.)

4. Information on the Target Companies

Jiangsu Huadian

Jiangsu Huadian is a limited liability company established in the PRC in 2008, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Jiangsu Huadian is owned as to (i) 80% by China Huadian and (ii) 20% by PetroChina Company Limited (中國石油天然氣股份有限公司), which is ultimately controlled by SASAC. As at 30 June 2024, the combined audited total assets and net assets of Jiangsu Huadian amounted to approximately RMB32,459.7 million and RMB10,412.3 million, respectively.

The combined audited financial information of Jiangsu Huadian for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024 *(RMB'000)*	**For the year ended 31 December 2023** *(RMB'000)*	**For the year ended 31 December 2022** *(RMB'000)*
Net profit/(loss) before taxation	470,142	956,874	(2,575,169)
Net profit/(loss) after taxation	393,101	734,882	(2,522,887)

The overall increase in profit during the reporting period was primarily due to (i) increase of turnover from the sale of electricity and heat as a result of the recovery of demand following the global health crisis, and (ii) decrease in operation costs as a result of reduction in fuel costs. For details, please refer to management discussion and analysis of Jiangsu Huadian in Appendix IV to this circular.

On 29 October 2024, China Huadian completed the transfer to Jiangsu Huadian all assets and liabilities of a branch that engage in the investment, development, operation and management of thermal power plant projects. The transfer was financed by Jiangsu Huadian's internal resources. The effect of such transfer has been accounted for in the asset appraisal report of Jiangsu Huadian. For details, please refer to Note 1 of the accountants' report of Jiangsu Huadian in Appendix II to this circular.

Shanghai Fuxin

Shanghai Fuxin is a limited liability company established in the PRC in 2014, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Shanghai Fuxin is owned as to (i) 51% by Huadian Furui and (ii) 49% by Luenmei Quantum Co., Ltd (聯美量子股份有限公司), whose shares are listed on the SSE (stock code: 600167). As at 30 June 2024, the audited total assets and net assets of Shanghai Fuxin amounted to approximately RMB389.5 million and RMB202.8 million, respectively.

The audited financial information of Shanghai Fuxin for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net profit before taxation	14,188	32,931	12,353
Net profit after taxation	10,495	24,721	8,908

Shanghai Minhang

Shanghai Minhang is a limited liability company established in the PRC in 2011, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Shanghai Minhang is wholly-owned by Huadian Furui. As at 30 June 2024, the audited total assets and net assets of Shanghai Minhang amounted to approximately RMB1,214.0 million and RMB397.0 million, respectively.

The audited financial information of Shanghai Minhang for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024 *(RMB'000)*	For the year ended 31 December 2023 *(RMB'000)*	For the year ended 31 December 2022 *(RMB'000)*
Net profit before taxation	41,507	32,092	34,836
Net profit after taxation	32,123	28,030	33,871

Guangzhou University City

Guangzhou University City is a limited liability company established in the PRC in 2008, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Guangzhou University City is owned as to (i) 55.0007% by Huadian Furui and (ii) 44.9993% by Guangzhou University Energy Source Development Co., Ltd* (廣州大學城能源發展有限公司), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People' Government of Guangzhou. As at 30 June 2024, the audited total assets and net assets of Guangzhou University City amounted to approximately RMB690.8 million and RMB434.2 million, respectively.

The audited financial information of Guangzhou University City for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024 *(RMB'000)*	For the year ended 31 December 2023 *(RMB'000)*	For the year ended 31 December 2022 *(RMB'000)*
Net profit before taxation	53,791	4,397	44,728
Net profit after taxation	45,565	2,561	33,715

Fuxin Guangzhou

Huadian Fuxin Guangzhou Energy Co., Ltd. is a limited liability company established in the PRC in 2016, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Fuxin Guangzhou is owned as to (i) 55% by Huadian Furui, (ii) 20% by PetroChina Kunlun Gas Co., Ltd* (中國石油昆侖燃氣有限公司), which is ultimately controlled by SASAC, (iii) 10% by China Energy Engineering Group Investment Co., Ltd* (中國能源建設集團投資有限公司), which is ultimately controlled by SASAC, (iv) 10% by

Guangzhou Zengcheng District Investment Group Co., Ltd* (廣州市增城區產業投資集團有限公司), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People' Government of Guangzhou Zengcheng District and (v) 5% by Southwest Electric Power Design Institute Co., Ltd* (中國電力工程顧問集團西南電力設計院有限公司), which is ultimately controlled by SASAC. As at 30 June 2024, the audited total assets and net assets of Fuxin Guangzhou amounted to approximately RMB2,671.4 million and RMB860.4 million, respectively.

The audited financial information of Fuxin Guangzhou for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net profit before taxation	24,455	196,697	47,417
Net profit after taxation	22,727	148,550	34,099

Fuxin Jiangmen

Huadian Fuxin Jiangmen Energy Company Limited is a limited liability company established in the PRC in 2013, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Fuxin Jiangmen is owned as to (i) 70% by Huadian Furui and (ii) 30% by Guangzhou Nansha Economic and Technological Development Zone Weixin Industrial Co., Ltd* (廣州南沙經濟技術開發區偉鑫實業有限公司), which is ultimately controlled by Mr. Ye Zhifei (葉志飛), a third party independent from the Company. As at 30 June 2024, the audited total assets and net assets of Fuxin Jiangmen amounted to approximately RMB986.6 million and RMB198.2 million, respectively.

The audited financial information of Fuxin Jiangmen for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net profit/(loss) before taxation	11,399	48,223	(74,984)
Net profit/(loss) after taxation	8,260	35,689	(56,081)

Fuxin Qingyuan

Huadian Fuxin Qingyuan Energy Company Limited is a limited liability company established in the PRC in 2013, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Fuxin Qingyuan is wholly-owned by Huadian Furui. As at 30 June 2024, the audited total assets and net assets of Fuxin Qingyuan amounted to approximately RMB624.0 million and RMB97.5 million, respectively.

The audited financial information of Fuxin Qingyuan for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net loss before taxation	20,443	35,525	201
Net loss after taxation	20,443	35,525	201

Guigang Electric Power

CHD Guigang Electric Power Co., Ltd. is a limited liability company established in the PRC in 2003, primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power. As at the Latest Practicable Date, Guigang Electric Power is wholly-owned by Operation Company. As at 30 June 2024, the combined audited total assets and net assets of Guigang Electric Power amounted to approximately RMB2,699.8 million and RMB1,430.4 million, respectively.

The combined audited financial information of Guigang Electric Power for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024 is set out below:

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Net profit/(loss) before taxation	28,900	112,848	(450,012)
Net profit/(loss) after taxation	19,197	87,583	(391,550)

On 25 October 2024, Huadian Furui completed the transfer to Guigang Electric Power all equity interests in certain subsidiaries that engage in the investment, development, operation and management of thermal power plant projects. The transfer was financed by Guigang

Electric Power's internal resources. The effect of such transfer has been accounted for in the asset appraisal report of Guigang Electric Power. For details, please refer to Note 1 of the accountants' report of Guigang Electric Power in Appendix II to this circular.

Please refer to the Appendix II to this circular for the accountant's report on the Target Companies for the three financial years ended 31 December 2023 and the six months ended 30 June 2024.

III. PROPOSED ISSUANCE OF A SHARES TO RAISE ANCILLARY FUNDS

The Company proposes to issue New A Shares to no more than 35 (including 35) qualified target subscribers. Such qualified target subscribers may include any securities investment fund management company, securities firm, financial services company, asset management company, insurance company, other legal person or natural person investors in the PRC who may or may not be Shareholders of the Company. China Huadian has informed the Company that China Huadian will not participate, and will use reasonable endeavours to request parties acting in concert with it not to participate, in the Proposed A Share Issuance. As at the Latest Practicable Date, none of the qualified target subscribers has been identified, and it is expected that none of the qualified target subscribers would subscribe for 10% or more of the total issued Shares of the Company (upon completion of the Transaction and Proposed Issuance of A Shares). In the event where any connected person of the Company participates in the Proposed Issuance of A Shares, the Company will comply with the requirements under Chapter 14A of the Listing Rules. The total amount of ancillary funds to be raised shall not exceed RMB3,428.0 million (being 100% of the Consideration Shares' total value, rounded down to the nearest million RMB) and the number of New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the issuance of Consideration Shares. The number and price of New A Shares to be issued under the Proposed Issuance of A Shares will be determined in accordance with the relevant requirements of the CSRC.

The Proposed Issuance of A Shares is conditional on the implementation of the Transaction while the Transaction is not conditional on the completion of the Proposed Issuance of A Shares.

The details of the Proposed Issuance of A Shares are as follows:

Type and Par Value of New A Shares to be Issued:	Ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE. The New A Shares, when fully paid and issued, will rank *pari passu* in all respects with the A Shares in issue at the time of the issuance of such New A Shares.
Specific Mandate for the issuance of New A Shares	The New A Shares under the Proposed Issuance of A Shares will be issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Pricing Date, Pricing Basis and Issue Price:

The Pricing Date of the Proposed Issuance of A Shares is the first day of the issuance period of the New A Shares. The issue price will not be less than 80% of the average trading price of the Company's A shares in 20 Trading Days prior to the Pricing Date, and shall not be less than the audited net assets per Share of RMB3.82 as at 31 December 2023.

The final issue price of the New A Shares will be determined by the Board and its authorised persons in accordance with the authorisation of the general meeting and in consultation with the lead underwriter for the Proposed Issuance of A Shares based on the bidding results, after the Transaction and the Proposed Issuance of A Shares have been approved by the SSE and registered by the CSRC, and pursuant to the provisions of laws, regulations and the requirements of regulatory authorities. The net price per New A Share will be disclosed in due course.

The specific time of Proposed Issuance of A Shares shall be determined by the Company and the lead underwriter based on the proposal for use of proceeds and market conditions, subject to the above-mentioned regulatory approval and registration process. The authorisation in relation to the Transaction and Proposed Issuance of A Shares shall be valid for 12 months from the date of the approval by the Shareholders (subject to an automatic extension until completion if the approval of the CSRC in respect of the Transaction and Proposed Issuance of A Shares is obtained during the aforementioned 12-month period).

During the period from the Pricing Date to the Issuance Date of the New A Shares, if there are any ex-rights and ex-dividend events, such as distribution of dividend, issue of bonus share, capitalisation issue or share allotment, the issue price of the New A Shares shall be adjusted in accordance with the relevant rules of the CSRC and the SSE.

On the basis that the issue price of the New A Shares will be determined in accordance with the applicable PRC laws, regulations and regulatory requirements, and based on bidding results, the Board (including independent non-executive Directors) considers that the mechanism is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Total Amount of Ancillary Funds to be Raised and Number of Shares to be Issued:

The total amount of ancillary funds to be raised shall not exceed RMB3,428.0 million (being 100% of the Consideration Shares' total value, rounded down to the nearest million RMB) and the number of the New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the issuance of Consideration Shares. The final amount of proceeds and number of Shares to be issued will be capped at those approved by the SSE and registered by the CSRC. The final number of New A Shares to be issued will be determined by the Board and its authorised persons in accordance with the authorisation of the general meeting and the actual situation at the time of issuance and in consultation with the lead underwriter for the Proposed Issuance of A Shares, after the Transaction and the Proposed Issuance of A Shares have been approved by the SSE and registered by the CSRC, and pursuant to the provisions of laws, regulations and the requirements of regulatory authorities.

The formula for calculating the number of New A Shares to be issued is: The number of New A Shares to be issued to raise ancillary funds = The amount of ancillary funds to be raised/The issue price per New A Share (rounded down to the nearest one New A Share).

During the period from the Pricing Date to the Issuance Date of the New A Shares, if there are any ex-rights and ex-dividend events, such as distribution of dividend, issue of bonus share, capitalisation issue or share allotment, which cause the change of the issue price of the New A Shares, the number of the New A Shares to be issued will be adjusted accordingly.

Lock-up Period:

The target subscribers under the Proposed Issuance of A Shares shall not transfer the New A Shares within six months from the closing date of issuance of the New A Shares. Upon completion of the Proposed Issuance of A Shares, if the target subscribers under the Proposed Issuance of A Shares acquire more A Shares as a result of any ex-rights and ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, capitalisation issue or share allotment, such A Shares are also subject to the above-mentioned lock-up period.

If the above-mentioned lock-up period arrangement is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the target subscribers under the Proposed Issuance of A Shares shall make relevant adjustments in accordance with the regulatory opinions of the relevant securities regulatory authorities.

After the expiration of the above-mentioned lock-up period, the transfer of the Company's A Shares acquired by the target subscribers under the Proposed Issuance of A Shares shall be subject to the relevant requirements of the CSRC and the SSE.

Use of Proceeds to be Raised:

Assuming ancillary funds of RMB3,428.0 million will be raised from the Proposed Issuance of A Shares, (i) approximately 41.7% of which will be used to pay the cash consideration, intermediary fees and relevant taxes and charges of the Transaction and (ii) approximately 58.3% of which will be used to fund a coal power expansion project in Wangting. The expansion project entails the construction of a 2X660MW double-reheat coal-fired power unit and advanced desulfurisation, denitrification and dust removal facilities. It is expected that this will not be a significant project of the Company but would allow the Company to enhance its operating scale and efficiency in the region.

In the event of any adjustment to the latest regulatory opinions of the securities regulatory authorities, the Company shall make relevant adjustments relating to the Proposed Issuance of A Shares in accordance with the latest regulatory opinions of the relevant securities regulatory authorities.

Before receiving the ancillary funds, the Company may, depending on the actual situation, pay in advance with its own and/or self-financing funds and then replace such funds with the ancillary funds once they are successfully raised. If the Company fails to successfully raise ancillary funds or the actual proceeds to be raised is less than the fund requirements for the use of proceeds to be raised, the Company will address the shortfall through its own or self-financing funds, at which time the Company will make appropriate adjustments as to the investment order, amount and specific methods for the above-mentioned use of proceeds to be raised based on the net proceeds actually raised and the actual requirements for the use of proceeds to be raised.

Arrangements for Accumulated Undistributed Profits:

Upon the completion of the Proposed Issuance of A Shares, the accumulated undistributed profits of the Company before the issuance will be shared by the new and existing Shareholders of the Company after the issuance in proportion to their respective shareholdings.

Bookbuilding arrangements:	The bookbuilding process of the Proposed Issuance of A Shares would be independently administered by the underwriter(s). The allocation of the Proposed Issuance of A Shares would be strictly formula-based and would solely be determined by reference to: (a) pricing; (b) subscription amount; and (c) timing of order, would not be subject to any other adjustments by any underwriter or the Company, and would be regulated under the rules of CSRC.

IV. REASONS AND BENEFITS OF THE TRANSACTION AND THE PROPOSED ISSUANCE OF A SHARES

The Transaction

1. Enhance the Company's controlled installed capacity and market competitiveness and build a flagship listed company under China Huadian for conventional energy to better serve the national energy security strategy

The total installed capacity in operation of the Target Assets to be injected into the Company is approximately 16.0 million KW, representing 27.2% of the Company's existing controlled installed capacity of approximately 58.8 million KW. After the injection, the Company's controlled installed capacity will significantly increase to approximately 74.8 million KW, further enhancing the Company's market competitiveness and brand influence in the power sector. By injecting high-quality thermal power assets into the Company, the value discovery mechanism of the capital market can be fully utilised to build a flagship listed company under China Huadian for conventional energy, contributing to the vital role of thermal power in ensuring the safe and stable operation of the power grid and energy supply security, thereby better serving the national energy security strategy.

2. Improve the Group's performance and strive to create benefits for all Shareholders

Upon completion of the Transaction, the Target Assets will be consolidated into the Group's financial statements, which will enhance the Group's asset scale, revenue and net profit, and will help the Company to further improve the layout of its domestic conventional energy assets, broaden its sources of income and diversify overall business risks. The Transaction is a proactive initiative for the Company to improve the asset quality of the Company and enhance its sustainable development capability. The Transaction will further expand the business advantages and asset scope of the Group, effectively enhancing the Group's competitiveness and increasing its investment value in the capital market, ultimately creating benefits for all Shareholders.

Proposed Issuance of A Shares

The funds to be raised from the Proposed Issuance of A Shares are intended to be used to (i) pay the cash consideration, intermediary fees and relevant taxes and charges of the Transaction and (ii) fund a coal power expansion project in Wangting, so as to improve the overall financial position and promote the future development of the Group.

The Board (including independent non-executive Directors of the Company) is of the view that the Asset Purchase Agreements and the Supplemental Agreements are fair and reasonable, are on normal or better commercial terms, and are in the interests of the Company and Shareholders as a whole.

V. IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the total issued share capital of the Company is 10,227,561,133 Shares, which comprises 8,510,327,533 A Shares and 1,717,233,600 H Shares.

As the number and price of New A Shares to be issued under the Proposed Issuance of A Shares has not been determined as at the Latest Practicable Date, its impact on the shareholding structure of the Company cannot be accurately assessed.

For illustration purpose, set out below is the shareholding structure of the Company:

(i) as at the Latest Practicable Date; and

(ii) immediately after completion of the Transaction (on the basis that the consideration for the purchase of Target Assets I to be settled by way of issuance of Consideration Shares is RMB3,428.3 million, and assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB5.05 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issuance of the A Shares pursuant to the Asset Purchase Agreement I (as supplemented by the Supplemental Agreement I)):

		Shareholding as at the Latest Practicable Date			Shareholding immediately after completion of the Transaction *(Note 3)*		
Name of Shareholder *(Note 1)*	**Class of Shares**	**Number of Shares** *(Note 2)*	**Approximate percentage of the issued share capital of the relevant class** (%)	**Approximate percentage of the total issued share capital** (%)	**Number of Shares**	**Approximate percentage of the issued share capital of the relevant class** (%)	**Approximate percentage of the total issued share capital** (%)
China Huadian and parties acting in concert with it *(Note 4)*							
China Huadian	A	4,534,199,224	53.28	44.33	5,213,062,481	56.73	47.80
China Huadian Hong Kong	H	85,862,000	5.00	0.84	85,862,000	5.00	0.79
Sub-total *(Note 5)*	A	4,534,199,224	53.28	44.33	5,213,062,481	56.73	47.80
	H	85,862,000	5.00	0.84	85,862,000	5.00	0.79
	Total A and H	4,620,061,224	–	45.17	5,298,924,481	–	48.59
Public A Shareholders	A	3,976,128,309	46.72	38.88	3,976,128,309	43.27	36.46
Public H Shareholders	H	1,631,371,600	95.00	15.95	1,631,371,600	95.00	14.96
Total		10,227,561,133	–	100.00	10,906,424,390	–	**100.00**

Notes:

1. As at the Latest Practicable Date, none of the Directors is interested in any Shares.

2. The Company does not have any outstanding convertible securities, warrants, options, or derivatives in issue as at the Latest Practicable Date which may confer any rights to subscribe for, convert or exchange into Shares.

3. The above shareholding table does not take into account any issue of H Shares that may take place pursuant to the general mandate granted by the Shareholders at the Company's annual general meeting held on 17 June 2024.

4. As at the Latest Practicable Date, 4,534,199,224 A Shares, representing approximately 44.33% of the total issued share capital of the Company, are held by China Huadian, and 85,862,000 H Shares, representing approximately 0.84% of the total issued share capital of the Company, are held by China Huadian Hong Kong, a wholly-owned subsidiary of China Huadian Overseas Investment Co., Ltd., which is in turn a wholly-owned subsidiary of China Huadian. China Huadian Hong Kong is presumed to be acting in concert with China Huadian in respect of the Company under class (1) of the definition of "acting in concert" under the Takeovers Code.

5. The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.

As explained above, the final issue price of the New A Shares will be determined after the Transaction and the Proposed Issuance of A Shares have been approved by the SSE and registered by the CSRC. For illustrative purpose, assuming (i) the amount of ancillary funds to be raised is RMB3,428.0 million and (ii) the New A Shares will be issued at RMB5.05 per A Share, after the Proposed Issuance of A Shares, the percentage of issued share capital to be held by public holders of A Shares and H Shares will be approximately 40.18% and 14.08%, respectively. The number of New A Shares to be issued and the final issue price will be determined subject to applicable laws and regulations and the requirements of the regulatory authorities, bidding results and market conditions. The Company will ensure the compliance with the applicable public float requirement under the Hong Kong Listing Rules upon the completion of the Transaction and the Proposed Issuance of A Shares, and will scale down the number of A Shares to be issued under the Proposed Issuance of A Shares to the extent such issuance will result in non-compliance of the applicable public float requirement under the Hong Kong Listing Rules.

VI. FINANCIAL IMPACT OF THE TRANSACTION

Upon completion of the Transaction, each of the Target Companies will become a subsidiary of the Company and their financial statements will be included into the consolidated financial statements of the Group. The Company will hold 80% of Jiangsu Huadian, 51% of Shanghai Fuxin, 100% of Shanghai Minhang, 55.0007% of Guangzhou University City, 55% of Fuxin Guangzhou, 70% of Fuxin Jiangmen, 100% of Fuxin Qingyuan, and 100% of Guigang Electric Power upon completion of the Transaction.

The accompanying unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular is prepared as if the Transaction had taken place at 30 June 2024 to illustrate the effect of the Transaction.

Assets and Liabilities

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix III to this circular, for illustration purposes only, the total assets of the Group would have increased from RMB225,581.0 million to RMB269,053.9 million on a pro forma basis, the total liabilities of the Group would have increased from RMB137,100.5 million to RMB166,852.6 million on a pro forma basis, and the net assets of the Group would have increased from RMB88,480.5 million to RMB102,201.3 million on a pro forma basis.

Earnings

Upon the completion of the Transaction, the Target Companies will become subsidiaries of the Company and the financial results of the Target Companies will be consolidated into the financial statements of the Group. It is expected that the Company will be able to record additional revenue stream from the Target Companies upon completion of the Transaction.

VII. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As one or more of the applicable percentage ratios in respect of the Transaction in accordance with the Hong Kong Listing Rules exceed 25% but are less than 100%, the Transaction constitutes a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the date of this circular, China Huadian is the controlling shareholder of the Company, and Huadian Furui and Operation Company are subsidiaries of China Huadian, and are its associates. Therefore, the Sellers are connected persons of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules and is subject to the report, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The completion of the Transaction will not result in a change in control of the Company and China Huadian is expected to remain the controlling shareholder of the Company upon completion of the Transaction.

The New A Shares under the Proposed Issuance of A Shares will be issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Each of the Directors Mr. Dai Jun, Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min has abstained from voting on the relevant board resolutions in respect of the Transaction and the Proposed Issuance of A Shares to be considered and approved, due to a potential conflict of interest as a result of their positions in China Huadian and its subsidiaries pursuant to Rule 13.44 of the Hong Kong Listing Rules. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the relevant resolutions.

VIII. IMPLICATIONS UNDER THE TAKEOVERS CODE

Application for Whitewash Waiver

As at the Latest Practicable Date,

(i) China Huadian holds 4,534,199,224 A Shares, representing approximately 44.33% of the total issued share capital of the Company; and

(ii) China Huadian and parties acting in concert with it hold in aggregate 4,620,061,224 Shares (comprising 4,534,199,224 A Shares and 85,862,000 H Shares), representing approximately 45.17% of the total issued share capital of the Company.

Immediately following completion of the Transaction, on the basis that the consideration for the purchase of Target Assets I to be settled by way of issuance of Consideration Shares is RMB3,428.3 million, and assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB5.05 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issuance of A Shares pursuant to the Asset Purchase Agreement I (as supplemented by the Supplemental Agreement I),

(i) the shareholding of China Huadian in the Company will increase to approximately 47.80%; and

(ii) the aggregate shareholding of China Huadian and parties acting in concert with it in the Company will increase to approximately 48.59%.

Accordingly, upon completion of the Transaction, pursuant to Rule 26.1 of the Takeovers Code, China Huadian will be required to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Huadian and parties acting in concert with it, unless the Whitewash Waiver from strict compliance with Rule 26.1 of the Takeovers Code is obtained from the Executive.

As such, completion of the Transaction is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. An application has been made by China Huadian (on behalf of itself and parties acting in concert with it) to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by Independent Shareholders either in person or by proxy at the EGM; and (ii) the approval of the Transaction by more than 50% of the votes cast by Independent Shareholders either in person or by proxy at the EGM as required under the Takeovers Code. As at the Latest Practicable Date, the Executive has indicated that it is minded to grant the Whitewash Waiver. The Transaction will not proceed if the Whitewash Waiver is not obtained or if the Whitewash Waiver is not approved by the Independent Shareholders.

Further, pursuant to the articles of association of the Company, the Asset Purchase Agreements and the Supplemental Agreements will have to be approved by at least two-thirds of the votes cast by Independent Shareholders at the EGM by way of poll.

As at the Latest Practicable Date, the Company does not believe that the Transaction gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Hong Kong Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Transaction does not comply with other applicable rules and regulations.

The proposal in relation to the Whitewash Waiver will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the EGM, and shall be passed by at least 75% of the votes cast by the Independent Shareholders by way of poll at the EGM.

Intention of China Huadian regarding the Group

The Board was informed by China Huadian that, upon completion of the subscription of the Consideration Shares, it intends to continue the existing principal business of the Group, and it has no intention: (a) to introduce any major changes to the existing operations of the Group; (b) to re-deploy the fixed assets of the Group; or (c) to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

IX. IMPLICATIONS UNDER THE SSE LISTING RULES

As the A Shares are listed on the SSE, the Company is also required to comply with relevant requirements of the SSE Listing Rules. China Huadian is the controlling Shareholder of the Company, and a related party of the Company under the SSE Listing Rules. Accordingly, the Transaction constitutes a related party transaction under the SSE Listing Rules. The Transaction does not constitute a material asset restructuring under the Measures for the Administration of the Material Asset Restructurings of Listed Companies. Pursuant to the relevant provisions of the SSE Listing Rules, each of the Transaction and the Proposed Issuance of A Shares to Shareholders' approval at the EGM.

The authorisation in relation to the Transaction and Proposed Issuance of A Shares shall be valid for 12 months from the date of the approval by the Shareholders. If the approval of the CSRC in respect of the Transaction and Proposed Issuance of A Shares is obtained during the aforementioned 12-month period, the validity period shall be automatically extended until completion thereof. As advised by the Company's PRC legal adviser, the approval from the CSRC will be valid for a period of 12 months from the date of approval.

X. FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund-raising activities during the period of 12 months preceding the Latest Practicable Date.

XI. INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Hong Kong Listing Rules, the LR IBC (comprising all the independent non-executive Directors who do not have a material interest in the Transaction, namely Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling) has been formed to advise the Independent Shareholders on the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares).

Pursuant to Rule 2.8 of the Takeovers Code, the Code IBC (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Transaction and the Whitewash Waiver, namely Mr. Zhu Peng, Mr. Wang Xiaobo, Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng, and Ms. Shen Ling has also been formed to advise the Independent Shareholders on the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver. Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min, each a non-executive Director, have abstained from voting on the relevant board resolutions in respect of the Transaction and the Proposed Issuance of A Shares to be considered and approved at the EGM, and will not be members of the Code IBC and the LR IBC, due to a potential conflict of interest as a result of their positions in China Huadian and its subsidiaries. Mr. Zhao Wei and Mr. Zeng Qinghua are both directors of Huadian Liaoning Energy Development Co., Ltd., a subsidiary of China Huadian. Ms. Cao Min is the deputy director of the audit department of China Huadian, a supervisor of China Huadian Capital Holdings Company Limited (a subsidiary of China Huadian) and a supervisor of Huadian New Energy Group Corporation Limited (an associate of the Company).

Gram Capital has been appointed by the Company as the Independent Financial Adviser with the approval of the Independent Board Committees to advise such committees and the Independent Shareholders in relation to the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver and to make recommendations as to voting.

XII. EGM

The EGM of the Company will be held at 2:00 p.m. on Wednesday, 27 November 2024 at Oriental Garden Hotel, No. 6 Dongzhimen South Street, Dongcheng District, Beijing, the PRC to consider, and if thought fit, approve, among other matters if applicable, the resolutions contained in the notice of the EGM in relation to: (i) the Transaction (including the Asset Purchase Agreements (as supplemented by the Supplemental Agreements)); (ii) the Proposed Issuance of A Shares; (iii) the Specific Mandates and (iv) the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by Independent Shareholders either in person or by proxy at the EGM; and (ii) the approval of the Agreements Purchase Agreements (as supplemented by the Supplemental Agreements) by more than 50% of the votes cast by Independent Shareholders either in person or by proxy at the EGM as required under the Takeovers Code. The voting in relation to such resolutions will be conducted by way of poll. The notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular. Further, pursuant to the articles of association of the Company, the Asset Purchase Agreements and the Supplemental Agreements will have to be approved by at least two-thirds of the votes cast by Independent Shareholders at the EGM by way of poll.

China Huadian and parties acting in concert with, and close associates of, it (including China Huadian Hong Kong) will be required to abstain from voting in respect of the resolutions to approve the Transaction, the grant of the Specific Mandate for the issuance of Consideration Shares and the Whitewash Waiver at the EGM. Any other Shareholders who has any material interest in, or is interested or involved in, the Transaction, the Proposed Issuance of A Shares or the Whitewash Waiver will be required to abstain from voting in respect of the relevant resolutions at the EGM. None of the other Shareholders had any material interest in, or was interested or involved in, the Transaction, the Proposed Issuance of A Shares or the Whitewash Waiver and therefore would be required to abstain from voting in respect of the relevant resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). To be valid, the notarised power of attorney or other authorisation documents and the completed Proxy Form shall be delivered to the Secretarial Office of the Board of the Company or Hong Kong Registrars Limited not less than 24 hours before the time designated for convening the EGM (being by 2:00 p.m. on Tuesday, 26 November 2024). Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

The register of members of the Company will be closed from Friday, 22 November 2024 to Wednesday, 27 November 2024, both days inclusive, for the purpose of determining the identity of the Shareholders who are entitled to attend the EGM, during which period no share transfers will be registered. To be eligible to attend the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the

Company's H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 21 November 2024.

XIII. RECOMMENDATIONS

Given that Mr. Dai Jun, Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min, the Directors of the Company, hold positions in China Huadian, they have abstained from voting on the resolutions regarding the Transaction and the Proposed Issuance of A Shares at the fifteenth meeting of the tenth session of the Board at the EGM, and will not be members of the Code IBC and the LR IBC. Save as mentioned above, no other Directors have any material interest in the matters contained in this circular and therefore no other Directors have abstained from voting on relevant Board resolutions.

Gram Capital has been appointed as the Independent Financial Adviser to advise the LR IBC, Code IBC and the Independent Shareholders in respect of the Transaction and the Whitewash Waiver. Your attention is drawn to the letter of advice from the Independent Financial Adviser to the LR IBC, Code IBC and Independent Shareholders set out on pages 50 to 91 of this circular in connection with the Transaction and the Whitewash Waiver, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice. The Board (including members of the Independent Board Committees whose view is set out in the letter from the LR IBC and letter from the Code IBC on page 47 and pages 48 to 49 of this circular, respectively) is of the view that the (i) the Transaction and the Proposed Issuance of A Shares are on normal commercial terms or better, (ii) the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares), the Proposed Issuance of A Shares and the Whitewash Waiver are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

XIV. FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committees, the letter of advice from Gram Capital and the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Huadian Power International Corporation Limited*
Dai Jun
Chairman

* *For identification purpose only*

華電國際電力股份有限公司

Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

8 November 2024

To the Independent Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 8 November 2024 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as to form the LR IBC to consider and advise the Independent Shareholders as to whether, in our opinion, the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed by the Company to advise the LR IBC and the Independent Shareholders with the approval of the Code IBC in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 10 to 46 of the Circular and the letter of advice from Gram Capital as set out on pages 50 to 91 of the Circular.

Having considered the information contained in the letter from the Board, the terms of the Asset Purchase Agreements and the Supplemental Agreements and the transactions contemplated thereunder, and the advice of Gram Capital, we concur with Gram Capital's view and consider that the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) is fair and reasonable so far as the Company and the Shareholders are concerned, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transaction and the grant of Specific Mandate for the issuance of Consideration Shares.

Yours faithfully,
LR IBC
Feng Zhenping, Li Xingchun, Wang Yuesheng, Shen Ling
Independent Non-executive Directors

* *For identification purpose only*

華電國際電力股份有限公司

Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

8 November 2024

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 8 November 2024 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as to form the Code IBC to consider and advise the Independent Shareholders as to whether, in our opinion, the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed by the Company to advise the Code IBC and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 10 to 46 of the Circular and the letter of advice from Gram Capital as set out on pages 50 to 91 of the Circular.

Having considered the information contained in the letter from the Board, the terms of the Asset Purchase Agreements and the Supplemental Agreements and the transactions contemplated thereunder, and the advice of Gram Capital in relation thereto as set out in their letter, we concur with Gram Capital's view and consider that (i) the Transaction is on normal commercial terms or better, (ii) the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver.

Yours faithfully,
Code IBC

Zhu Peng, Wang Xiaobo
Non-executive Director

Feng Zhenping, Li Xingchun, Wang Yuesheng, Shen Ling
Independent Non-executive Directors

* *For identification purpose only*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders in respect of the Transaction and the Whitewash Waiver for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

8 November 2024

*To: The independent board committees and the independent shareholders of Huadian Power International Corporation Limited**

Dear Sir/Madam,

(I) MAJOR AND CONNECTED TRANSACTION; AND (II) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committees and the Independent Shareholders in respect of the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 8 November 2024 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 August 2024, the Company entered into:

(i) the Asset Purchase Agreement I with China Huadian, pursuant to which, the Company conditionally agreed to purchase and China Huadian conditionally agreed to sell its 80% equity interests in Jiangsu Huadian;

(ii) the Asset Purchase Agreement II with Huadian Furui, pursuant to which, the Company conditionally agreed to purchase and Huadian Furui conditionally agreed to sell, its 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen and 100% equity interests in Fuxin Qingyuan; and

(iii) the Asset Purchase Agreement III with Operation Company, pursuant to which the Company conditionally agreed to purchase and the Operation Company conditionally agreed to sell its 100% equity interests in Guigang Electric Power.

On 30 October 2024, the Company entered into the Supplemental Agreements with each of China Huadian, Huadian Furui and Operation Company, pursuant to which, among other things, the parties have determined the final consideration for the Transaction as to (i) RMB3,428.3 million for Target Assets I, by way of issuance of the Consideration Shares; (ii) RMB1,900.6 million for Target Assets II (subject to an increase of not exceeding RMB250.0 million to reflect the amount that may be paid by Huadian Furui into the registered paid-up capital or capital reserve of Fuxin Qingyuan during the Transitional Period (the "**Target Assets II Potential Capital Adjustment**")), by way of cash payment; and (iii) RMB1,837.7 million for Target Assets III (subject to an increase of not exceeding RMB350.0 million to reflect the amount that may be paid by the Operating Company into the registered paid-up capital or capital reserve of Guigang Electric Power during the Transitional Period (the "**Target Assets III Potential Capital Adjustment**"), together with the Target Assets II Potential Capital Adjustment, the "**Capital Adjustments**")), by way of cash payment.

With reference to the Board Letter, the Transaction constitutes major and connected transaction of the Company, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

Furthermore, immediately following completion of the Transaction, on the basis that the portion of consideration for the purchase of Target Assets I to be settled by way of issuance of Consideration Shares is RMB3,428.3 million, and assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB5.05 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issuance of A Shares pursuant to the Asset Purchase Agreement I (as supplemented by the Supplemental Agreement I), the aggregate shareholding of China Huadian and parties acting in concert with it in the Company will increase from 45.17% to approximately 48.59%. Accordingly, upon completion of the Transaction, pursuant to Rule 26.1 of the Takeovers Code, China Huadian will be required to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Huadian and parties acting in concert with it, unless the Whitewash Waiver from strict compliance with Rule 26.1 of the Takeovers Code is obtained from the Executive.

As such, completion of the Transaction is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. An application has been made by China Huadian (on behalf of itself and parties acting in concert with it) to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of the votes cast by Independent Shareholders either in person or by proxy at the

EGM; and (ii) the approval of the Transaction by more than 50% of the votes cast by Independent Shareholders either in person or by proxy at the EGM as required under the Takeovers Code. As at the Latest Practicable Date, the Executive has indicated that it is minded to grant the Whitewash Waiver. The Transaction will not proceed if the Whitewash Waiver is not obtained or if the Whitewash Waiver is not approved by the Independent Shareholders.

The LR IBC comprising Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling (being all independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) at the EGM.

The Code IBC comprising Mr. Zhu Peng, Mr. Wang Xiaobo, Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling (being the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Transaction and the Whitewash Waiver, excluding Mr. Zhao Wei, Mr. Zeng Qinghua and Ms. Cao Min due to a potential conflict of interest as a result of their positions in China Huadian and its subsidiaries) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (iii) how to vote in relation to the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and the Whitewash Waiver at the EGM.

We, Gram Capital Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i) the continuing connected transactions of the Company, details of which are set out in the Company's circular dated 14 November 2023; and (ii) the discloseable and continuing connected transactions of the Company, details of which are set out in the Company's circular dated 8 October 2024. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company, China Huadian or any of their respective subsidiaries or associates relating to any transaction of the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, China Huadian or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committees and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction and the Whitewash Waiver. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules and Rule 2 of the Takeovers Code.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Target Companies and we have not been furnished with any such evaluation or appraisal, save as and except for the Asset Appraisal Reports on the Target Companies prepared by CAA or CEA (as the case may be), summary of which are set out in Appendix V to the Circular. Since we are not experts in the appraisal of assets or business, we have relied solely upon the Asset Appraisal Reports for the appraisal values of the Target Companies as at 30 June 2024 (i.e. the Appraisal Benchmark Date).

Your attention is drawn to the responsibility statements as set out in the section headed "1. Responsibility Statement" of Appendix VIII to the Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Huadian, Huadian Furui, the Operation Company, the Target Companies or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction and the Whitewash Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

(I) THE TRANSACTION

Background of the Transaction

Information on the Group

With reference to the Board Letter, the Group is one of the largest comprehensive energy companies in the PRC, which is principally engaged in the construction and operation of power plants, including large-scale efficient coal or gas-fired generating units and various hydropower projects.

Set out below are the consolidated financial information of the Company for the two years ended 31 December 2023 and for the six months ended 30 June 2024 (together with comparative figures), as extracted from the Company's annual report for the year ended 31 December 2023 (the "**2023 Annual Report**") and the Company's interim report for the six months ended 30 June 2024 (the "**2024 Interim Report**"), respectively:

	For the six months ended 30 June 2024 ("1H2024")	**For the six months ended 30 June 2023 ("1H2023")**	**Change from 1H2023 to 1H2024**	**For the year ended 31 December 2023 ("FY2023")**	**For the year ended 31 December 2022 ("FY2022")**	**Change from FY2022 to FY2023**
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
	(unaudited)	*(unaudited)*		*(audited)*	*(audited)*	
Turnover	52,893,953	59,053,025	(10.43)	116,376,064	105,960,339	9.83
– Sale of electricity	*42,876,950*	*47,129,670*	*(9.02)*	*96,151,641*	*95,495,823*	*0.69*
– Sale of heat	*5,613,342*	*5,482,148*	*2.39*	*9,623,874*	*8,970,609*	*7.28*

	For the six months ended 30 June 2024 ("1H2024") *RMB'000 (unaudited)*	For the six months ended 30 June 2023 ("1H2023") *RMB'000 (unaudited)*	Change from 1H2023 to 1H2024 *%*	For the year ended 31 December 2023 ("FY2023") *RMB'000 (audited)*	For the year ended 31 December 2022 ("FY2022") *RMB'000 (audited)*	Change from FY2022 to FY2023 *%*
– Sale of coal	*4,403,661*	*6,441,207*	*(31.63)*	*10,600,549*	*1,493,907*	*609.59*
Operating profit/(loss)	3,365,491	2,186,102	53.95	4,100,870	(4,183,994)	N/A
Profit/(loss) for the period/year attributable to the equity holders of the Company	3,431,773	2,876,840	19.29	4,601,094	(14,322) *(Note)*	N/A

Note: The figure was restated upon the application of "Amendments to International Accounting Standard 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction" from FY2023 onward.

As illustrated in the above table, the Group's turnover increased from approximately RMB106.0 billion for FY2022 to approximately RMB116.4 billion for FY2023, representing an increase of approximately 9.83%. With reference to the 2023 Annual Report, such increase was mainly due to the significant increase in coal trading volume caused by the significant increase in coal demand in market.

The Group recorded operating profit and profit attributable to equity holders of the Company for FY2023 as opposed to operating loss and loss attributable to equity holders of the Company for FY2022. With reference to the 2023 Annual Report, such turnaround from loss-making position to profit-making position was mainly due to the combined impact of the Group's lower fuel prices, incremental benefits contributed by the operation of new coal-fired and gas-fired power generation projects and the decrease in investment income from the invested coal enterprises.

The Group's turnover was approximately RMB52.9 billion for 1H2024, representing a decrease of approximately 10.43% as compared to that for 1H2023. With reference to the 2024 Interim Report, such decrease was mainly due to (i) the decrease in power generation by the Group and the decrease in on-grid tariff, resulting in a corresponding decrease in on-grid power sold; and (ii) the decrease in coal trading volume caused by the reduced coal demand for 1H2024 as compared that for 1H2023.

Notwithstanding the aforesaid decrease in the Group's turnover for 1H2024, the Group's operating profit increased by approximately 53.95% as compared to that for 1H2023; while the Group's profit for 1H2024 attributable to the equity holders of the Company increased by approximately 19.29% as compared to that for 1H2023. With reference to the 2024 Interim Report and as advised by the Directors, the increase in the Group's operating profit was mainly due to the decrease in fuel prices, electric heating prices and power generation capacity; and the increase in the Group's profit attributable to equity holders of the Company was mainly due to the increase in the Group's operating profit as aforementioned.

With reference to the 2024 Interim Report, as at 30 June 2024, the Group's total assets and net assets were approximately RMB225.6 billion and RMB88.5 billion respectively. As at 30 June 2024, the Group's total assets primarily comprised of (i) property, plant and equipment of approximately RMB131.2 billion; (ii) interests in associates of approximately RMB46.0 billion; and (iii) trade debtors and bills receivables of approximately RMB10.3 billion.

Information on China Huadian

With reference to the Board Letter, China Huadian, the controlling shareholder of the Company, directly and indirectly holds approximately 45.17% of total issued share capital of the Company as at the Latest Practicable Date. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services. Its ultimate beneficial owner is SASAC.

Information on Huadian Furui

With reference to the Board Letter, Huadian Furui is a limited liability company established in the PRC in 2020, and its principal businesses are power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; supervision of construction engineering; supervision of water conservancy engineering; installation, maintenance and testing of power transmission, power supply, power receiving facilities; construction engineering (items subject to approval by law may not be carried out until approved by the relevant departments, and the specific business projects shall be subject to the approval documents or license certificates of the relevant departments) General items: power generation technical services; wind power technical services; solar power generation technical service; sales of solar thermal power generation products; information technology consulting services; lease of photovoltaic power generation equipment; environmental consulting services; technology promotion services; technical services; technology development, technology consulting, technology exchange, technology transfer, technology promotion; engineering management services; sales of coal and its products; sales of metal materials; manufacture of electronic (gas) physical equipment and other electronic equipment; sales of power electronic components; hardware products wholesale; sales of construction materials; import and export of goods (except for items subject to approval by law, with a business license to conduct business activities independently in accordance with the law.)

Huadian Furui is a wholly-owned subsidiary of China Huadian. Thus, Huadian Furui is a connected person of the Company.

Information on the Operation Company

With reference to the Board Letter, the Operation Company is a limited liability company established in the PRC in 2007, and its principal businesses are heat production and supply; cooling services; technical services for power generation; technical services for wind power generation; technical services for solar power generation; technical services for energy storage; biomass energy technology services; electrical equipment repairment; technical services; technical development, technical consultation, technical exchange, technology transfer and

technology popularisation; new energy technology research and development; import and export of technologies, import and export of goods; import and export agents; engineering management services; park management services; entrepreneurial space services; property management; Non-residential real estate leasing; enterprise management; enterprise headquarters management. Licensed projects (except for projects subject to approval by law, with a business license to conduct business activities independently in accordance with the law): power generation business, power transmission business, power supply (distribution) business; hydroelectric power generation; power supply business; Installation, maintenance and testing of power transmission, power supply and power receiving facilities; electrical installation services; construction engineering; construction engineering supervision (For projects subject to approval in accordance with the law, the company can only carry out business activities after approval by the relevant departments, and the specific business projects are subject to the approval documents or licenses of the relevant departments) (The company shall not engage in business activities of projects prohibited and restricted by the state and the city's industrial policy).

The Operation Company is a non-wholly owned subsidiary of China Huadian in which Chian Huadian holds 75% equity interests. Thus, the Operation Company is a connected person of the Company.

Information on the Target Companies

With reference to the Board Letter, the Target Companies are all limited liability companies established in the PRC, primarily engaged in the investment, development, operation and management of thermal power plant projects. Details of the beneficial owner(s) and ultimate beneficial owner(s) of each of the Target Companies are set out under the section headed "4. Information on the Target Companies" of the Board Letter.

Set out below are the audited financial information of the Target Companies for the two years ended 31 December 2023 and for 1H2024, as extracted from Appendix II to the Circular. Please refer to the Appendix II to the Circular for detailed financial information of the Target Companies and Appendix IV to the Circular for detailed management discussion and analyses of the Target Companies.

Jiangsu Huadian (combined audited financial information)

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	10,984,729	25,895,876	23,981,628
Net profit/(loss) before taxation	470,142	956,874	(2,575,169)
Net profit/(loss) after taxation	393,101	734,882	(2,522,887)

As illustrated in the above table, Jiangsu Huadian's turnover increased from approximately RMB23,981.6 million for FY2022 to approximately RMB25,895.9 million for FY2023, representing an increase of approximately 8.0%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to increase of turnover from the sale of electricity and sale of heat for FY2023.

Jiangsu Huadian recorded net profit of RMB734.9 million for FY2023 as opposed to net loss of RMB2,522.9 million for FY2022. This change was mainly attributable to increase in turnover as mentioned above and significant decrease in operating costs as a result of the significant decrease in average coal price to Jiangsu Huadian for FY2023.

As at 30 June 2024, Jiangsu Huadian recorded total assets and net assets of approximately RMB32,459.7 million and RMB10,412.3 million, respectively.

Shanghai Fuxin

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	62,514	146,859	90,947
Net profit before taxation	14,188	32,931	12,353
Net profit after taxation	10,495	24,721	8,908

As illustrated in the above table, Shanghai Fuxin's turnover increased from approximately RMB90.9 million for FY2022 to approximately RMB146.9 million for FY2023, representing an increase of approximately 61.5%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to increase of turnover from the sale of electricity for FY2023.

Shanghai Fuxin recorded significant increase in net profit from FY2022 to FY2023, which was mainly attributable to increase in turnover for FY2023.

As at 30 June 2024, Shanghai Fuxin recorded total assets and net assets of approximately RMB389.5 million and RMB202.8 million, respectively.

Shanghai Minhang

	For the six months ended 30 June 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Turnover	526,980	1,106,343	980,291
Net profit before taxation	41,507	32,092	34,836
Net profit after taxation	32,123	28,030	33,871

As illustrated in the above table, Shanghai Minhang's turnover increased from approximately RMB980.3 million for FY2022 to approximately RMB1,106.3 million for FY2023, representing an increase of approximately 12.9%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to the increase of turnover from the sale of electricity for FY2023.

Despite the increase in Shanghai Minhang's turnover for FY2023 as mentioned above, Shanghai Minhang recorded a substantial decrease of approximately 17.2% in net profit from FY2022 to FY2023, which was mainly attributable to the increase in operating expenses for FY2023 because of increase in fuel costs of Shanghai Minhang as a result of the increase in price of natural gas for FY2023. We understood from the Directors that the fuel costs and unit prices of the Target Companies are different depending on their fuel procurement plans and the impact of fluctuation in fuel prices are therefore different to all Target Companies, causing the different changes in Target Companies' fuel costs for FY2023 as compared to FY2022.

As at 30 June 2024, Shanghai Minhang recorded total assets and net assets of approximately RMB1,214.0 million and RMB397.0 million, respectively.

Guangzhou University City

	For the six months ended 30 June 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Turnover	249,657	502,233	392,160
Net profit before taxation	53,791	4,397	44,728
Net profit after taxation	45,565	2,561	33,715

As illustrated in the above table, Guangzhou University City's turnover increased from approximately RMB392.2 million for FY2022 to approximately RMB502.2 million for FY2023, representing an increase of approximately 28.1%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to the increase of turnover from the sale of electricity for FY2023.

Despite the increase in turnover of Guangzhou University City for FY2023 as mentioned above, Guangzhou University City recorded a significant decrease of 92.4% in net profit from FY2022 to FY2023, which was mainly attributable to the impairment loss on property, plant and equipment recognised during FY2023.

As at 30 June 2024, Guangzhou University City recorded total assets and net assets of approximately RMB690.8 million and RMB434.2 million, respectively.

Fuxin Guangzhou

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	1,451,052	3,441,242	3,116,126
Net profit before taxation	24,455	196,697	47,417
Net profit after taxation	22,727	148,550	34,099

As illustrated in the above table, Fuxin Guangzhou's turnover increased from approximately RMB3,116.1 million for FY2022 to approximately RMB3,441.2 million for FY2023, representing an increase of approximately 10.4%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to the increase of turnover from the sale of electricity for FY2023.

Fuxin Guangzhou recorded a significant increase in net profit from FY2022 to FY2023, which was mainly attributable to the increase in turnover for FY2023.

As at 30 June 2024, Fuxin Guangzhou recorded total assets and net assets of approximately RMB2,671.4 million and RMB860.4 million, respectively.

Fuxin Jiangmen

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	464,062	1,095,064	784,967
Net profit/(loss) before taxation	11,399	48,223	(74,984)
Net profit/(loss) after taxation	8,260	35,689	(56,081)

As illustrated in the above table, Fuxin Jiangmen's turnover increased from approximately RMB785.0 million for FY2022 to approximately RMB1,095.1 million for FY2023, representing an increase of approximately 39.5%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to the increase of turnover from the sale of electricity for FY2023.

Fuxin Jiangmen recorded net profit of approximately RMB35.7 million for FY2023 as opposed to net loss of approximately RMB56.1 million for FY2022, which was mainly attributable to the increase in turnover for FY2023.

As at 30 June 2024, Fuxin Jiangmen recorded total assets and net assets of approximately RMB986.6 million and RMB198.2 million, respectively.

Fuxin Qingyuan

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	30,902	6,562	Nil
Net loss before taxation	(20,443)	(35,525)	(201)
Net loss after taxation	(20,443)	(35,525)	(201)

As illustrated in the above table, Fuxin Qingyuan recorded turnover of RMB6.6 million for FY2023 and RMB30.9 million for 1H2024, which was mainly due to Fuxin Qingyuan's commencement of business operations from 2023 and subsequent optimisation of power generating units. Fuxin Qingyuan recorded net loss for the two years ended 31 December 2023.

As at 30 June 2024, Fuxin Qingyuan recorded total assets and net assets of approximately RMB624.0 million and RMB97.5 million, respectively.

Guigang Electric Power (combined audited financial information)

	For the six months ended 30 June 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Turnover	1,098,998	2,993,901	2,265,104
Net profit/(loss) before taxation	28,900	112,848	(450,012)
Net profit/(loss) after taxation	19,197	87,583	(391,550)

As illustrated in the above table, Guigang Electric Power's turnover increased from approximately RMB2,265.1 million for FY2022 to approximately RMB2,994.0 million for FY2023, representing an increase of approximately 32.2%. As advised by the Directors, the aforesaid increase in turnover for FY2023 was primarily due to increase of turnover from sale of electricity for FY2023.

Guigang Electric Power recorded net profit of approximately RMB87.6 million for FY2023 as compared to net loss of approximately RMB391.6 million for FY2022, which was mainly attributable to increase in turnover for FY2023.

As at 30 June 2024, Guigang Electric Power recorded total assets and net assets of approximately RMB2,699.8 million and RMB1,430.4 million, respectively.

Reasons for and benefits of the Transaction

Improvement of the Group's asset scale and financial positions

The Target Companies owned coal-fired generating units with installed capacity of 7,550 MW and gas-fired generating units with installed capacity of 8,422.8 MW. The total installed capacity in operation of the Target Assets to be injected into the Company is approximately 15,972.8 MW, representing 27.16% of the Company's existing controlled installed capacity of 58,815.32 MW as at 22 August 2024. Upon the completion of the Transaction, the Company's controlled installed capacity will significantly increase from 58,815.32 MW to 74,788.12 MW.

With reference to the Board Letter, by injecting high-quality thermal power assets into the Company, the value discovery mechanism of the capital market can be fully utilized to build a flagship listed company under China Huadian for conventional energy, contributing to the vital role of thermal power in ensuring the safe and stable operation of the power grid and energy supply security, thereby better serving the national energy security strategy.

Upon completion of the Transaction, the Target Companies will be consolidated into the Group's financial statements, enhancing the Group's asset scale and financial position. The Transaction will also help the Group to further improve the layout of its domestic conventional energy assets, broaden its sources of income and diversify overall business risks. The Transaction is a proactive initiative for the Company to improve the asset quality of the Company and enhance its sustainable development capability. The Transaction will further expand the business advantages and asset scope of the Group, effectively enhancing the Group's competitiveness and increasing its investment value in the capital market, ultimately creating benefits for all Shareholders.

Importance of thermal power generation in the PRC

PRC economy

According to the National Bureau of Statistics of the PRC, the gross domestic products ("**GDP**") of the PRC during the last five full years grew continuously and reached approximately RMB126,058 billion in 2023, representing a compound annual growth rate ("**CAGR**") of approximately 6.3% for the corresponding period.

From 2019 to 2023, in line with the continuous development of national economy, the PRC's disposable income per capita grew from approximately RMB30,733 in 2019 to approximately RMB39,218 in 2023, representing a CAGR of approximately 6.3%.

Set out below are GDP and disposable income per capita of the PRC from 2019 to 2023 according to the National Bureau of Statistics of the PRC:

	2019	**2020**	**2021**	**2022**	**2023**
GDP *(RMB' billion)*	98,652	101,357	114,924	120,472	126,058
Year-on-year growth rate	*7.3%*	*2.7%*	*13.4%*	*4.8%*	*4.6%*
Year-on-year growth rate without taking into account price impact (Note)	*6.0%*	*2.2%*	*8.4%*	*3.0%*	*5.2%*
Disposable income per capita *(RMB)*	30,733	32,189	35,128	36,883	39,218
Year-on-year growth rate	*8.9%*	*4.7%*	*9.1%*	*5.0%*	*6.3%*

Note: Year-on-year growth rate without taking into account price impact (which could be led by inflation/deflation) was based on GDP at constant prices. As GDP at constant price is converted from GDP based on the current price into a value based on the price of certain base period (i.e., 1952, 1957, 1970, 1980, 1990, 2000, 2005, 2010, 2015 and 2020), there are two figures for the base switching years (i.e. one based on former base year prices and one based on new base year prices). The year-on-year growth rate of GDP at constant price for 2021 was calculated based on GDP at constant price for 2021 and 2020 (based on current base year, i.e. 2020).

Electricity consumption in the PRC

Set out below are the electricity consumption in the PRC and the clean energy consumption (such as gas-fired power, hydropower, nuclear power and wind power) as a percentage of total electricity consumption during the five years ended 31 December 2023, being the latest five full-year statistics published by the China Electricity Council and the National Bureau of Statistics of the PRC:

	2019	**2020**	**2021**	**2022**	**2023**
Electricity consumption in the PRC *(million MWh)*	7,225.5	7,511.0	8,312.8	8,637.2	9,224.1
Clean energy consumption to total electricity consumption	23.3%	24.3%	25.5%	26.0%	26.4%

As shown in the table above, the electricity consumption in the PRC recorded year-on-year increase during each of the five years ended 31 December 2023. The electricity consumption in the PRC increased from approximately 7,255.5 million MWh in 2019 to approximately 9,224.1 million MWh in 2023, representing a CAGR of approximately 6.3%. The electricity consumption in PRC in 2023 represented a year-on-year increase of approximately 6.7% and in each quarter of 2023 increased by approximately 3.6%, 6.4%, 6.6% and 10.0% respectively, mainly affected by factors such as the recovery of the domestic economy of the PRC.

Furthermore, the clean energy consumption in the PRC (i.e. gas-fired power, hydropower, nuclear power, wind power and photovoltaic power) as a percentage of total electricity consumption also recorded year-on-year increase during the corresponding period. Such percentage increased from approximately 23.3% in 2019 to approximately 26.4% in 2023.

Electricity generated in the PRC

Set out below are the electricity generated in the PRC during the five years ended 31 December 2023, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC:

	2019	**2020**	**2021**	**2022**	**2023**
Electricity generated in the PRC *(million MWh)*	7,503.4	7,779.1	8,534.3	8,848.7	9,456.4

As shown in the table above, the electricity generated in the PRC recorded year-on-year increase during each of the five years ended 31 December 2023. The electricity generated in the PRC increased from approximately 7,503.4 million MWh in 2019 to approximately 9,456.4 million MWh in 2023, representing a CAGR of approximately 6.0%. The electricity generated in the PRC is generally in line with the electricity consumption in PRC during the corresponding period.

The electricity generated in the PRC was approximately 9,456.4 million MWh in 2023, among which, electricity generated (i) by thermal power was approximately 6,265.7 million MWh (accounting for approximately 66.3% of national electricity generation); (ii) by solar power was approximately 584.2 million MWh (accounting for approximately 6.2% of national electricity generation); and (iii) by wind power was approximately 885.9 million MWh (accounting for approximately 9.4% of national electricity generation). Electricity generated by thermal power accounted for the largest proportion of the national electricity generation in 2023.

Total installed power generation capacity in the PRC

Set out below are the total installed power generation capacity in the PRC and the proportion of different types of installed power generation capacity from as at end of 2019 to 2023, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC:

	2019	**2020**	**2021**	**2022**	**2023**
Total installed power generation capacity in the PRC *(MW)*	2,010,660	2,200,580	2,376,920	2,564,050	2,919,650
Proportion of different types of installed power generation capacity:					
Thermal power	59.2%	56.6%	54.6%	52.0%	47.6%
Hydropower	17.7%	16.8%	16.5%	16.2%	14.4%
Nuclear power	2.4%	2.3%	2.2%	2.2%	1.9%
Wind power	10.5%	12.8%	13.8%	14.3%	15.1%
Photovoltaic power	10.2%	11.5%	12.9%	15.3%	20.9%

As shown in the table above, the total installed power generation capacity in the PRC recorded year-on-year increase during each of the five years ended 31 December 2023. The total installed power generation capacity in the PRC increased from approximately 2.0 million MW in 2019 to approximately 2.9 million MW in 2023, representing a CAGR of approximately 9.8%.

Furthermore, the installed renewable energy generation capacity in the PRC (i.e. hydropower, wind power and photovoltaic power) as a percentage to the total installed power generation capacity increased from approximately 38.4% in 2019 to approximately 50.4% in 2023, representing an increase of approximately 12.0 percentage points.

As of the end of 2023, the national electricity installed capacity was approximately 2.9 million MW in total, representing a year-on-year increase of approximately 13.9%, among which, the capacity of thermal power generation was approximately 1.4 million MW, accounting for approximately 47.6% of the total installed capacity and representing a year-on-year increase of approximately 4.1%; the capacity of on-grid solar power generation was approximately 0.6 million MW, accounting for approximately 20.9% of the total installed capacity and representing a year-on-year increase of approximately 55.2%; the capacity of on-grid wind power generation was approximately 0.4 million MW, accounting for approximately 15.1% of the total installed capacity, representing a year-on-year increase of approximately 20.7%. Although the installed capacity of wind power generation and solar power generation recorded substantial increases for 2023 as compared to 2022, thermal power generation remained as the largest power generation units in terms of installed capacity as at end of each of five years ended 31 December 2023.

Related guidance and our conclusion

We noted that the PRC has successively introduced a series of new policies and rules in order to accelerate the construction of a new power system and the PRC's energy structure is swiftly shifting towards green, low-carbon adjustments; coal-fired generating units face an increasing trend of low utilization hours, low-load operation and low power growth. We noted that the Guiding Opinions on Energy Development for 2024* (《2024年能源工作指導意見》, the "**2024 Guiding Opinion**"), which was released by the National Energy Administration in March 2024, pointed out (i) the improvement of the stability regulation capability of the power system; (ii) the proposed issuance and implementation policy for the transformation and development of coal-fired power plants; and (iii) the acceleration of the construction of coal-fired power projects in provinces with high power supply pressure.

Despite that the PRC's energy structure is shifting towards green and low-carbon adjustments, in view of (i) the continuous growth in electricity consumption in the PRC; (ii) the electricity generated by thermal power still accounted for the largest proportion of the national electricity generation in recent years; and (iii) thermal power generation remained as the largest power generation units in terms of installed capacity as at end of each of five years ended 31 December 2023 and recorded year-on-year growth during the corresponding period, we concur with the Directors that thermal power generation is and will continue to be important to the PRC national electricity generation.

Possible reduction of business competition between the Group and China Huadian

Based on the letters of undertaking on relevant matters for avoidance of business competition issued by China Huadian to the Company in March 2021, China Huadian (i) shall treat the Company as the ultimate integration platform for its conventional energy-based electricity generation assets and as its core enterprise for developing conventional energy based electricity generation business; and (ii) will inject non-listed conventional energy-based electricity generation assets which fulfil the conditions of asset injections into the Company within three years after such assets fulfilling the conditions of asset injections. As confirmed by the Directors, the Target Companies fulfil conditions of asset injections based on their understanding. In addition, as the conventional energy installed capacity of the Target Companies accounted for approximately 25.09% of unlisted conventional energy installed capacity of China Huadian as at end of 2023, the Transaction may also reduce business competition between the Group and China Huadian.

Our conclusion on the reasons for and benefits of the Transaction

Having considered the above, including (i) the Company's controlled installed capacity will significantly increase from 58,815.32 MW to 74,788.12 MW upon the completion of the Transaction; (ii) the Transaction will further expand the business advantages and asset scope of the Group, effectively enhancing the Group's competitiveness and increasing its investment value in the capital market, and ultimately creating benefits for the Shareholders; (iii) thermal power generation is and will continue to be important to the PRC national electricity generation; and (iv) the Transaction may reduce business competition between the Group and China Huadian, we consider that although the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transaction

Set out below is the principal terms of the Transaction, details of which are set out under the section headed "1. Principal terms of the Asset Purchase Agreements (as supplemented by the Supplemental Agreements)" of the Board Letter.

Date

1 August 2024 (as supplemented by the Supplemental Agreements dated 30 October 2024)

Parties and the Target Assets

Asset Purchase Agreement I (as supplemented by Supplemental Agreement I):

(1) Company (as the purchaser); and

(2) China Huadian (as the Seller).

Target Asset I: 80% equity interests in Jiangsu Huadian

Asset Purchase Agreement II (as supplemented by Supplemental Agreement II):

(1) Company (as the purchaser); and

(2) Huadian Furui (as the Seller).

Target Asset II: 51% equity interests in Shanghai Fuxin, 100% equity interests in Shanghai Minhang, 55.0007% equity interests in Guangzhou University City, 55% equity interests in Fuxin Guangzhou, 70% equity interests in Fuxin Jiangmen, 100% equity interests in Fuxin Qingyuan

Asset Purchase Agreement III (as supplemented by Supplemental Agreement III):

(1) Company (as the purchaser); and

(2) Operation Company (as the Seller).

Target Asset III: 100% equity interests in Guigang Electric Power

Consideration and payment method

Supplemental Agreement I:

RMB3,428.3 million for Target Assets I, by way of issuance of the Consideration Shares.

Supplemental Agreement II:

RMB1,900.6 million for Target Assets II (subject to the Target Assets II Potential Capital Adjustment), by way of cash payment.

Supplemental Agreement III:

RMB1,837.7 million for Target Assets III (subject to the Target Assets III Potential Capital Adjustment), by way of cash payment.

With reference to the Board Letter, the considerations were determined by the parties to the Asset Purchase Agreements (as supplemented by the Supplemental Agreements) through negotiation based on the appraisal results of the Target Companies as at the Appraisal Benchmark Date (the "**Asset Appraisal**") in the Asset Appraisal Reports issued by CAA and CEA. The consideration for Target Assets I was further adjusted by deducting the value of perpetual capital securities attributable to Target Assets I of RMB3,840.0 million; the consideration for Target Assets II shall be adjusted by the Target Assets II Potential Capital Adjustment of an amount not exceeding RMB250.0 million to be paid by Huadian Furui into

the registered paid-up capital/capital reserves of Fuxin Qingyuan during the Transition Period; and the consideration for Target Assets III shall be adjusted by the Target Assets III Potential Capital Adjustment of an amount not exceeding RMB350.0 million to be paid by the Operating Company into the registered paid-up capital/capital reserves of Guigang Electric Power during the Transition Period, of which RMB160.0 million was paid by Operation Company into the capital reserves of Guigang Electric Power on 30 October 2024.

Asset Appraisal

As the considerations were based on, among other things, the appraisal values of the Target Companies, we obtained and reviewed the Asset Appraisal Reports prepared by CAA and CEA.

For our due diligence purpose, we have (i) obtained and reviewed the qualification, experience and expertise of each of CAA and CEA in relation to the preparation of their respective Asset Appraisal Reports; (ii) enquired CAA's and CEA's current and prior relationship with the Group, the Sellers and the Target Companies; (iii) reviewed the terms of CAA's and CEA's engagements in respect of the appraisal of the Target Companies; (iv) discussed with CAA and CEA the steps and due diligence measures taken by each of CAA and CEA for preparing the Asset Appraisal Reports; and (v) discussed with both CAA and CEA regarding the bases, methodology and assumptions adopted in the Asset Appraisal Reports.

Qualification and independence

We performed due diligence on the qualification of both CAA and CEA and their competency and experience of the persons in charge of the Asset Appraisal Reports. We have conducted reasonable checks to assess the relevant qualification, experience and expertise of CAA and CEA, including reviewing the supporting documents on the qualification of CAA and CEA and discussing with CAA and CEA on their qualifications and experience. Based on the information provided by CAA and CEA, we noted that:

- Both CAA and CEA are entities registered as asset appraisal institution with the China Appraisal Society, with the approval from the Ministry of Finance of the PRC and the CSRC to carry out securities and futures related appraisal activities.

- The signatories of CAA are registered as public valuers under China Appraisal Society and both have over 10 years of experience in providing assets, enterprises and properties valuation services to listed companies in the PRC.

- The signatories of CEA are registered as public valuers under China Appraisal Society, one with over 10 years of and the other one with over five years of experience in providing assets, enterprises and properties valuation services to listed companies in the PRC.

We also enquired into both CAA and CEA as to their independence to the Group, the Sellers and the Target Companies and we were given the understanding that both CAA and CEA are independent third parties of the Group, the Sellers and the Target Companies. As also confirmed by both CAA and CEA, both of them were not aware of any relationship or interest between itself and the Group or any other parties that would reasonably be considered as hindrance to its independence to act as the asset appraisers.

Based on the above, we are of the opinion that each of CAA and CEA is suitably qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Asset Appraisal Reports competently and the personnel engaged in the Asset Appraisal Reports meet the regulatory requirements which apply in the circumstances in which the Asset Appraisal Reports is required.

Furthermore, we reviewed and noted from the engagement letter among the Company, the Sellers, and CAA/CEA, that the scope of work of CAA/CEA is appropriate to form the opinion required to be given and there was no limitation on the scope of work which might adversely impact the degree of assurance given by CAA/CEA in the Asset Appraisal Reports.

From the engagement letter and other relevant information provided by each of CAA and CEA, we are satisfied with the terms of engagement of both CAA and CEA, and their qualification and independence for the preparation of the Asset Appraisal Reports.

Methodology

We noted from the Asset Appraisal Reports that the Asset Appraisal Reports were prepared in accordance with various requirements and standards, including the Asset Evaluation Standards – Basic Standards* (《資產評估基本準則》) (the "**Valuation Standards**") issued by the Ministry of Finance of the PRC. According to the Valuation Standards, the applicability of each fundamental valuation approaches of assets valuation, namely income approach, market approach and asset-based approach, should be analysed and selected by the asset appraiser.

In preparing the Asset Appraisal Reports, both CAA and CEA concluded the Asset Appraisal using asset-based approach. We noted from the Asset Appraisal Reports that in assessing the Asset Appraisal, both CAA and CEA considered each of the fundamental valuation approaches and we understood that:

- Asset-based approach refers to the valuation of each individual identifiable asset and liabilities of the valuation subject to determine the value of the valuation subject on the accounting principle of "assets minus liabilities". As both on- and off-balance sheets' assets and liabilities of the Target Companies can be identified, with appropriate methods to assess their value individually, asset-based approach is applicable for the Asset Appraisal.

- Income approach refers to the discount or capitalisation of the valuation subject's expected income to determine the value of valuation subject. As each of the Target Companies (other than Fuxin Qingyuan) have independent profitability with installed power generation capacity and the management of the Target Companies are able to provide future profit forecasts that are formulated based on forecast data and corresponding other relevant evaluation parameters of the appraised entity. Therefore, income approach is applicable for the Asset Appraisal (except for the appraisal of Fuxin Qingyuan as its power generation units are still under construction or under test-run stage).

- Market approach evaluates the current fair market value of an asset using comparable items in the market. However, due to significant differences in business structure, operating model, scale, asset allocation and usage, growth stage, growth potential, operating risk, and financial risk among listed companies in the same industry, and the lack of recent comparable transactions, acquisitions, and mergers, as well as limited access to transaction information in the domestic property rights market, it is difficult to obtain reliable and comparable transaction data. Therefore, the market approach is not applicable for the Asset Appraisal.

Despite that both asset-based approach and income approach are applicable for the Asset Appraisal (except for the appraisal of Fuxin Qingyuan which income approach was not applicable), both CAA and CEA concluded their respective Asset Appraisal using asset-based approach on the basis that the PRC electricity market is undergoing reform with continuous improvement in relevant industry policies and market development, which may considerably influence the operational performance of companies operate within the electricity industry, leading to considerable uncertainties in the future earnings of the Target Companies.

Given that (i) the Target Companies operate in the power generation industry, which is capital-intensive; and (ii) although the appraisal results of the Target Companies under income approach are arrived by both CAA and CEA after considering, among other things, the prevailing internal and external factors that affect the operating environment of the Target Companies, the PRC electricity market is undergoing reform with various policies issued, which could directly affect the future development of the PRC electricity market, we are of the view that the use of asset-based approach to conclude the Asset Appraisal is appropriate.

Bases and assumptions

Summarised below are the book value and appraisal value of each Target Companies as at the Appraisal Benchmark Date, showing their respective appreciation or depreciation in value under the categories of (i) current assets; (ii) non-current assets; and (iii) liabilities:

	Book value *RMB'000*	**Appraisal value** *RMB'000*	**Appreciation/ (depreciation)** *RMB'000*
Jiangsu Huadian	7,001,353.0	9,085,324.3	2,084,035.9
Including:			
– Current assets	5,187,569.0	5,187,569.0	Nil
– Non-current assets	10,568,514.3	12,644,770.1	2,076,255.8
– Liabilities	8,754,730.3	8,747,014.8	(7,715.5)
Shanghai Fuxin	202,815.1	257,965.3	55,150.2
Including:			
– Current assets	44,527.3	44,526.7	(0.6)
– Non-current assets	345,018.5	384,109.4	39,090.9
– Liabilities	186,730.7	170,670.8	(16,059.9)
Shanghai Minhang	397,018.6	637,657.5	240,638.9
Including:			
– Current assets	142,435.5	142,436.2	0.7
– Non-current assets	1,071,652.1	1,236,215.3	164,563.2
– Liabilities	817,069.0	740,994.0	(76,075.0)
Guangzhou University City	434,205.2	530,700.8	96,495.6
Including:			
– Current assets	109,523.2	109,551.0	27.8
– Non-current assets	590,215.8	686,683.6	96,467.8
– Liabilities	265,533.8	265,533.8	Nil
Fuxin Guangzhou	860,364.7	1,012,011.8	151,647.1
Including:			
– Current assets	651,657.8	651,687.0	29.2
– Non-current assets	2,019,777.8	2,170,801.4	151,023.6
– Liabilities	1,811,070.9	1,810,476.6	(594.3)
Fuxin Jiangmen	198,170.6	237,550.2	39,379.6
Including:			
– Current assets	226,917.5	226,906.9	(10.6)
– Non-current assets	759,782.8	799,173.0	39,390.2
– Liabilities	788,529.7	788,529.7	Nil
Fuxin Qingyuan	97,471.5	116,584.3	19,112.8
Including:			
– Current assets	39,287.8	39,287.8	Nil
– Non-current assets	584,686.3	603,799.1	19,112.8
– Liabilities	526,502.6	526,502.6	Nil

	Book value *RMB'000*	Appraisal value *RMB'000*	Appreciation/ (depreciation) *RMB'000*
Guigang Electric Power	1,230,941.9	1,837,692.8	606,750.9
Including:			
– Current assets	540,031.1	540,037.7	6.6
– Non-current assets	1,875,694.1	2,479,169.1	603,475.0
– Liabilities	1,184,783.3	1,181,514.0	(3,269.3)

Note: The figures were rounded to the nearest thousand.

1. Current assets

We noted from the Asset Appraisal Reports that the current assets of the Target Companies primarily consist of cash and bank balances, trade and other receivables, prepayments, entrustment loans and inventories (the appraisal values of which accounted for over 99% of the total current assets of the Target Companies in aggregate).

In arriving at the appraisal values of the current assets, both CAA and CEA had (a) conducted physical inspection of the current assets physically held by the Target Companies (such as inventories and cash balances); (b) verified the existence and accuracy of the current assets by obtaining confirmation letters; and (c) assessed their recoverability by conducting aging analysis.

Having considered the verification work conducted by both CAA and CEA, we are of the view that the approach adopted by CAA and CEA in arriving at the appraisal values of the current assets are fair and reasonable.

2. Non-current assets

We noted from the Asset Appraisal Reports that the non-current assets of the Target Companies primarily consist of fixed assets, land use rights and long-term equity investments (the appraisal values of which accounted for approximately 98% of the total non-current assets of the Target Companies in aggregate).

2(a). Fixed assets

In arriving at the appraisal values of the fixed assets (including construction in progress), both CAA and CEA had adopted the replacement costs method or the market comparison method, depending on their applicability to each individual fixed asset.

For our due diligence purpose, we reviewed illustrations of the valuation process for 43 individual fixed assets of the Target Companies, which were provided by both CAA and CEA. As the appraisal values of the aforesaid illustrations accounted for approximately 21% of all fixed assets held by the Target Companies in aggregate and covered all methods adopted in the Target Companies fixed assets' appraisal, we consider the illustrations are sufficient for our understanding and analysis purposes. We noted from the aforesaid illustrations that:

- For structures, factory buildings, construction in progress and certain machineries that are designed specific to the Target Companies' needs ("**Specific Use Assets**"), both CAA and CEA had (1) obtained the original construction costs of such buildings; (2) adjusted the original construction costs with reference to the Budget Quota for Electric Power Construction Projects – Construction Projects* (《電力建設工程預算定額–建築工程》) (the "**Budget Quota**") published by the National Energy Administration of the PRC, Thermal Power Generation Projects' Construction Budget Preparation and Calculation Standards* (《火力發電工程建設預算編製與計算標準》) (the "**Construction Budget Standards**") as published by the publishing company of the State Grid Corporation of China and the Construction Project Price Information* (《建設工程價格信息》) (the "**Construction Price Information**") as published by the Commission of Housing and Urban-rural Development of the relevant city or province of which the relevant assets is located or situated; (3) taken into account the cost of capital and relevant taxes based on prevailing interest and tax rates as at the Appraisal Benchmark Date; and (4) applied discount with the composite newness rates that are determined with reference to their remaining useful lives, structural and functionality status as at the Appraisal Benchmark Date.

- For other buildings, both CAA and CEA had (1) obtained information of three recent listing of properties or completed property transactions that are comparable to and located in similar region as the subject building ("**Comparable Properties**"); and (2) made adjustment based on factors such as difference in floor areas, age, intended use, number of storeys, listing or transaction date, transportation convenience and decoration status.

- For other machineries and equipment with general usage (together with other buildings, the "**Generic Use Assets**"), both CAA and CEA had obtained information of recent listing of the same or similar items ("**Comparable Machineries**") and adjusted based on their age and functional conditions.

To assess the fairness and reasonableness of the valuation inputs and assumptions used by both CAA and CEA:

- We have verified the original construction costs of all fixed assets based on the financial information as contained in the audited report of the Target Companies prepared under China Accounting Standards for Business Enterprises, which were published on the SSE website and the Hong Kong Stock Exchange website.

- We have reviewed the Budget Quota, the Construction Budget Standards and the Construction Price Information and noted that such publication were intended to standardise and stipulate the construction costs of power generation projects (including thermal power projects), covering various aspects such as thermal system, fuel supply system, electrical system, thermal control system desulfurization and denitrification systems, based on the planned installed capacity and the construction location.

- We have verified the cost of capital and relevant tax rates adopted in arriving at the adjusted construction costs of the Specific Use Assets based on the prevailing loan prime rate as published by the People's Bank of China and the prevailing applicable tax rates as published by the State Taxation Administration of the PRC.

- We have reviewed the listing information of the Comparable Properties and the Comparable Machineries and noted that (i) the Comparable Properties are located in the same district as the subject properties with the same designated usage; (ii) the Comparable Machineries had the same functionality as the subject machineries. We consider the criteria for selecting the Comparable Properties and the Comparable Machineries are suitable and they are fair and representative samples for the purpose of assessing the appraisal values of the Generic Use Assets.

- We have reviewed the calculation of the composite newness rates of the Specific Use Assets and the adjustment factors of the Comparable Properties and Comparable Machineries. We noted that the adjustments made to the prices of the Comparable Properties and the Comparable Machineries are in accordance to their difference in adjustment factors to that of the Generic Use Assets. Given that the composite newness rates and the adjustment factors cover both quantitative (such as construction or transaction dates, floor area, number of storeys and age) and qualitative (such as intended use, functionality and decoration status) factors, we do not doubt the adjustment factors adopted for the purpose of assessing the appraisal values of the Specific Use Assets and the Generic Use Assets.

Based on our review on the valuation illustrations and our assessment on the valuation inputs and assumptions adopted, we consider the approaches adopted by CAA and CEA and their assumptions used are fair and reasonable.

2(b). Land use rights

In arriving at the appraisal values of the land use rights, CAA and CEA had primarily adopted the market comparison method and the benchmark price coefficient correction method, and adopted the weighted average of the appraisal results under both methods. Under market comparison method, the appraisal values of the land use rights are determined with reference to the transfer price of land use rights with same designated usage; and under benchmark price coefficient correction method, the appraisal values of land use rights are determined with reference to the benchmark price of land with same designated usage as published by the local government authority which the subject land is located, adjusted based on the specific characteristics of the subject land.

For our due diligence purpose, we reviewed illustrations of the valuation process for seven land use rights of the Target Companies, which were provided by both CAA and CEA. We noted from the aforesaid illustration that except for one land use right that CEA adopted the book value of the Exceptional Land (the "**Exceptional Land**") as its appraisal value, the other six land use rights were valued by CAA and CEA using the weighted average of the market comparison method and the benchmark price coefficient correction method. As the appraisal values of the aforesaid illustrations accounted for approximately 58% of all land use rights held by the Target Companies in aggregate, we consider the illustrations are sufficient for our understanding and analysis purposes. We noted from the aforesaid illustrations (except for the Exceptional Land) that both CAA and CEA had (i) obtained information on three transfer of land use rights transactions ("**Comparable Lands**") and the relevant benchmark price of lands with the same designated usage and located in similar region as the subject land; and (ii) made adjustment based on factors such as difference in transaction dates, floor areas, shape of the parcel of lands, road connectivity, terrain and ground endurance, development status and restrictions, and remaining useful lives.

We noted that the Comparable Lands were selected based on (i) the timing of the relevant transfer, being within three years from the Appraisal Benchmark Date; (ii) the location of the Comparable Lands, being within the same district as the underlying land of the land use rights subject to the Asset Appraisal; and (iii) the designated usage of the Comparable Lands, being industrial use. We consider the aforesaid criteria are suitable to identify the Comparable Lands and thus the Comparable Lands are fair and representative samples for the purpose of assessing the appraisal values of the land use rights.

We have also reviewed the calculation of the price adjustments of the Comparable Lands and noted that the adjustments made are in accordance to their difference in adjustment factors to that of the subject land. Given that the adjustment factors cover both quantitative (such as transaction dates, floor areas and remaining useful lives) and qualitative (such as shape of the parcel of lands, road connectivity, terrain and ground endurance, development status and restrictions) factors, we do not doubt the adjustment factors adopted for the purpose of assessing the appraisal values of the land use rights.

We further discussed with CEA in respect of the Exceptional Land and understood that the Exceptional Land is designated for public facilities which has been developed. Based on our discussion with CEA, we noted that CEA had assessed the applicability of all valuation methods for land use right, such as market comparison method, residual earning method, hypothetical development method, cost approximation method and benchmark price coefficient correction method, and considered each of the aforesaid valuation methods to be inapplicable on the basis that:

- There were no comparable transactions for public facilities land in the three years prior to the Appraisal Benchmark Date, market comparison method is not applicable.

- There is no mature leasing market for public facilities land in the relevant area of which the Exceptional Land is situated and thus it is difficult to accurately value the Exceptional Land using residual earning method.

- The Exceptional Land is not part of a real estate development project and thus the hypothetical development method is not applicable.

- There has been no land expropriation within the same region in the three years prior to the Appraisal Benchmark Date as the Exceptional Land and thus the cost approximation method (which is to stimulate the cost from land expropriation and land reservation by local government) was not applicable.

- As the original acquisition costs of the Exceptional Land do not match the benchmark price for public facilities land, benchmark price coefficient correction method is not applicable.

Given that all valuation methods for land use rights were not applicable, CEA adopted the book value of the Exceptional Land as its appraisal value.

To further assess the fairness and reasonableness of the appraisal value of the Exceptional Land, we enquired into CEA regarding the basis for concluding the appraisal value of the Exceptional Land using its book value. We understood from CEA that they considered the use of the book value of the Exceptional Land as its appraisal value to be reasonable on the basis that CEA is able to identify the listing (掛牌) of a cultural facilities land with similar floor area in 2023 and noted the listing price of such cultural facilities land (in terms of price per square meter) was not less than the original acquisition costs of the Exceptional Land. On the basis of the foregoing (including the reasons for inapplicability of all valuation methods for land use right and listing price of the cultural facilities land), we do not doubt the reasonableness of the appraisal value of the Exceptional Land.

Based on our review on the valuation illustrations and our assessment on the valuation inputs and assumptions adopted, we consider the approaches adopted by CAA and CEA and their assumptions used are fair and reasonable.

2(c). Long-term equity investments

We noted from the Asset Appraisal Reports that the Target Companies has 27 investee companies accounted for as long-term equity investments (the "**Investee Companies**"). In arriving at the appraisal value of the Investee Companies, CAA and CEA had considered each of the fundamental valuation approaches (i.e., asset-based approach, income approach and market approach) and concluded the valuation of the Investee Companies under asset-based approach on the same basis as the Target Companies as detailed under the sub-section headed "Methodology" above. We consider the adoption of asset-based approach for the Investee Companies to be appropriate on the basis that the Investee Companies also operate with the thermal power industry and are exposed to the same macroeconomic factors as those of the Target Companies.

For our due diligence purpose, we have reviewed the valuation process of each Investee Companies. We noted that (1) the current assets of the Investee Companies primarily consist of trade and other receivables, and cash and bank balances; (2) the non-current assets of these Investee Companies primarily consist of fixed assets (including construction in progress) and land use rights; (3) the liabilities of the Investee Companies primarily consist of bank and other

borrowings, trade and other payables, contracted liabilities and deferred income; and (4) the increase in appraisal values of the long-term equity investments was primarily due to increase in appraisal values of the Investee Companies' fixed assets (including construction in progress) and land use rights.

In arriving at the appraisal values of the aforesaid individual assets and liabilities, both CAA and CEA adopted the same valuation bases and assumptions as those underlying the valuation of the Target Companies, which we considered to be fair and reasonable.

Based on our review on the valuation process of the Investee Companies, we consider the approaches adopted by CAA and CEA and their assumptions used are fair and reasonable.

3. Liabilities

We noted from the Asset Appraisal Reports that the liabilities of the Target Companies consist of bank and other borrowings, trade and other payables, tax payables, contracted liabilities, lease liabilities, deferred income and deferred tax liabilities.

In arriving at the appraisal values of the liabilities, both CAA and CEA had verified the existence and accuracy of such liabilities by reviewing the relevant accounting records, documents and invoices and by obtaining confirmation letters.

We noted the differences between the book values and appraisal values of the liabilities of the Target Companies were all attributed by the depreciation of their government subsidies under deferred income. Both CAA and CEA had reviewed the relevant subsidies documents and confirmed that the Target Companies would not have future repayment obligations in respect of these government subsidies.

Having considered the verification work conducted by both CAA and CEA, we are of the view that the approach adopted by CAA and CEA in arriving at the appraisal values of the liabilities are fair and reasonable.

Given that (i) each of the three commonly adopted valuation approaches were considered by both CAA and CEA before concluding the Asset Appraisal using asset-based approach; (ii) market approach was not applicable for the Asset Appraisal; and (iii) the rationale for not concluding the Asset Appraisal by using income approach, we did not cross-check the results of the Asset Appraisal using other methodologies.

During our discussion with both CAA and CEA, we have not identified any major factor which caused us to doubt the reasonableness of the assumption used in the Asset Appraisals.

Summarised below are the appraisal values of the Target Companies as at the Appraisal Benchmark Date, the percentage of equity interest represented by the Target Assets and the consideration for the Target Assets:

Target Companies	**Appraisal value** *RMB million*	**Equity interest sought**	**Consideration** *RMB million*
Jiangsu Huadian	9,085.3	80%	3,428.3 *(Note 1)*
Shanghai Fuxin	258.0	51%	131.6
Shanghai Minhang	637.7	100%	637.7
Guangzhou University City	530.7	55.0007%	291.9
Fuxin Guangzhou	1,012.0	55%	556.6
Fuxin Jiangmen	237.6	70%	166.3
Fuxin Qingyuan	116.6	100%	116.6
Guigang Electric Power	1,837.7	100%	1,837.7 *(Note 2)*

Notes:

1. Adjusted for the value of perpetual capital securities of RMB3,840.0 million attributable to Target Assets I.

2. Upward adjusted to RMB1,997.7 million as a result of RMB160.0 million paid by the Operation Company into the capital reserve of Guigang Electric Power on 30 October 2024.

Having considered that

(i) the consideration for the Target Asset I represents (a) the appraisal value of Jiangsu Huadian after taking into account equity interests of Jiangsu Huadian to be acquired by the Company and having excluded the value of perpetual capital securities attributable to Target Assets I of RMB3,840.0 million; and (b) Jiangsu Huadian's perpetual capital securities amounted to RMB4,800.0 million as at 30 June 2024, 80% of which amounted to RMB3,840.0 million; and

(ii) the consideration for both the Target Asset II and Target Assets III represents the appraisal value of relevant Target Companies after taking into account equity interests of such Target Companies to be acquired by the Company,

we are of the opinion that the consideration for each of the Target Assets I, Target Assets II and Target Assets III is fair and reasonable.

The Issue Price

With reference to the Board Letter, the issue price is RMB5.05 per A Share, which was adjusted from the initial issue price of RMB5.13 per A Share (the "**Initial Issue Price**") having taking into account the Company's distribution of 2024 interim dividend of RMB0.08 per A Share (tax inclusive). The issue price of HK$5.05 per A Share represents:

(i) a discount of approximately 11.40% to the closing price of RMB5.70 per A Share as quoted on the SSE as at the Latest Practicable Date; and

(ii) a discount of approximately 7.68% to the closing price of RMB5.47 per A Share as quoted on the SSE as at the date of the Supplemental Agreements.

To assess the fairness and reasonableness of the issue price of RMB5.05 per A Share, we analysed the Initial Issue Price and adjustment mechanism respectively.

Initial Issue Price

The Initial Issue Price of RMB5.13 per A Share represents:

(i) a discount of approximately 13.49% to the closing price of RMB6.08 per A Share as quoted on the SSE on the last trading day immediately preceding the Pricing Benchmark Date, less the annual dividend for FY2023 of RMB0.15 per A Share ("**2023 Final Dividend**");

(ii) a discount of approximately 13.49% to the average closing price of RMB6.08 per A Share as quoted on the SSE for the last five trading days prior to the Pricing Benchmark Date, less the 2023 Final Dividend;

(iii) a discount of approximately 20.71% to the average closing price of RMB6.62 per A Share as quoted on the SSE for the last 20 trading days prior to the Pricing Benchmark Date, less the 2023 Final Dividend;

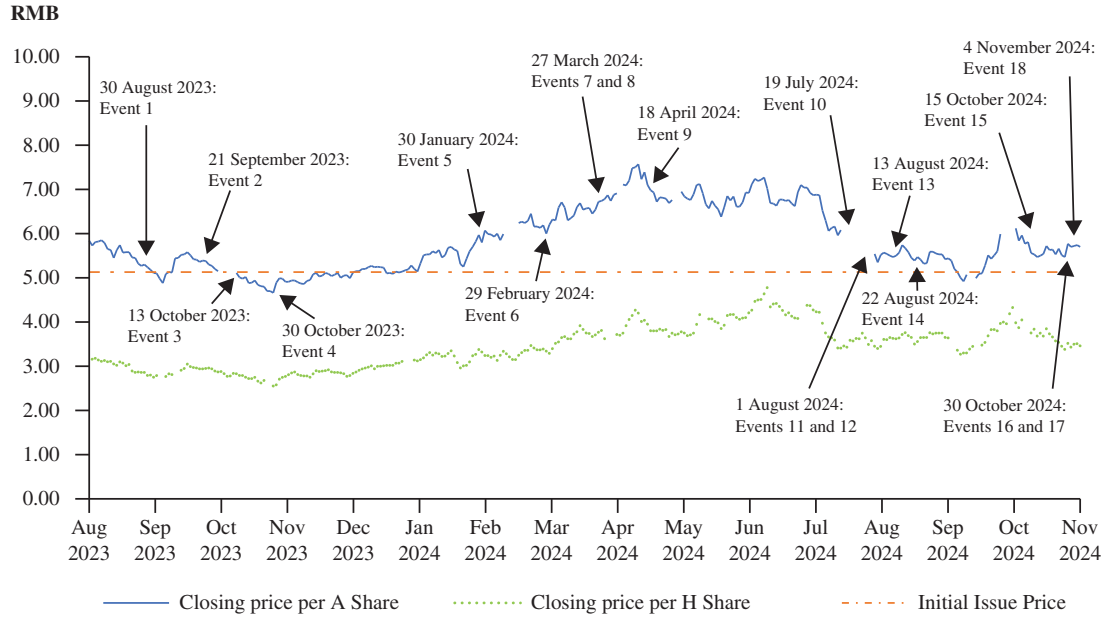
(iv) a discount of approximately 22.39% to the average closing price of RMB6.76 per A Share as quoted on the SSE for the last 60 trading days prior to the Pricing Benchmark Date, less the 2023 Final Dividend; and

(v) a discount of approximately 20.22% to the average closing price of RMB6.58 per A Share as quoted on the SSE for the last 120 trading days prior to the Pricing Benchmark Date, less the 2023 Final Dividend.

With reference to the Board Letter, the Initial Issue Price was determined with reference to the Measures for the Administration of the Major Asset Restructuring of Listed Companies (2023 Revision)* (《上市公司重大資產重組管理辦法(2023年修訂)》, the "**Administrative Measures**"), which sets out the requirements price determination of shares to be issued by listed companies.

In order to assess the fairness and reasonableness of the Initial Issue Price, we reviewed the daily closing price of the A Shares and H Shares as quoted on the SSE and the Hong Kong Stock Exchange from 1 August 2023, being approximately one year prior to the Pricing Benchmark Date, up to and including the Latest Practicable Date (the "**Review Period**"), which is commonly adopted for analysis and the duration of such period is sufficient for us to perform a thorough analysis on the historical closing price of Shares. The comparison of the daily closing price of Shares and the Initial Issue Price is illustrated as follows:

Historical daily closing price per A Share and H Share



Source: Wind Financial Terminal

Notes:

1. Trading of A Shares was halted from the start of trading hours on SSE on 19 July 2024 and resumed from the start of trading hours on SSE on 2 August 2024.

2. Trading days of A Shares and H Shares may vary.

3. Closing prices of H Shares were in RMB equivalent.

Events:

1. Interim results announcement for 1H2023
2. Inside information in relation to the data on the Group's power generation and unit price of standard coal for the period from January to August of 2023
3. Positive profit alert
4. Third quarterly results announcement for the nine months ended 30 September 2023
5. Positive profit alert
6. Resignation and appointment of non-executive directors
7. Annual results announcement for FY2023
8. Proposed 2023 Final Dividend
9. First quarterly results announcement for the three months ended 31 March 2024
10. Inside information in relation to the suspension of A Shares and the proposing of the Transaction
11. Announcement in relation to the Asset Purchase Agreements and the Proposed Issuance of A Shares
12. Resignation of vice chairman and non-executive directors and proposed election of non-executive director
13. Proposed cash dividends of RMB0.08 per Share
14. Interim results announcement for 1H2024
15. Connected transactions in relation to the establishment of limited partnership and entering into the trust agreement
16. The Announcement
17. Third quarterly results announcement for the nine months ended 30 September 2024
18. Supplement announcement regarding the connected transaction in relation to the establishment of limited partnership and entering into the trust agreement

During the Review Period, the lowest and highest closing prices of A Shares were RMB4.66 per A Share recorded on 25 October 2023 and RMB7.57 per A Share recorded on 15 April 2024, respectively. The Initial Issue Price of RMB5.13 per A Share is within the A Shares' closing price range during the Review Period and is higher than the closing prices of A Shares for 55 trading days out of the total of 296 A Shares' trading days during the Review Period.

From the start of the Review Period, the closing prices of A Shares formed a general decreasing trend and reached the lowest closing price of RMB4.66 per A Share on 25 October 2023. Thereafter, the closing prices of A Shares formed a general increasing trend and reached the highest closing price of RMB7.57 per A Share on 15 April 2024. From 16 April 2024 to 18 July 2024 (the last trading day immediately prior to the trading halt of A Shares), the closing prices of A Shares fluctuated between RMB5.96 per A Share to RMB7.39 per A Share.

Following the publication of the Company's announcement in relation to the Asset Purchase Agreements and up to the date of the Supplemental Agreements, the closing price of A Shares fluctuated between RMB4.92 per A Share to RMB6.12 per A Share.

Following the publication of the Announcement and up to the Latest Practicable Date, the closing price of A Shares fluctuated between RMB5.70 per A Share to RMB5.77 per A Share.

During the Review Period where both the A Shares and H Shares were concurrently traded on the respective market, the closing price of A Shares represented premium ranging from approximately 42% to 92% over the closing price of H Shares.

As part of our analysis, we also identified transactions in relation to the acquisition of over 50% equity interests in target companies involving the issuance of A shares as consideration (the "**Comparable Acquisitions**"), that were announced by companies listed on the main board of SSE or both SSE and the Hong Kong Stock Exchange during the period from 1 August 2023 (being approximately one year prior to the Pricing Benchmark Date) up to and including the date of the Asset Purchase Agreements, that were not lapsed or terminated up to the Latest Practicable Date. We consider the Review Period is commonly adopted for analysis and reflects the recent market practice up to the date of the Asset Purchase Agreements. We found 7 transactions which met the said criteria and they are exhaustive. Despite that the businesses, operations and prospects of the Group are not the same as the subject companies of the Comparable Acquisitions, the Comparable Acquisitions can demonstrate the market practices of issuance of A shares as consideration by companies listed on the main board of the SSE during the Review Period.

Company name (stock code)	Pricing benchmark date	Premium/(discount) of the issue price over/to the closing price per share on the last trading date immediately preceding the respective pricing benchmark date (the "Market PBD Premium/Discount") (%)	Premium/(discount) of the issue price over/to the average closing price per share for the last five trading days prior to the respective pricing benchmark date (the "Market 5 Days Premium/Discount") (%)	Premium/(discount) of the issue price over/to the average closing price per share for the last 20 trading days prior to the respective pricing benchmark date (the "Market 20 Days Premium/Discount") (%)	Premium/(discount) of the issue price over/to the average closing price per share for the last 60 trading days prior to the respective pricing benchmark date (the "Market 60 Days Premium/Discount") (%)	Premium/(discount) of the issue price over/to the average closing price per share for the last 120 trading days prior to the respective pricing benchmark date (the "Market 120 Days Premium/Discount") (%)
Antong Holdings Co., Ltd. (600179.SH)	13 June 2024	14.22	13.25	8.31	7.87	2.80
Nanjing Business & Tourism Corp., Ltd. (600250.SH)	8 June 2024	(15.83)	(21.56)	(18.63)	(21.87)	(29.61)
Guolian Securities Co., Ltd. (601456.SH & 1456.HK)	15 May 2024	8.13	7.71	5.68	4.49	2.46
Seres Group Co., Ltd. (601127.SH)	30 April 2024	(30.41)	(28.36)	(26.02)	(21.90)	(18.50)
Harson Trading (China) Co., Ltd. (603958.SH)	16 January 2024	(19.51)	(17.31)	(19.54)	(20.53)	(15.11)
Chinese Universe Publishing and Media Group Co., Ltd. (600373.SH)	20 December 2023	(29.74)	(29.58)	(25.35)	(19.75)	(18.81)
Hanshang Group C., Ltd. (600774.SH)	23 August 2023	(16.43)	(15.47)	(21.47)	(24.58)	(24.56)
Maximum		14.22	13.25	8.31	7.87	2.80
Minimum		(30.41)	(29.58)	(26.02)	(24.58)	(29.61)
Average		(12.80)	(13.05)	(13.86)	(13.75)	(14.48)
Median		(16.43)	(17.31)	(19.54)	(20.53)	(18.50)
Initial Issue Price		(13.49)	(13.46)	(20.74)	(22.37)	(20.22)

Source: Wind Financial Terminal

As depicted in the above table:

(i) the Market PBD Premium/Discount ranged from discount of approximately 30.41% to premium of approximately 14.22%, with average discount of approximately 12.80% and median discount of approximately 16.43%;

(ii) the Market 5 Days Premium/Discount ranged from discount of approximately 29.58% to premium of approximately 13.25%, with average discount of approximately 13.05% and median discount of approximately 17.31%;

(iii) the Market 20 Days Premium/Discount ranged from discount of approximately 26.02% to premium of approximately 8.31%, with average discount of approximately 13.86% and median discount of approximately 19.54%;

(iv) the Market 60 Days Premium/Discount ranged from discount of approximately 24.58% to premium of approximately 7.87%, with average discount of approximately 13.75% and median discount of approximately 20.53%; and

(v) the Market 120 Days Premium/Discount ranged from discount of approximately 29.61% to premium of approximately 2.80%, with average discount of approximately 14.48% and median discount of approximately 18.50%.

The Initial Issue Price, which represented (i) a discount of approximately 13.49% to the closing price as at the Pricing Benchmark Date; (ii) a discount of approximately 13.46% to the average closing price for the last five trading days prior to the Pricing Benchmark Date; (iii) a discount of approximately 20.74% to the average closing price for the last 20 trading days prior to the Pricing Benchmark Date; (iv) a discount of approximately 22.37% over the average closing price for the last 60 trading days prior to the Pricing Benchmark Date; and (v) a discount of approximately 20.22% over the average closing price for the last 120 trading days prior to the Pricing Benchmark Date, are all within the market ranges of the Comparable Acquisitions.

Furthermore, we noted that the issue prices of the Comparable Acquisitions were also determined pursuant to the requirement of the Administrative Measures, being not less than 80% of the average trading price of the shares over the last 20 trading days, 60 trading days or 120 trading days prior to the pricing benchmark date.

In view of that:

(i) the comparison between the Initial Issue Price and the Company's recent closing prices as mentioned above;

(ii) the Initial Issue Price is within the A Shares' closing price range during the Review Period;

(iii) the discounts represented by the Initial Issue Price over the then recent closing prices of A Shares (i.e. closing price as at the Pricing Benchmark Date and average closing price for the last five, 20, 60 and 120 trading days prior to the Pricing Benchmark Date) are within the market ranges of the Comparable Acquisitions; and

(iv) the Initial Issue Price was determined pursuant to the requirement of the Administrative Measures, being the same as those of the Comparable Acquisitions,

we are of the opinion that the Initial Issue Price is fair and reasonable.

Adjustment to the Initial Issue Price

With reference to the Board Letter, in the event where there is any ex-rights or ex-dividend event of the Company during the period between the Pricing Benchmark Date and the Issuance Date of the Consideration Shares, such as distribution of dividend, issue of bonus share, share allotment or capitalisation issue, the issue price will be adjusted accordingly. The adjustment formula for the issue price is set out under the section headed "Pricing Benchmark Date, Pricing Basis and Issue Price" of the Board Letter.

We also noted from the Comparable Acquisitions that the issue price thereunder will also be adjusted subject to the same circumstances with same formula as those of the Transaction. Accordingly, we consider the adjustment mechanism to be fair and reasonable.

Furthermore, in order to better respond to the fluctuation of the Company's share price caused by market and industry factors such as changes in capital market performance, an adjustment mechanism for the issue price of the Consideration Shares will be introduced, the details of which are set out under the section headed "Adjustment Mechanism for the Issue Price". We also noted adjustment mechanism under the same adjustment principles was adopted in the Comparable Acquisitions.

Our conclusion on the issue price

Having considered (i) our analyses on the Initial Issue Price and the adjustment mechanism as mentioned above; (ii) that the Company's distribution of 2024 interim dividend of RMB0.08 per A Share (tax inclusive) with ex-dividend date of 16 October 2024, being the date fell within the period between the Pricing Benchmark Date (i.e. 2 August 2024) and the Issuance Date of the Consideration Shares; and (iii) the Initial Issue Price was adjusted according to the above formula, we are of the view that the issue price of RMB5.05 per A Share is fair and reasonable.

Lock-up Period

China Huadian shall not transfer the Shares acquired under the Transaction within 36 months from the date of the closing of the issuance of Consideration Shares in any manner. Where the closing price of A Shares is lower than the issue price for 20 consecutive Trading Days during the 6 months after completion of the issuance of Consideration Shares or the closing price is lower than the issue price at the end of the 6 months after completion of the issuance of Consideration Shares, the lock-up period of A Shares held by it will be automatically extended for another 6 months.

The A Shares held directly and indirectly by China Huadian prior to the issuance of Consideration Shares will not be transferred within 18 months after completion of the issuance of Consideration Shares in any manner; if such Shares are increased due to (among others) the issuance of bonus share, capitalisation issue or share allotment of the Company, the increased A Shares will also be subject to the above-mentioned lock-up period. However, transfers permitted under applicable laws, regulations and regulatory documents are not subject to such restrictions.

China Huadian agrees to make corresponding adjustments in accordance with the latest regulatory requirements of the securities regulatory authorities if the lock-up period undertaking is inconsistent with such latest regulatory requirements of the securities regulatory authorities. After the expiration of the lock-up period, such transfer shall be subject to the relevant requirements of the CSRC and the SSE.

According to the Administrative Measures, any consideration shares issued by listed companies to, among other things, their controlling shareholders, beneficial owners or their controlled connected parties, shall not be transferred within 36 months commencing from the date of issuance of such consideration shares. If the closing prices of A shares are below the issue price of consideration shares for 20 consecutive trading days within the six-month period commencing from date of completion of acquisition, or the closing price of the A shares as at the end of the above-mentioned six-month period is below the issue price of the consideration shares, the lock-up period will be automatically extended for at least 6 months.

Based on the above, the lock-up arrangement for China Huadian is in compliance with the relevant requirement by PRC regulations. Accordingly, we consider the lock-up arrangement for China Huadian is justifiable.

Attribution of profits or losses for the Transitional Period

Pursuant to the Asset Purchase Agreements (as supplemented by the Supplemental Agreements), save as and except for the Capital Adjustments that shall be adjusted for cash payment to Huadian Furui and the Operating Company, the profits and losses of the Target Assets during the Transition Period shall be shared or borne by the Company, and the parties to the Transaction are not required to adjust the consideration of the Target Assets according to the profits and losses during the Transition Period.

Having considered that the consideration of the Transaction was based on, among other things, the Asset Appraisal as at the Appraisal Benchmark Date, and the profits or losses of the Target Assets after such date represented the risks and rewards to be borne by the Company, we are of the view that the arrangement for profits and losses of the Target Assets during the Transitional Period to be reasonable.

Arrangements for Accumulated Profit

The accumulated undistributed profits (if any) of the Company before completion of the issuance of Consideration Shares shall be jointly shared by new and existing Shareholders after completion of the issuance of Consideration Shares in proportion to their respective shareholding as registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch from the completion date of the issuance of Consideration Shares.

Our conclusion on terms of the Transaction

Having reviewed and considered the principal terms of the Transaction as listed above, we are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable.

Possible financial effects of the Transaction

Upon completion of the Transaction, each of the Target Companies will become a subsidiary of the Company and their financial statements will be consolidated into the consolidated financial statements of the Group. The Company will hold 80% of Jiangsu Huadian, 51% of Shanghai Fuxin, 100% of Shanghai Minhang, 55.0007% of Guangzhou University City, 55% of Fuxin Guangzhou, 70% of Fuxin Jiangmen, 100% of Fuxin Qingyuan, and 100% of Guigang Electric Power upon completion of the Transaction.

The accompanying unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the Circular is prepared as if the Transaction had taken place at 30 June 2024 to illustrate the effect of the Transaction.

Based on the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix III to the Circular, for illustration purposes only, the total assets of the Group would have increased from RMB225.6 billion to RMB269.1 billion, the total liabilities of the Group would have increased from RMB137.1 billion to RMB166.9 billion, and the net assets of the Group would have increased from RMB88.5 billion to RMB102.2 billion, on a pro forma basis.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Enlarged Group will be upon completion of the Transaction.

Possible dilution of the shareholding interests of the existing public Shareholders

As depicted in the table under the section headed "VI. Impact on the Shareholding Structure of the Company" of the Board Letter, the shareholding interests of the existing public Shareholders would be diluted by 3.41% as a result of the issuance of Consideration Shares. Furthermore, based on (i) the number of Shares in issue as at the Latest Practicable Date and the number of Shares in issue after completion of the Transaction (assuming that there will not be any further adjustments to the issue price of the Consideration Shares and there will be no change in the total issued share capital of the Company from the Latest Practicable Date up to the completion of the Transaction (save for the issuance of the Consideration Shares)); and (ii) the pro forma net assets of the Enlarged Group as set out in Appendix III to the Circular, the net asset value per Share attributable to Shareholders would increase by approximately RMB0.31 per Share or 7.42% from approximately RMB4.18 per Share to approximately RMB4.49 per Share.

Nonetheless, in view of (i) the reasons for the Transaction; (ii) the increase in net asset value per Share attributable to Shareholders as a result of the Transaction; and (iii) the terms of the Transaction being fair and reasonable, we consider the aforesaid level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

Recommendation on the Transaction

Having taken into consideration the factors and reasons as stated above, in particular:

(i) the Transaction is in the interest of the Company and the Shareholders as a whole after taking into account (a) the Company's controlled installed capacity will significantly increase upon the completion of the Transaction; (b) the Transaction will further expand the business advantages and asset scope of the Group, effectively enhancing the Group's competitiveness and increasing its investment value in the capital market, ultimately creating benefits for the Shareholders; (c) thermal power generation is and will be continuously important to the PRC national electricity generation; and (d) the Transaction may also enable reduction of business competition between the Group and China Huadian;

(ii) the consideration for the Target Assets is fair and reasonable as analysed in the section headed "Asset Appraisal" above;

(iii) the Initial Issue Price is fair and reasonable after considering (a) the comparison between the Initial Issue Price and the recent A Shares' closing prices; (b) the Initial Issue Price is within the A Shares' closing price range during the Review Period; (c) the discounts represented by the Initial Issue Price over the then recent closing prices of A Shares are within the market ranges of the Comparable Acquisitions; and (d) the basis for determination of the Initial Issue Price is in line with the requirement of the Administrative Measures;

(iv) the adjustment mechanism to the Initial Issue Price is fair and reasonable as such adjustment mechanism was similar to the adjustment mechanism adopted in the Comparable Acquisitions;

(v) the lock-up arrangement for China Huadian, which is in compliance with the relevant requirement by PRC regulations, is justifiable;

(vi) the arrangement for profits and losses of the Target Assets during the Transitional Period is reasonable; and

(vii) the level of dilution to the shareholding interests of the existing public Shareholders is acceptable,

we are of the opinion that (i) the terms of Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committees to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transaction (including the grant of Specific Mandate for the issuance of Consideration Shares) and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

(II) Whitewash Waiver

According to the Board Letter, as at the Latest Practicable Date, China Huadian and parties acting in concert with it holds in aggregate 4,620,061,224 Shares (comprising 4,534,199,224 A Shares and 85,862,000 H Shares), representing approximately 45.17% of the total issued share capital of the Company. Immediately following completion of the Transaction, on the basis that the portion of consideration for the purchase of Target Assets I to be settled by way of issuance of Consideration Shares is RMB3,428.3 million, and assuming that (a) there will not be any further adjustments to the Issue Price; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issuance of A Shares pursuant to the Asset Purchase Agreement I (as supplemented by the Supplemental Agreement I), the aggregate shareholding of China Huadian and parties acting in concert with it in the Company will increase to approximately 48.59%. Accordingly, upon completion of the Transaction, pursuant to Rule 26.1 of the Takeovers Code, China Huadian will be required to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Huadian and parties acting in concert with it, unless the Whitewash Waiver from strict compliance with Rule 26.1 of the Takeovers Code is obtained from the Executive.

An application has been made by China Huadian (on behalf of itself and parties acting in concert with it) to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to (i) the approval of the Whitewash Waiver by at least 75% of

the votes cast by Independent Shareholders either in person or by proxy at the EGM; and (ii) the approval of the Transaction by more than 50% of the votes cast by Independent Shareholders either in person or by proxy at the EGM as required under the Takeovers Code. As at the Latest Practicable Date, the Executive has indicated that it is minded to grant the Whitewash Waiver.

In view of (i) the reasons for and possible benefits of the Transaction as set out under the sub-section headed "Reasons for and benefits of the Transaction" of this letter; (ii) the terms of the Transaction is fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Transaction having been approved or consented by the relevant regulatory authorities in Hong Kong (including the granting of the Whitewash Waiver by the Executive to China Huadian) is a non-waivable condition precedent, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the completion of the Transaction, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Transaction.

Recommendation on the Whitewash Waiver

Having taken into consideration the reasons for and possible benefits of the Transaction and that the Transaction is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders, we consider that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Code IBC to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Whitewash Waiver and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2024 have been disclosed in the following documents which have been published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (http://en.hdpi.com.cn) and can be accessed at the website addresses below:

(i) pages 52 to 126 of the annual report of the Group for the year ended 31 December 2021 published on 20 April 2022 https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000652.pdf;

(ii) pages 48 to 138 of the annual report of the Group for the year ended 31 December 2022 published on 19 April 2023 https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0419/2023041900337.pdf;

(iii) pages 56 to 130 of the annual report of the Group for the year ended 31 December 2023 published on 17 April 2024 https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0417/2024041700910.pdf;

(iv) pages 32 to 80 of the interim report of the Group for the six months ended 30 June 2024 published on 30 August 2024 https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0830/2024083002476.pdf; and

(v) the third quarterly results announcement of the Group published on 30 October 2024, of which the financial information is unaudited and prepared in accordance with the China Accounting Standards for Business Enterprises and is required to be published under the listing rules of the SSE https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1030/2024103002057.pdf.

SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial statements of the Group for each of the years ended 31 December 2021, 2022 and 2023 as extracted from the relevant annual reports of the Company, and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 as extracted from the relevant interim report of the Company:

	For the six months ended 30 June 2024	**For the year ended 31 December**		
		2023	**2022**	**2021**
			(audited and restated)	*(audited and restated)*
	(unaudited)	*(audited)*		
	RMB'000 (Note 1)	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	52,893,953	116,376,064	105,960,339	101,168,876
(Loss)/Profit before taxation	4,816,351	5,842,708	(1,536,927)	(6,912,464)
Income tax credit/(expense)	(788,816)	(974,263)	631,394	1,774,724
(Loss)/profit for the year/period	4,027,535	4,868,445	(905,533)	(5,137,740)
(Loss)/profit for the year/period attributable to owners of the Company	3,431,773	4,601,094	(14,322)	(3,255,963)
(Loss)/profit for the year/period attributable to non-controlling interests	595,762	267,351	(891,211)	(1,881,777)
Other comprehensive income/(expense) for the year/period (net of tax)	(39,506)	82,539	27,381	79,803
Comprehensive income/(expense) attributable to equity holders of the Company	3,392,672	4,682,464	12,714	(3,176,363)
Comprehensive income/(expense) attributable to non-controlling interests	595,357	268,520	(890,866)	(1,881,574)
Earnings/(loss) per share (expressed in RMB cents per share, basic)	0.286	0.355	(0.093)	(0.434)
Earnings/(loss) per share (expressed in RMB cents per share, diluted)	N/A	0.353	(0.093)	(0.434)
Dividends payable attributed to the year/period	818,205	1,534,134	2,045,512	2,467,465
Dividend per Share (expressed in RMB cents)	0.08	0.15	0.20	0.25

Note 1: For the six months ended 30 June 2024, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards issued by the International Accounting Standards Board, which are effective for the Group's financial year beginning on 1 January 2024:

- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The application of the amendments to International Financial Reporting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The auditors' reports issued by the auditors of the Company for the years ended 31 December 2021 and 31 December 2022, Baker Tilly Hong Kong Limited, in respect of the audited consolidated financial statements of the Group for each of the years ended 31 December 2021 and 31 December 2022, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

The auditors' report issued by the auditors of the Company for the year ended 31 December 2023, SHINEWING (HK) CPA Limited, in respect of the audited consolidated financial statements of the Group for the year ended 31 December 2023, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

The following is a summary of the unaudited financial information of the Group for the nine months ended 30 September 2024, prepared in accordance with the China Accounting Standards for Business Enterprises, as extracted from the relevant third quarterly results announcement of the Company published on 31 October 2024 on the SSE:

Item	**For the nine months ended 30 September 2024** *(RMB'000)*
Revenue	84,810,782
(Loss)/Profit before taxation	7,343,825
Income tax credit/(expense)	(1,307,336)
(Loss)/profit for the year/period	6,036,489
(Loss)/profit for the year attributable to equity holders of the Company	5,156,477
Other comprehensive income/(expense) for the year/period (net of tax)	(39,506)
(Loss)/profit for the year attributable to non-controlling interests	880,012
Comprehensive income/(expense) attributable to equity holders of the Company	5,117,376
Comprehensive income/(expense) attributable to non-controlling interests	879,607
Earnings/(loss) per share (expressed in RMB cents per share, basic)	0.43
Earnings/(loss) per share (expressed in RMB cents per share, diluted)	N/A

MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had total issued debts of RMB136,749,603,000. Details of which are as follows:

	RMB'000
Bank loans	
– *Unsecured*	80,634,993
– *Secured*	9,749,287
Loans from Shareholders	
– *Unsecured*	5,539,770
State loans	
– *Guaranteed*	46,374
Other loans	
– *Unsecured*	7,961,914
– *Secured*	1,883,731
Long-term debentures payable	
– *Unsecured*	26,428,702
Short-term debentures payable	
– *Unsecured*	4,305,055
Lease liabilities	199,777
	136,749,603

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 30 September 2024, the Enlarged Group did not have other debt securities issued and outstanding, and authorised or otherwise created but unissued, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or material contingent liabilities.

WORKING CAPITAL

Having taken into account the financial resources available to the Group, including internally generated funds, available bank facilities and cash and cash equivalents, the Directors are of the opinion that the Enlarged Group will has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As one of the largest comprehensive energy companies in the PRC, the Group is principally engaged in the construction and operation of power plants, including large-scale efficient coal or gas-fired generating units and various hydropower projects. After the Transaction, the Company's controlled installed capacity with respect to conventional energy will increase significantly, contributing to the enhancement of the Company's competitiveness in the market and brand influence in the power sector.

In light of expected steady growth in national electricity consumption demand, and the continued importance of thermal power in ensuring national energy security, by injecting high-quality thermal power assets into the Company under the Transaction, the Group will continue to strive towards its goal of building a strong and large first-class energy listed company under the "China Huadian" brand, and ensuring the safe and stable operation of the power grid and energy supply security. With government policy promoting the joint operation of thermal power and renewable energy, the Group remains optimistic on the overall market environment and the Directors believe the Group will continue to benefit from strong power demand, improvements in asset quality and enhancement of its sustainable development capabilities.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF JIANGSU HUADIAN ENERGY CO., LTD.* (華電江蘇能源有限公司) TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Jiangsu Huadian Energy Co., Ltd.* (華電江蘇能源有限公司) ("Jiangsu Huadian") and its subsidiaries (collectively, "Jiangsu Huadian Group"), set out on pages II-4 to II-81, which comprises the combined statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-81 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the proposed major transaction and connected acquisition.

Directors' Responsibility for the Historical Financial Information

The directors of Jiangsu Huadian are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Jiangsu Huadian determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Jiangsu Huadian Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Jiangsu Huadian, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Jiangsu Huadian Group as at 31 December 2021, 2022 and 2023 and 30 June 2024, and of Jiangsu Huadian Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Jiangsu Huadian Group which comprises the statement of combined profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Jiangsu Huadian are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to note 35(a) to the Historical Financial Information which contains information about dividend declared or paid by Jiangsu Huadian during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF JIANGSU HUADIAN GROUP

Preparation of Historical Financial Information

The combined financial statements of Jiangsu Huadian Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	*6*	20,961,779	23,981,628	25,895,876	12,089,824	10,984,729
Operating expenses						
Fuel costs		(17,505,244)	(20,554,780)	(18,893,733)	(9,386,842)	(7,881,137)
Depreciation and amortisation		(2,056,553)	(2,074,217)	(2,108,877)	(1,042,103)	(1,056,798)
Repairs, maintenance and inspection		(1,160,503)	(1,001,668)	(1,572,657)	(435,310)	(485,605)
Personnel costs	*7*	(1,358,427)	(1,444,211)	(1,528,007)	(593,129)	(662,641)
Administration expenses		(413,295)	(184,057)	(101,021)	(36,562)	(52,633)
Taxes and surcharges	*8*	(173,395)	(161,400)	(171,511)	(76,838)	(88,740)
Other operating expenses	*12(b)*	(1,138,030)	(798,993)	(581,528)	(338,577)	(190,665)
		(23,805,447)	(26,219,326)	(24,957,334)	(11,909,361)	(10,418,219)
Operating (loss)/profit		(2,843,668)	(2,237,698)	938,542	180,463	566,510
Investment income	*9*	63,270	84,016	45,776	8,043	8,950
Other revenue	*10*	108,149	32,177	178,394	11,822	8,788
Other net income	*10*	634,860	147,668	216,338	39,411	55,433
Interest income from bank deposits		33,847	16,258	6,289	4,495	1,597
Finance costs	*11*	(750,521)	(688,341)	(566,411)	(317,348)	(213,125)
Share of results of associates		(40,524)	70,751	137,946	20,063	41,989
(Loss)/profit before taxation	*12(a)*	(2,794,587)	(2,575,169)	956,874	(53,051)	470,142
Income tax (expenses)/credit	*15*	964	52,282	(221,992)	(22,666)	(77,041)
(Loss)/profit for the year/period		(2,793,623)	(2,522,887)	734,882	(75,717)	393,101

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Other comprehensive income/(expense):						
Items that will not be reclassified subsequently to profit or loss:						
Share of other comprehensive (expenses)/income of associates		(41)	174	19	–	–
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income		36,495	3,006	5,365	1,310	(9,053)
Other comprehensive income/(expense) for the year/period, net of income tax		36,454	3,180	5,384	1,310	(9,053)
Total comprehensive (expense)/income for the year/period		(2,757,169)	(2,519,707)	740,266	(74,407)	384,048
(Loss)/profit for the year/period attributable to:						
Equity holders of Jiangsu Huadian		(2,443,846)	(2,046,941)	423,385	(75,902)	324,509
Non-controlling interests		(349,777)	(475,946)	311,497	185	68,592
		(2,793,623)	(2,522,887)	734,882	(75,717)	393,101
Total comprehensive income/(expense) for the year/period attributable to:						
Equity holders of Jiangsu Huadian		(2,416,120)	(2,044,471)	428,558	(75,178)	318,839
Non-controlling interests		(341,049)	(475,236)	311,708	771	65,209
		(2,757,169)	(2,519,707)	740,266	(74,407)	384,048

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 30 June 2024 RMB'000
Non-current assets					
Property, plant and equipment	*17*	25,862,632	24,007,201	22,012,324	21,015,197
Right-of-use assets	*18*	833,839	882,503	906,075	933,373
Construction in progress	*19*	686,903	992,040	2,375,011	3,653,632
Intangible assets	*20*	31,994	80,937	80,584	71,334
Interests in associates	*21*	915,569	1,005,703	1,070,411	1,038,789
Financial assets at fair value through other comprehensive income	*22*	177,263	180,932	186,297	177,244
Other non-current assets	*23*	126,853	3,890	317,601	341,209
Deferred tax assets	*32*	162,137	247,530	92,480	34,113
		28,797,190	27,400,736	27,040,783	27,264,891
Current assets					
Inventories	*24*	592,549	383,722	477,062	484,857
Trade debtors and bills receivables	*25*	2,521,926	3,133,341	3,167,310	2,517,012
Deposits, other receivables and prepayments	*26*	2,344,039	1,038,062	950,024	1,643,836
Tax recoverable		23,026	79,839	8,153	8,227
Restricted deposit	*27*	–	20	325	89
Cash and cash equivalents	*28*	1,094,629	1,051,860	733,355	540,756
		6,576,169	5,686,844	5,336,229	5,194,777
Current liabilities					
Bank loans	*29(a)*	3,383,915	3,675,870	6,013,635	6,118,217
Loans from shareholders	*29(b)*	3,602,390	3,005,041	1,849	201,008
Other loans	*29(c)*	1,449,784	1,802,846	320,863	76,387
Long-term debentures payable-current portion	*29(d)*	32,197	42,408	2,041,356	2,089,225
Short-term debentures	*29(e)*	5,234,074	6,224,184	2,305,475	1,204,253
Amount due to the parent company		1,645,687	498,404	109,479	30,636
Lease liabilities	*18*	5,691	1,138	2,210	7,323
Trade creditors and bills payable	*30*	2,308,793	1,425,382	1,937,962	1,784,014
Other payables and contract liabilities	*31*	4,138,791	3,749,142	3,587,690	3,699,448
Tax payable		24,281	3,101	28,551	14,926
Other non-current liabilities-current portion		–	150	150	150
		21,825,603	20,427,666	16,349,220	15,225,587
Net current liabilities		(15,249,434)	(14,740,822)	(11,012,991)	(10,030,810)
Total assets less current liabilities		13,547,756	12,659,914	16,027,792	17,234,081

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 30 June 2024 RMB'000
Non-current liabilities					
Bank loans	*29(a)*	1,823,219	1,352,360	2,913,865	4,552,403
Loans from shareholders	*29(b)*	2,000,000	1,850,000	2,006,620	1,006,620
Other loans	*29(c)*	735,025	250,326	109,400	113,500
Long-term debentures payable	*29(d)*	1,994,961	2,994,343	998,395	998,893
Lease liabilities	*18*	16,260	4,297	4,653	11,309
Provisions	*33*	859	1,776	4,546	2,114
Deferred government grants	*34*	60,662	58,944	57,275	54,066
Deferred tax liabilities	*32*	13,304	12,517	11,729	11,481
Retirement benefit obligations	*37*	89,061	80,929	73,325	69,042
Other non-current liabilities		–	2,343	2,298	2,350
		6,733,351	6,607,835	6,182,106	6,821,778
Net assets		6,814,405	6,052,079	9,845,686	10,412,303
Capital and reserves					
Share capital	*35(b)*	2,553,163	2,553,163	2,553,163	2,553,163
Perpetual capital securities	*35(e)*	500,000	1,500,000	4,500,000	4,800,000
Reserves	*35(c)*	(434,959)	(1,764,327)	(1,428,443)	(1,278,256)
Equity attributable to equity holders of Jiangsu Huadian		2,618,204	2,288,836	5,624,720	6,074,907
Non-controlling interests		4,196,201	3,763,243	4,220,966	4,337,396
Total equity		6,814,405	6,052,079	9,845,686	10,412,303

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 35(b))*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Fair value reserves *RMB'000*	Retained Earnings *RMB'000*	Perpetual capital securities *RMB'000 (note 35(e))*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2021	2,553,163	702,877	449,620	4,093	891,515	–	4,601,268	5,057,707	9,658,975
Loss for the year	–	–	–	–	(2,443,846)	–	(2,443,846)	(349,777)	(2,793,623)
Other comprehensive income for the year	–	–	–	27,726	–	–	27,726	8,728	36,454
Total comprehensive expense for the year	–	–	–	27,726	(2,443,846)	–	(2,416,120)	(341,049)	(2,757,169)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	29,780	29,780
Issue of perpetual capital securities	–	(1,415)	–	–	–	500,000	498,585	–	498,585
Dividends recognised as distribution	–	–	–	–	(1,000,000)	–	(1,000,000)	(429,698)	(1,429,698)
Distributions payable to holders of perpetual capital	–	–	–	–	(1,118)	–	(1,118)	–	(1,118)
Disposal of a subsidiary	–	–	–	–	–	–	–	(96,524)	(96,524)
Others	–	(11,945)	–	–	947,534	–	935,589	(24,015)	911,574
At 31 December 2021 and 1 January 2022	2,553,163	689,517	449,620	31,819	(1,605,915)	500,000	2,618,204	4,196,201	6,814,405
Loss for the year	–	–	–	–	(2,046,941)	–	(2,046,941)	(475,946)	(2,522,887)
Other comprehensive income for the year	–	–	–	2,470	–	–	2,470	710	3,180
Total comprehensive expense for the year	–	–	–	2,470	(2,046,941)	–	(2,044,471)	(475,236)	(2,519,707)

	Share capital *RMB'000* *(note 35(b))*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Fair value reserves *RMB'000*	Retained Earnings *RMB'000*	Perpetual capital securities *RMB'000* *(note 35(e))*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Capital injection from non-controlling interests	–	–	–	–	–	–	–	404,231	404,231
Issue of perpetual capital securities	–	(3,000)	–	–	–	1,000,000	997,000	–	997,000
Dividends recognised as distribution	–	–	–	–	–	–	–	(192,558)	(192,558)
Distributions payable to holders of perpetual capital	–	–	–	–	(21,085)	–	(21,085)	–	(21,085)
Others	–	299,958	–	–	439,230	–	739,188	(169,395)	569,793
At 31 December 2022 and 1 January 2023	2,553,163	986,475	449,620	34,289	(3,234,711)	1,500,000	2,288,836	3,763,243	6,052,079
Profit for the year	–	–	–	–	423,385	–	423,385	311,497	734,882
Other comprehensive income for the year	–	–	–	5,173	–	–	5,173	211	5,384
Total comprehensive income for the year	–	–	–	5,173	423,385	–	428,558	311,708	740,266
Capital injection from non-controlling interests	–	–	–	–	–	–	–	208,901	208,901
Issue of perpetual capital securities	–	(1,500)	–	–	–	3,000,000	2,998,500	–	2,998,500
Dividends recognised as distribution	–	–	–	–	–	–	–	(41,878)	(41,878)
Distributions payable to holders of perpetual capital	–	–	–	–	(93,218)	–	(93,218)	–	(93,218)
Disposal of a subsidiary	–	–	–	–	–	–	–	(21,748)	(21,748)
Others	–	956	–	–	1,088	–	2,044	740	2,784
At 31 December 2023 and 1 January 2024	2,553,163	985,931	449,620	39,462	(2,903,456)	4,500,000	5,624,720	4,220,966	9,845,686
Profit for the period	–	–	–	–	324,509	–	324,509	68,592	393,101
Other comprehensive expense for the period	–	–	–	(5,670)	–	–	(5,670)	(3,383)	(9,053)

	Share capital *RMB'000* *(note 35(b))*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Fair value reserves *RMB'000*	Retained Earnings *RMB'000*	Perpetual capital securities *RMB'000* *(note 35(e))*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Total comprehensive income for the period	–	–	–	(5,670)	324,509	–	318,839	65,209	384,048
Capital injection from non-controlling interests	–	–	–	–	–	–	–	82,637	82,637
Issue of perpetual capital securities	–	(150)	–	–	–	300,000	299,850	–	299,850
Dividends recognised as distribution	–	–	–	–	–	–	–	(31,618)	(31,618)
Distributions payable to holders of perpetual capital	–	–	–	–	(71,949)	–	(71,949)	–	(71,949)
Others		594	–	–	(97,147)	–	(96,553)	202	(96,351)
At 30 June 2024	2,553,163	986,375	449,620	33,792	(2,748,043)	4,800,000	6,074,907	4,337,396	10,412,303
1 January 2023	2,553,163	986,475	449,620	34,289	(3,234,711)	1,500,000	2,288,836	3,763,243	6,052,079
(Loss)/profit for the period (Unaudited)	–	–	–	–	(75,902)	–	(75,902)	185	(75,717)
Other comprehensive income for the period (Unaudited)	–	–	–	724	–	–	724	586	1,310
Total comprehensive expense for the period (Unaudited)	–	–	–	724	(75,902)	–	(75,178)	771	(74,407)
Issue of perpetual capital securities (Unaudited)	–	–	–	–	–	1,499,250	1,499,250	–	1,499,250
Dividends recognised as distribution (Unaudited)	–	–	–	–	–	–	–	(36,978)	(36,978)
Distributions payable to holders of perpetual capital (Unaudited)	–	–	–	–	(22,945)	–	(22,945)	–	(22,945)
Others (Unaudited)	–	–	–	–	(47,840)	–	(47,840)	–	(47,840)
At 30 June 2023 (Unaudited)	2,553,163	986,475	449,620	35,103	(3,381,398)	2,999,250	3,642,123	3,727,036	7,369,159

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	25,294,320	28,639,333	30,097,657	14,470,040	13,383,900
Cash paid to suppliers, employees and others	(22,475,846)	(29,496,518)	(27,704,443)	(13,987,740)	(12,168,975)
Cash generated from operations	2,818,474	(857,185)	2,393,214	482,300	1,214,925
Interest paid	(745,147)	(641,031)	(601,124)	(280,189)	(184,225)
PRC enterprise income tax (paid)/refunded	(150,255)	(111,704)	28,912	46,810	(32,250)
Net cash from/(used in) operating activities	1,923,072	(1,609,920)	1,821,002	248,921	998,450
Cash flows from/(used in) investing activities					
Payment of purchase of property, plant and equipment, construction in progress, land use rights and intangible assets	(1,047,924)	(1,132,449)	(1,801,664)	(542,031)	(1,212,157)
Proceeds from disposal of property. plant and equipment	334,367	110,469	230,340	113,194	41,587
Proceeds from disposal of subsidiaries and business	560,169	304,293	77,734	–	–
Proceeds from disposal of investments in associates	–	18,359	10,998	–	–
Purchases of financial assets at fair value through other comprehensive income	(4,397)	–	–	–	–
Interest received	27,790	16,258	7,787	3,562	1,597
Withdrawal of restricted deposits	–	–	–	–	236
Placement of restricted deposits	–	(20)	(305)	–	–
Dividends received	197,818	66,514	75,272	–	19,450
Other investing activities	(684)	159,207	2,796	31,005	317
Net cash from/(used in) investing activities	67,139	(457,369)	(1,397,042)	(394,270)	(1,148,970)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from financing activities					
Debentures					
– Net proceeds from debentures	21,590,394	21,447,461	17,499,703	10,599,856	3,599,907
– Repayment of debentures	(20,305,918)	(19,450,000)	(21,400,000)	(11,600,000)	(4,702,742)
Loans					
– Proceeds from loans	28,073,084	48,184,760	61,123,180	28,678,310	15,025,404
– Repayment of loans	(29,907,946)	(49,070,440)	(61,593,924)	(28,900,291)	(14,320,127)
Lease liabilities					
– Payment for principal portion of lease liabilities	(2,356)	(2,901)	(2,356)	(1,006)	(1,727)
Capital injection from non-controlling interests	29,780	246,407	206,531	–	82,637
Issue of perpetual capital securities	498,500	997,000	2,998,500	1,499,250	299,850
– Dividends paid to non-controlling interests	(455,760)	(133,223)	(120,975)	(72,662)	(3,662)
– Dividends distribution	(1,000,000)	–	–	–	–
– Dividends paid to holders of perpetual capital securities	–	(17,000)	(46,000)	–	(50,350)
– Other financing activities	(28,368)	(176,680)	592,654	(3,129)	28,713
Net cash (used in)/from financing activities	(1,508,590)	2,025,384	(742,687)	200,328	(42,097)
Net increase/(decrease) in cash and cash equivalents	481,621	(41,905)	(318,727)	54,979	(192,617)
The impact of exchange rate changes on cash and cash equivalents	(1,033)	(864)	222	147	18
Cash and cash equivalents at beginning of the year/period	614,041	1,094,629	1,051,860	1,051,860	733,355
Cash and cash equivalents at end of the year/period	1,094,629	1,051,860	733,355	1,106,986	540,756

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF JIANGSU HUADIAN GROUP

1. GENERAL INFORMATION AND GROUP REORGANISATION

Jiangsu Huadian Energy Co., Ltd.* (華電江蘇能源有限公司) (the "Jiangsu Huadian") established in the People's Republic of China (the "PRC") on 16 June 2008 with limited liability. The registered office and the principal place of business of Jiangsu Huadian is at No. 1, Hua Circuit, Lingang Industrial Concentration Zone, Xiashu Town, Jurong City.

Jiangsu Huadian and its subsidiaries (together referred to as the "Jiangsu Huadian Group") are principally engaged in the generation and sale of electricity, heat and coal in the PRC. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

Its immediate and ultimate holding company of Jiangsu Huadian is China Huadian Corporation Limited, a company incorporated in the PRC with limited liability.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Jiangsu Huadian.

As at the date of this report, Jiangsu Huadian had direct and indirect interests in its subsidiaries, which are private limited liability companies established in the PRC, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Paid up capital *RMB'000*	Proportion of ownership interest and voting rights Direct	Indirect	Principal activities
Jiangsu Huadian Jurong Power Generation Co., Ltd.* 江蘇華電句容發電有限公司	The PRC	1,705,000	51.72%	–	Generation and sale of electricity
Jiangsu Huadian Wangting Natural Gas Power Generation Co., Ltd.* 江蘇華電望亭天然氣發電有限公司	The PRC	438,868	55.00%	–	Natural gas power generation
Taicang Huadian Development Construction Co., Ltd.* 太倉華電開發建設有限公司	The PRC	162,600	51.00%	–	Port development
Jiangsu Huadian Wujiang Thermal Power Co., Ltd.* 江蘇華電吳江熱電有限公司	The PRC	351,460	60.00%	40.00%	Generation and sale of electricity and heat
Jiangsu Huadian Qishuyan Power Generation Co., Ltd.* 江蘇華電戚墅堰發電有限公司	The PRC	1,111,000	41.50% *(Note)*	–	Generation and sale of electricity
Jiangsu Huadian Qishuyan Thermal Power Co., Ltd.* 江蘇華電戚墅堰熱電有限公司	The PRC	340,926	51.00%	–	Generation and sale of electricity and heat
Jiangsu Huadian Yangzhou Power Generation Co., Ltd.* 江蘇華電揚州發電有限公司	The PRC	911,297	55.29%	–	Generation and sale of electricity
Jiangsu Huadian Kunshan Thermal Power Co., Ltd.* 江蘇華電昆山熱電有限公司	The PRC	456,000	60.00%	–	Generation and sale of electricity
Jiangsu Electric Power Development Co., Ltd.* 江蘇電力發展股份有限公司	The PRC	478,645	48.46%	12.60%	Investment

* *For identification purposes only*

Name	Place and date of incorporation/ registration and place of operations	Paid up capital *RMB'000*	Proportion of ownership interest and voting rights Direct	Indirect	Principal activities
Jiangsu Huadian Yizheng Thermal Power Co., Ltd.* 江蘇華電儀征熱電有限公司	The PRC	480,000	48.00% *(Note)*	–	Natural gas power generation
Jiangsu Huadian Jinhu Energy Co., Ltd.* 江蘇華電金湖能源有限公司	The PRC	219,200	100.00%	–	Natural gas power generation
Jiangsu Huadian Tongzhou Thermal Power Co., Ltd.* 江蘇華電通州熱電有限公司	The PRC	280,000	65.00%	–	Generation and sale of electricity
Jiangsu Huadian Tongzhouwan Energy Co., Ltd.* 江蘇華電通州灣能源有限公司	The PRC	81,395	100.00%	–	Generation and sale of electricity
Huarui (Jiangsu) Gas Turbine Service Co., Ltd.* 華瑞(江蘇)燃機服務有限公司	The PRC	160,000	51.00%	–	Generation and sale of electricity
Jiangsu Huadian Huahui Energy Co., Ltd.* 江蘇華電華匯能源有限公司	The PRC	251,800	36.00% *(Note)*	–	Generation and sale of electricity
Jiangsu Huadian Energy Sales Co., Ltd.* 江蘇華電能源銷售有限公司	The PRC	201,000	100.00%	–	Sale of electricity
Huadian Zaolinwan (Yizheng) Comprehensive Energy Services Co., Ltd* 華電棗林灣(儀征)綜合能源服務有限公司	The PRC	6,045	45.00% *(Note)*	–	Sale of electricity
Jiangsu Huadian Yangzhou Zhongran Energy Co., Ltd.* 江蘇華電揚州中燃能源有限公司	The PRC	211,252	56.23%	–	Generation and sale of electricity
Jiangsu Huadian Yihua Thermal Power Co., Ltd.* 江蘇華電儀化熱電有限公司	The PRC	635,000	51.00%	–	Natural gas power generation
Jiangsu Huadian Ganyu Liquefied Natural Gas Co., Ltd.* 江蘇華電贛榆液化天然氣有限公司	The PRC	1,950,000	51.00%	–	Generation and sale of electricity
Shanghai Tonghua Gas Turbine Services Co., Ltd.* 上海通華燃氣輪機服務有限公司	The PRC	60,000	51.00%	–	Generation and sale of electricity
Jiangsu Huadian Coal Co., Ltd.* 江蘇華電煤炭有限公司	The PRC	10,000	100.00%	–	Coal mining
Jiangsu Huadian Energy Storage Technology Co., Ltd.* 江蘇華電儲能科技有限公司	The PRC	220,000	66.20%	–	Generation and sale of electricity and heat
Jiangsu Huadian Natural Gas Trading Co., Ltd.* 江蘇華電天然氣貿易有限公司	The PRC	255,000	100.00%	–	Production of gas
Shanghai Huadian Electric Power Development Co., Ltd.* 上海華電電力發展有限公司	The PRC	1,470,660	100.00%	–	Generation and sale of electricity and heat

Note: In the opinion of the directors of Jiangsu Huadian, Jiangsu Huadian Group controls Jiangsu Huadian Qishuyan Power Generation Co., Ltd., Jiangsu Huadian Yizheng Thermal Power Co., Ltd., Jiangsu Huadian Huahui Energy Co., Ltd. and Huadian Zaolinwan (Yizheng) Comprehensive Energy Services Co., Ltd by virtue of having the power to direct the relevant activities of these investees, and is exposed, or has rights to variable returns from the involvement with these investees, and has the ability to use its power to affect the amount of those returns.

* *For identification purposes only*

Group reorganisation

Pursuant to the completion of the transfer of assets and liabilities of Jiangsu Wangting Electric Branch* (江蘇望亭發電分公司) (the "Acquisition") on 30 October 2024, Jiangsu Huadian controls Jiangsu Wangting Electric Branch* and hence Jiangsu Huadian its subsidiaries now comprising Jiangsu Huadian Group. The companies now comprising Jiangsu Huadian Group were under the common control of the controlling shareholder China Huadian Corporation Limited before and after the Acquisition. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Acquisition had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Jiangsu Huadian Group for the Relevant Periods and the period covered by the Relevant Period Comparative Financial Information include the results and cash flows of all companies now comprising Jiangsu Huadian Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of Jiangsu Huadian Group as at 31 December 2021, 2022 and 2023 and 30 June 2024 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

All intra-group transactions and balances have been eliminated in full on combination.

* *For identification purposes only*

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Statutory financial statements of Jiangsu Huadian for the years ended 31 December 2021 and 2022 have been audited by Grant Thornton Certified Public Accountants LLP. Statutory financial statements of Jiangsu Huadian for the year ended 31 December 2023 have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

Going concern

At 30 June 2024, Jiangsu Huadian Group had net current liabilities of approximately RMB10,031 millions and certain capital commitments (see note 38). The directors of Jiangsu Huadian are of the opinion that, taking into account the current operation of Jiangsu Huadian Group and the unutilised banking facilities available to Jiangsu Huadian Group, Jiangsu Huadian Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Jiangsu Huadian Group has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Jiangsu Huadian Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]

Amendments to IFRS Accounting Standards	Annual improvements to IFRS Accounting Standards – volume 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors of the Jiangsu Huadian anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Jiangsu Huadian Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Jiangsu Huadian Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1	inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2	inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3	inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 5.

The material accounting policies information are set out below.

(a) Subsidiaries and non-controlling interests

Subsidiaries are entitles controlled by Jiangsu Huadian Group. Control is achieved when Jiangsu Huadian Group:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

Jiangsu Huadian Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When Jiangsu Huadian Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Jiangsu Huadian Group considers all relevant facts and circumstances in assessing whether or not Jiangsu Huadian Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Jiangsu Huadian's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by Jiangsu Huadian Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that Jiangsu Huadian Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

The financial information of the subsidiaries are prepared for the same reporting period as the Jiangsu Huadian, using consistent accounting policies. The results of the subsidiaries are combined from the date on which Jiangsu Huadian Group obtains control, and continue to be combined until the date that such control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full on combination. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Jiangsu Huadian, and in respect of which Jiangsu Huadian Group has not agreed any additional terms with the holders of those interests which would result in Jiangsu Huadian Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the combined statements of financial position within equity, separately from equity attributable to the equity holders of the Jiangsu Huadian. Non-controlling interests in the results of Jiangsu Huadian Group are presented on the face of the combined statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity holders of Jiangsu Huadian.

Changes in Jiangsu Huadian Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of Jiangsu Huadian Group's relevant components of equity and non-controlling interests within combined equity to reflect the change in relative interests, including re-attribution of relevant reserves between Jiangsu Huadian Group and the non-controlling interests according to Jiangsu Huadian Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of Jiangsu Huadian.

(b) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(h)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Jiangsu Huadian Group' accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, Jiangsu Huadian Group capitalises the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	20 – 45 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(c) Leases

As a lessee

All leases are required to be capitalised in the combined statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Jiangsu Huadian Group has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Jiangsu Huadian Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Building	3 years
Generators, machinery and equipment	10 – 20 years
Land use rights and sea use rights	15 – 50 years

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Jiangsu Huadian Group uses Jiangsu Huadian Group's incremental borrowing rate.

Subsequent to the commencement date, Jiangsu Huadian Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflects the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(iii) Sale and leaseback transaction

Jiangsu Huadian Group acts as a seller-lessee

Jiangsu Huadian Group applies the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to assess whether sale and leaseback transaction constitutes a sale by Jiangsu Huadian Group as a seller lessee. For a transfer that does not satisfy the requirements as a sale, Jiangsu Huadian Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9 Financial Instruments ("IFRS 9").

(d) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 4(h)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(b) above when the relevant assets are completed and ready for their intended use.

(e) Intangible assets

Intangible assets that are acquired by Jiangsu Huadian Group are stated at cost less accumulated amortisation and impairment losses (see note 4(h)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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 licenses	5 – 10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Interests in associates

An associate is an entity over which Jiangsu Huadian Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of Jiangsu Huadian Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of Jiangsu Huadian Group. Under the equity method, an investment in an associate is initially recognised in the combined statements of financial position at cost and adjusted thereafter to recognise Jiangsu Huadian Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by Jiangsu Huadian Group. When Jiangsu Huadian Group's share of losses of an associate exceeds Jiangsu Huadian Group's interest in that associate (which includes any long-term interests that, in substance, form part of Jiangsu Huadian Group's net investment in the associate), Jiangsu Huadian Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that Jiangsu Huadian Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over Jiangsu Huadian Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. When there is an objective evidence indicating that the net investments in associates may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss.When a group entity transacts with an associate of Jiangsu Huadian Group, profits and losses resulting from the transactions with the associate are recognised in Jiangsu Huadian Group's Historical Financial Information only to the extent of interests in the associate that are not related to Jiangsu Huadian Group.

(g) Other investments in securities

Equity securities

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition, Jiangsu Huadian Group makes an irrevocable election to designate the investment at FVOCI such that subsequent change in fair value is recognised in other comprehensive income. Dividends from an investment in equity securities classified as at FVPL are recognised in profit or loss as other income in accordance with the policy set out in note 4(o)(iv).

(h) Impairment of assets

(i) Impairment of financial assets

Jiangsu Huadian Group recognises loss allowances for expected credit loss (the "ECL") on the debtors and bills receivables related to sales of electricity, heat and coal, other receivables, restricted deposits, cash and cash equivalents and other financial assets measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Jiangsu Huadian Group in accordance with the contract and all the cash flows that Jiangsu Huadian Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade debtors and bills receivables related to sale of electricity, heat and coal, Jiangsu Huadian Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Jiangsu Huadian Group performs impairment assessment based on Jiangsu Huadian Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the Relevant Periods and the six months ended 30 June 2023 was limited to 12-month ECLs.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Jiangsu Huadian Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Jiangsu Huadian Group's historical experience and informed credit assessment and including forward-looking information.

Jiangsu Huadian Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Jiangsu Huadian Group has reasonable and supportable information that demonstrates otherwise.

Jiangsu Huadian Group considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Jiangsu Huadian Group in full, without recourse by Jiangsu Huadian Group to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Jiangsu Huadian Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit- impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- construction in progress;
- intangible assets; and
- other non-current assets (other than financial assets).

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(i) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(j) Trade debtors and bills receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Jiangsu Huadian Group holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(h)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(k) 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 and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(h)(i).

(l) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Jiangsu Huadian are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities is classified as equity if it is non-redeemable, or redeemable only at Jiangsu Huadian's option, and any interests are discretionary. Interest on perpetual capital securities classified as equity are recognised as distributions within equity.

(ii) Other financial liabilities

Other financial liabilities including bank loans, other loans, trade creditors and bills payable and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(m) Derecognition of financial assets or financial liabilities

Jiangsu Huadian Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Jiangsu Huadian Group retains substantially all the risks and rewards of ownership of a transferred financial asset, Jiangsu Huadian Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Jiangsu Huadian Group derecognises financial liabilities when, and only when, Jiangsu Huadian Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(n) Provisions and contingent liabilities

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

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

(o) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Jiangsu Huadian Group expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Jiangsu Huadian Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Jiangsu Huadian Group performs; or
- does not create an asset with an alternative use to Jiangsu Huadian Group and Jiangsu Huadian Group has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to Jiangsu Huadian Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Electricity Income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat Income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Sale of coal

Revenue is recognised when control of the goods has transferred, being when the goods are delivered to and have been accepted by customers.

(iv) Other income

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest income

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

Government grants

Government grants are recognised in the combined statements of financial position initially when there is reasonable assurance that they will be received and that Jiangsu Huadian Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Jiangsu Huadian Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Jiangsu Huadian Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the combined statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Jiangsu Huadian Group with no future related costs are recognised in profit or loss in which they become receivable.

Upfront installation fees

Upfront installation fee received for connecting the customers in which they become receivable. Jiangsu Huadian Group is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(p) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Jiangsu Huadian Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. 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. Such 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where Jiangsu Huadian 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 and interests 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Jiangsu Huadian Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Jiangsu Huadian Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(q) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

(r) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Jiangsu Huadian Group in respect of services provided by employees up to the reporting date.

(s) Related parties

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

(i) has control or joint control over Jiangsu Huadian Group;

(ii) has signification influence over Jiangsu Huadian Group; or

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

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

(i) The entity and Jiangsu Huadian 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 Jiangsu Huadian Group or an entity related to Jiangsu Huadian Group.

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

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

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

(t) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgment

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Jiangsu Huadian have made in the process of applying Jiangsu Huadian Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Going concern basis

These Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable Jiangsu Huadian Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

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 twelve months.

(a) Estimated impairment of property, plant and equipment, intangible assets, right-of-use assets and construction in progress

In determining whether an asset is impaired, Jiangsu Huadian Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of property, plant and equipment and construction in progress were recognised in the Historical Financial Information during the Relevant Periods and the six months ended 30 Jun 2023 are disclosed in note 12(a). No impairment loss of intangible assets and right-of-use assets were recognised in the Historical Financial Information during the Relevant Periods and the six months ended 30 Jun 2023.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Jiangsu Huadian Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Jiangsu Huadian Group's trade and other receivables are disclosed in notes 25, 26 and 39(b).

(c) Depreciation and amortisation

Property, plant and equipment, right-of-use assets and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. Jiangsu Huadian Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on Jiangsu Huadian Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Deferred tax assets

As disclosed in note 32, a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Jiangsu Huadian Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity, heat and coal. Major components of Jiangsu Huadian Group's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
– Sale of electricity	18,611,181	21,497,377	23,152,422	10,857,643	9,946,535
– Sale of heat	1,728,968	1,991,629	1,951,299	1,003,871	870,823
– Sale of coal	621,630	492,622	792,155	228,310	167,371
	20,961,779	23,981,628	25,895,876	12,089,824	10,984,729

The revenue from sale of electricity, heat and coal is recognised at a point in time.

(b) Segment information

The chief operating decision makers review the Jiangsu Huadian's revenue and profit as a whole, which are determined in accordance with the Jiangsu Huadian's accounting policies, for resources allocation and performance assessment. Therefore, the Jiangsu Huadian has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

The Jiangsu Huadian's non-current assets are located in the PRC. The Jiangsu Huadian's all customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Jiangsu Huadian is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	18,224,913	21,208,136	23,109,757	10,804,431	9,926,453

* Revenue from sale of electricity.

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits (including directors' and supervisors' salaries)	857,612	891,526	962,504	339,425	382,000
Retirement benefits *(note 37)*	304,043	295,309	375,385	159,268	164,015
Other staff costs	196,772	257,376	190,118	94,436	116,626
	1,358,427	1,444,211	1,528,007	593,129	662,641

8. TAXES AND SURCHARGES

During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. INVESTMENT INCOME

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on loans and receivables	139	(33)	(168)	–	–
Gain on deregistration of subsidiaries	13,304	–	–	–	–
Gain on disposal of subsidiaries and business	45,663	48,884	34,438	–	–
Gain on disposal of associates	–	15,658	3,463	–	–
Dividend income from financial assets measured at FVOCI	4,164	19,507	8,043	8,043	8,950
	63,270	84,016	45,776	8,043	8,950

10. OTHER REVENUE AND NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	74,353	16,998	33,395	8,485	5,374
Others	33,796	15,179	144,999	3,337	3,414
	108,149	32,177	178,394	11,822	8,788
Other net income/(loss)					
Gain on disposal of property, plant and equipment, and intangible assets	330,245	886	118,598	3,994	2,194
Net income from sale of materials	324,304	171,614	139,408	80,018	55,331
Others	(19,689)	(24,832)	(41,668)	(44,601)	(2,092)
	634,860	147,668	216,338	39,411	55,433

Note: Government grants mainly represent the grants from refund of value added tax. In addition, the amount include the deferred income regarding government grant received for improvement of various energy-saving and environmental protection technologies. There is no unfulfilled condition relating to those grants.

11. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on loans and other financial liabilities	715,320	665,568	575,358	315,649	229,468
Interest on lease liabilities	2,139	1,074	454	176	361
Other finance costs	36,580	30,785	5,557	6,439	3,563
Net foreign exchange loss/(gain)	(1,033)	(864)	222	147	(1,408)
Less: interest capitalised	(2,485)	(8,222)	(15,180)	(5,063)	(18,859)
	750,521	688,341	566,411	317,348	213,125

The borrowing costs have been capitalised at an average rate of 2.42%, 4.53%, 3.55%, 2.75% (unaudited) and 3.80% per annum for construction in progress during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 respectively.

12. (LOSS)/PROFIT BEFORE TAXATION

(a) (Loss)/profit before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Amortisation					
– Intangible assets	9,507	10,745	16,990	8,495	9,305
Depreciation					
– Property, plant and equipment	2,024,498	2,041,059	2,063,031	1,021,212	1,032,561
– Right-of-use assets	22,548	22,413	28,856	12,396	14,932
Total depreciation and amortisation	2,056,553	2,074,217	2,108,877	1,042,103	1,056,798
Auditor's remuneration					
– Audit services	1,810	2,489	2,438	1,094	1,430
– Non-audit services	–	–	–	881	–
Cost of inventories recognised	17,505,244	20,554,780	18,893,733	9,386,842	7,881,137
(Reversal of impairment losses)/impairment losses under expected credit loss model, net (included in administration expenses)					
– Trade debtors and bills receivables	581	4,007	–	–	(2,975)
– Deposits, other receivables and prepayments	–	5,622	(50)	–	(100)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Impairment losses on non-financial assets (included in administration expenses):					
– Property, plant and equipment	–	–	–	–	12,140
– Construction in progress	347,142	89,552	10,347	–	1,193
Expense relating to short-term leases	13,895	13,532	14,573	3,729	3,136
Research and development costs (included in administrative expenses)	8,178	9,478	9,944	2,661	4,333

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Heating	268,846	269,436	255,397	125,248	62,693
Power charges	470,652	148,538	142,412	57,954	79,687
Water charges	42,091	39,421	37,482	17,442	15,614
Others	356,441	341,598	146,237	137,933	32,671
Total other operating expenses	1,138,030	798,993	581,528	338,577	190,665

13. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executives' and supervisors' emoluments are as follows:

30 June 2024

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
YANG Huixin	–	183	59	487	729
HOU Chuangye	–	–	–	–	–
XIE Chunwang	–	–	–	–	–
LI Xiying	–	–	–	–	–
FENG Rong[(18)]	–	–	–	–	–
LIU Zhijun	–	160	59	203	422
Supervisors					
WANG Yingdong	–	82	53	376	511
WANG Beichuan	–	–	–	–	–
PENG Tongyu	–	187	65	401	653
	–	612	236	1,467	2,315

30 June 2023 (Unaudited)

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
YANG Huixin	–	182	77	387	646
HOU Chuangye	–	–	–	–	–
LIU Yangzhi	–	175	62	387	624
XIE Chunwang	–	–	–	–	–
LI Xiying	–	–	–	–	–
WANG Feng'e	–	–	–	–	–
JU Bin	–	–	–	–	–
Supervisors					
WANG Yingdong	–	163	67	296	526
WANG Beichuan	–	–	–	–	–
PENG Tongyu	–	184	63	128	375
	–	704	269	1,198	2,171

31 December 2023

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
YANG Huixin	–	366	154	619	1,139
HOU Chuangye	–	–	–	–	–
LIU Yangzhi[15]	–	292	103	480	875
XIE Chunwang	–	–	–	–	–
LI Xiying	–	–	–	–	–
WANG Feng'e[14]	–	–	–	–	–
JU Bin[17]	–	–	–	–	–
LIU Zhijun[16]	–	26	12	26	64
Supervisors					
WANG Yingdong	–	327	134	517	978
WANG Beichuan	–	–	–	–	–
PENG Tongyu	–	371	129	484	984
	–	1,382	532	2,126	4,040

31 December 2022

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
DAI Jun[13]	–	210	74	363	647
YANG Huixin[12]	–	152	53	259	464
HOU Chuangye	–	–	–	–	–
XIE Chunwang[8]	–	–	–	–	–
LUO Xian[10]	–	–	–	–	–
LI Xiying[9]	–	–	–	–	–
LIU Yangzhi[15]	–	146	40	257	443
ZHU Yueguang[11]	–	315	128	527	970
WANG Feng'e[14]	–	–	–	–	–
JU Bin	–	330	114	528	972
Supervisors					
WANG Yingdong	–	324	114	517	955
WANG Beichuan	–	–	–	–	–
PENG Tongyu	–	364	123	484	971
	–	1,841	646	2,935	5,422

31 December 2021

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
DAI Jun	–	343	116	858	1,317
ZHANG Fan[6]	–	–	–	–	–
HOU Chuangye[3]	–	–	–	–	–
YANG Huixin	–	343	115	858	1,316
ZHU Yueguang	–	295	118	725	1,138
JU Bin	–	130	44	307	481
TANG Jian[7]	–	–	–	–	–
Supervisors					
ZHAO Wentian[2]	–	–	–	–	–
WANG Yingdong[1]	–	254	71	629	954
WANG Beichuan	–	–	–	–	–
GU Haoyun[5]	–	84	24	121	229
PENG Tongyu[4]	–	152	57	206	415
	–	1,601	545	3,704	5,850

(1) Appointed as supervisor in March 2021.

(2) Resigned as supervisor in March 2021

(3) Appointed as director in August 2021.

(4) Appointed as supervisor in August 2021.

(5) Resigned as supervisor in August 2021.

(6) Resigned as director in August 2021.

(7) Resigned as director in August 2021.

(8) Appointed as director in April 2022.

(9) Appointed as director in April 2022.

(10) Appointed as director in April 2022 and resigned in September 2022.

(11) Resigned as director in April 2022

(12) Appointed as director in September 2022.

(13) Resigned as director in September 2022.

(14) Appointed as director in September 2022 and resigned in December 2023.

(15) Appointed as director in September 2022 and resigned in December 2023.

(16) Appointed as director in December 2023.

(17) Resigned as director in December 2023.

(18) Appointed as director in May 2024.

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Jiangsu Huadian Group during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included 3, 3, 3, 2 (unaudited) and 2 directors and supervisors respectively, details of whose remuneration are set out in note 13 above. Details of the remuneration for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining 2, 2, 2, 3 (unaudited) and 3 highest paid employees who are not a director and supervisor of Jiangsu Huadian are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries and other emoluments	567	628	656	491	482
Retirement benefits	202	232	291	212	181
Bonus	1,410	1,083	1,065	886	1,358
	2,179	1,943	2,012	1,589	2,021

The number of the highest paid employees who are not the directors or supervisor of Jiangsu Huadian whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals (Unaudited)*	*Number of Individuals*
Nil-Hong Kong Dollars ("HK$") 1,000,000	–	–	–	3	3
HK$1,000,001 to HK$1,500,000	2	2	2	–	–

15. INCOME TAX IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the combined statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax – PRC Enterprise Income Tax					
Charge for the year/period	94,717	33,024	67,538	22,887	18,156
Under/(over)-provision in respect of prior year/period	739	874	192	(183)	766
	95,456	33,898	67,730	22,704	18,922
Deferred tax					
Origination and reversal of temporary differences and tax losses	(96,420)	(86,180)	154,262	(38)	58,119
Income tax (credit)/ expenses for the year/period	(964)	(52,282)	221,992	22,666	77,041

(b) Reconciliation between income tax and accounting (loss)/profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit before taxation	(2,794,587)	(2,575,169)	956,874	(53,051)	470,142
Notional PRC enterprise income tax at statutory tax rate of 25%	(698,647)	(643,792)	239,219	(13,263)	117,536
Tax effect of non-deductible expenses	5,394	6,625	6,942	–	4,051
Tax effect of non-taxable income	(53,417)	(7,034)	(5,301)	(6,752)	(2,238)
Preferential tax rate on subsidiaries' profit or loss *(Note)*	(2,978)	(3,241)	–	–	–
Tax effect of share of results of associates	10,131	(17,688)	(34,486)	(5,016)	(10,497)
Tax effect of tax losses and deductible temporary differences not recognised	835,307	697,863	268,714	47,880	58,072
Utilisation of tax losses and deductible temporary differences previously not recognised	(97,493)	(85,889)	(253,288)	–	(90,649)
Under/(over)-provision in respect of prior year/period	739	874	192	(183)	766
	(964)	(52,282)	221,992	22,666	77,041

Note: Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25%. However, certain subsidiaries of Jiangsu Huadian Group is eligible for tax concessions of "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for the year ended 31 December 2021 and 2022. For the year ended 31 December 2023 and the six months ended 30 June 2023 and 2024, tax rate of 25% is applied.

16. EARNINGS/(LOSS) PER SHARE

No earnings/(loss) per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Generators machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2021	9,295,862	32,331,668	2,422,115	44,049,645
Additions	54	–	21,040	21,094
Transferred from construction in progress *(note 19)*	162,497	930,051	–	1,092,548
Disposals of subsidiaries	–	–	(951)	(951)
Disposals/write-offs	(1,457)	(80,110)	(10,342)	(91,909)
At 31 December 2021 and 1 January 2022	9,456,956	33,181,609	2,431,862	45,070,427
Additions	13,254	1,462	12,532	27,248
Transferred from construction in progress *(note 19)*	–	416,493	64,607	481,100
Disposals/write-offs	(7,705)	(359,682)	(17,655)	(385,042)
At 31 December 2022 and 1 January 2023	9,462,505	33,239,882	2,491,346	45,193,733
Additions	–	230	8,637	8,867
Transferred from construction in progress *(note 19)*	16,335	239,101	36,915	292,351
Disposals of subsidiaries	(15,469)	(128,497)	(628)	(144,594)
Disposals/write-offs	(159,027)	(895,941)	(116,378)	(1,171,346)
At 31 December 2023 and 1 January 2024	9,304,344	32,454,775	2,419,892	44,179,011
Additions	–	1,762	5,432	7,194
Transferred from construction in progress *(note 19)*	3,776	42,139	8,016	53,931
Disposals/write-offs	(24,458)	(25,965)	(16,170)	(66,593)
At 30 June 2024	9,283,662	32,472,711	2,417,170	44,173,543

	Buildings *RMB'000*	Generators machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment				
At 1 January 2021	3,039,299	12,889,741	1,283,148	17,212,188
Charge for the year	370,067	1,565,855	88,576	2,024,498
Written back on disposals	(1,458)	(18,108)	(9,325)	(28,891)
At 31 December 2021 and 1 January 2022	3,407,908	14,437,488	1,362,399	19,207,795
Charge for the year	379,081	1,564,971	97,007	2,041,059
Written back on disposals	(2,280)	(50,761)	(9,281)	(62,322)
At 31 December 2022 and 1 January 2023	3,784,709	15,951,698	1,450,125	21,186,532
Charge for the year	377,835	1,585,070	100,126	2,063,031
Written back on disposals	(133,345)	(836,205)	(113,326)	(1,082,876)
At 31 December 2023 and 1 January 2024	4,029,199	16,700,563	1,436,925	22,166,687
Charge for the period	187,425	801,503	43,633	1,032,561
Written back on disposals	(23,013)	(22,790)	(7,239)	(53,042)
Impairment loss *(note (i))*	–	12,140	–	12,140
At 30 June 2024	4,193,611	17,491,416	1,473,319	23,158,346
Net book value				
At 30 June 2024	5,090,051	14,981,295	943,851	21,015,197
At 31 December 2023	5,275,145	15,754,212	982,967	22,012,324
At 31 December 2022	5,677,796	17,288,184	1,041,221	24,007,201
At 31 December 2021	6,049,048	18,744,121	1,069,463	25,862,632

Notes:

(i) Impairment loss

When any indicators of impairment or reversal of impairment are identified, property, plant and equipment are reviewed for impairment or reversal of impairment based on each CGU. The CGU is an individual plant. The carrying values of these individual plants were compared to the recoverable amounts of the CGUs, which were based on fair values less costs of disposal or value-in-use. Market comparison approach is used to measure the fair value less costs of disposal of the CGU which is based on the recent transaction prices for similar property, plant and equipment adjusted for nature, location and conditions of the relevant assets. Value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management covering expected earning period.

During the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, the directors of Jiangsu Huadian conducted a review and determine that certain generators, machinery and equipment and construction in progress were impaired. The recoverable amounts of relevant property, plant and equipment, construction in progress and right of use assets have been determined based on the higher of their value in use and fair value less costs of disposal and the impairment of approximately nil, nil, nil and RMB12,140,000 had been recognised in profit or loss.

The valuations carried out on 31 December 2021, 2022 and 2023 and 30 June 2024 were performed by China Alliance Appraisal Co., Ltd., an independent qualified professional valuer not connected with Jiangsu Huadian Group. China Alliance Appraisal Co., Ltd. has appropriate qualifications and has recent experience in the valuation of similar property, plant and equipment in the relevant industries.

The fair value measurement of the property, plant and equipment is categorised within level 3 of the fair value hierarchy. There were no transfers between levels of fair value hierarchy during the year.

(ii) As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian Group is still in a process of obtaining the buildings certificates with the carrying amount of approximately RMB1,064,369,000, RMB1,008,318,000, RMB933,485,000 and RMB952,725,000 respectively. In the opinion of the directors, based on the advice from Jiangsu Huadian Group's external legal adviser, the absence of the buildings certificates does not impair its carrying value to Jiangsu Huadian Group.

(iii) As at 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the carrying values of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreements signed by Jiangsu Huadian Group for financing purposes (note 29(c)) were approximately RMB782,928,000, RMB463,218,000, nil and nil respectively.

18. LEASE

Jiangsu Huadian Group as a lessee

Jiangsu Huadian Group has lease contracts for various items of buildings, generators, machinery and equipment, land use rights and sea use rights that were used in its operations. During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of buildings, generators, machinery and equipment generally have lease terms between 3 years and 20 years, while land use rights and sea use rights generally have lease terms between 15 years and 50 years. Generally, Jiangsu Huadian Group is restricted from assigning and subleasing the leased assets outside Jiangsu Huadian Group.

(a) Right-of-use assets

(i) The carrying amounts of Jiangsu Huadian Group's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	3,001	882	6,772	5,633
Generators, machinery and equipment	–	–	–	11,680
Land use rights and sea use rights	830,838	881,621	899,303	916,060
Total	833,839	882,503	906,075	933,373

During the three years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, additions to new buildings, new machineries, land use rights and sea use rights are in aggregate of RMB23,323,000, RMB86,780,000, RMB68,307,000, and RMB42,230,000 respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	Year ended 31 December			Six months ended 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	2,118	2,118	2,241	1,138
Generators, machinery and equipment	–	–	–	1,884
Land use rights and sea use rights	20,430	20,295	26,615	11,910
Total	22,548	22,413	28,856	14,932

(b) Lease liabilities

Amounts payable under lease liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	5,691	1,138	2,210	7,323
After one year and within two years	2,629	226	2,314	6,925
After than two years and within five years	8,032	833	1,657	3,527
After five years	5,599	3,238	682	857
	21,951	5,435	6,863	18,632
Analysed into:				
Current portion	5,691	1,138	2,210	7,323
Non-current portion	16,260	4,297	4,653	11,309

The weighted average incremental borrowing rates applied to lease liabilities range from 4.65% to 4.75%, 4.65% to 4.75%, 4.75% to 4.90% and 2.30% to 4.90% as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. The total cash outflow for leases for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 were approximately RMB17,405,000, RMB72,248,000, RMB77,106,000 and RMB33,422,000 respectively.

19. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	3,110,367	686,903	992,040	2,375,011
Additions	264,464	875,789	1,685,669	1,333,745
Transferred to property, plant and equipment *(note 17)*	(1,092,548)	(481,100)	(292,351)	(53,931)
Disposals of subsidiaries	(1,248,238)	–	–	–
Impairment loss *(Note)*	(347,142)	(89,552)	(10,347)	(1,193)
At 31 December/30 June	686,903	992,040	2,375,011	3,653,632

Note: During three years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, it was identified that certain preliminary projects of Jiangsu Huadian Group have no economic value for further development or remote possibility of obtaining relevant approval of the National Development and Reform Commission or its local agencies. As a result, the gross carrying amount of these projects of approximately RMB570,619,000, RMB660,171,000, RMB662,430,000 and RMB650,031,000 was written down to its recoverable amount of RMB223,477,000, RMB570,619,000, RMB652,083,000, RMB648,838,000 as of 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. The recoverable amounts of these assets are based on their fair value less costs of disposal. As of 31 December 2021, 2022 and 2023 and 30 June 2024, the accumulated impairment loss of construction in progress was approximately RMB347,142,000, RMB89,552,000, RMB10,347,000 and RMB1,193,000 respectively.

20 INTANGIBLE ASSETS

	Software licenses
	RMB'000
Cost	
At 1 January 2021	78,647
Additions	8,313
Disposal of a subsidiary	(63)
Disposals	(1,512)
At 31 December 2021 and 1 January 2022	85,385
Additions	60,312
Disposals	(1,055)
At 31 December 2022 and 1 January 2023	144,642
Additions	16,758
Disposal of a subsidiary	(159)
Disposals	(213)
At 31 December 2023 and 1 January 2024	161,028
Additions	55
At 30 June 2024	161,083

	Software licenses *RMB'000*
Accumulated amortisation	
At 1 January 2021	44,158
Charge for the year	9,507
Written back on disposals	(274)
At 31 December 2021 and 1 January 2022	53,391
Charge for the year	10,745
Written back on disposals	(431)
At 31 December 2022 and 1 January 2023	63,705
Charge for the year	16,990
Written back on disposals	(251)
At 31 December 2023 and 1 January 2024	80,444
Charge for the period	9,305
At 30 June 2024	89,749
Net book value	
At 30 June 2024	71,334
At 31 December 2023	80,584
At 31 December 2022	80,937
At 31 December 2021	31,994

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 amounting to approximately RMB9,507,000, RMB10,745,000, RMB16,990,000, and RMB9,305,000 respectively are included in "Depreciation and amortisation in the combined statements of profit or loss and other comprehensive income".

21. INTERESTS IN ASSOCIATES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	915,569	1,005,703	1,070,411	1,038,789
Less: impairment loss	–	–	–	–
	915,569	1,005,703	1,070,411	1,038,789

Notes:

(i) Disposal of equity interest in Haimen Xinyuan Environmental Protection Thermal Power Co., Ltd* (海門鑫源環保熱電有限公司) ("Haimen Xinyuan")

On 31 August 2022, a subsidiary of the Jiangsu Huadian Group entered into an agreement with an independent third party, for the disposal of 29.00% equity interest of Haimen Xinyuan with carrying amount of approximately RMB2,701,000 for a cash consideration of RMB18,359,000. Gain on disposal of an associate of approximately RMB15,658,000 had been recognised for the year ended 31 December 2022.

(ii) Disposal of equity interest in Changzhou Huayuan Power Generation Co., Ltd* (常州華源發電有限公司) ("Changzhou Huayuan")

On 3 November 2023, a subsidiary of the Jiangsu Huadian Group entered into an agreement with an independent third party, for the disposal of 35.00% equity interest of Changzhou Huayuan with carrying amount of approximately RMB7,535,000 for a cash consideration of RMB10,998,000. Gain on disposal of an associate of approximately RMB3,463,000 had been recognised for the year ended 31 December 2023.

* *For identification purpose only*

(a) General information of associates

The following list contains the particulars of associates as at 31 December 2021, 2022 and 2023 and 30 June 2024, all of which are limited liability companies established and operating in the PRC, which principally affected the results, assets or liabilities of Jiangsu Huadian Group:

		Proportion of ownership interest and voting rights								
		As at December						As at 30 June		
		2021		2022		2023		2024		
Company name	Paid up Capital	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Principal activities
	RMB'000	%	%	%	%	%	%	%	%	
Yangzhou Hanjiang PetroChina Kunlun Gas Co., Ltd* 揚州邗江中石油崑崙燃氣有限公司	2024: 23,950 (2023: 23,950 2022: 23,950 2021: 23,950)	N/A	34%	N/A	34%	N/A	34%	N/A	34%	Gas business
Wuxi Xinlian Heating Co., Ltd* 無錫新聯熱力有限公司	2024: 100,000 (2023: 100,000 2022: 100,000 2021: 100,000)	N/A	35%	N/A	35%	N/A	35%	N/A	35%	Heating services
Jiangyin Sulong Thermal Power Co., Ltd* ("Sulong Thermal Power") 江陰蘇龍熱電有限公司	2024: 1,185,751 (2023: 1,185,751 2022: 1,185,751 2021: 1,185,751)	N/A	25%	N/A	25%	N/A	25%	N/A	25%	Generation and sale of electricity
Yangzhou Port Sludge Power Generation Co., Ltd* 揚州港口污泥發電有限公司	2024: 116,200 (2023: 116,200 2022: 116,200 2021: 116,200)	N/A	22%	N/A	22%	N/A	22%	N/A	22%	Generation and sale of electricity
Yangzhou Huasheng Energy Co., Ltd* 揚州華昇能源有限公司	2024: 67,800 (2023: 67,800 2022: 60,000 2021: 60,000)	N/A	45%	N/A	45%	N/A	45%	N/A	45%	Heating and power supply
Suzhou Dongwu Thermal Power Co., Ltd* 蘇州東吳熱電有限公司	2024: 152,780 (2023: 152,780 2022: 152,780 2021: 152,780)	N/A	25%	N/A	25%	N/A	25%	N/A	25%	Generation and sale of electricity

		Proportion of ownership interest and voting rights								
		As at December						As at 30 June		
		2021		2022		2023		2024		
Company name	Paid up Capital	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Held by the Company	Held by Subsidiaries	Principal activities
	RMB'000	%	%	%	%	%	%	%	%	
Suzhou Taihu Zhongfa Environmental Technology Co., Ltd* 蘇州太湖中法環境技術有限公司	2024: 40,000 (2023: 40,000 2022: 40,000 2021: 40,000)	N/A	20%	N/A	20%	N/A	20%	N/A	20%	Sludge collection, treatment and reuse
Huaneng Huaiyin Second Power Generation Co., Ltd* 華能淮陰第二發電有限公司	2024: 930,870 (2023: 930,870 2022: 930,870 2021: 930,870)	N/A	10% *(Note)*	N/A	10% *(Note)*	N/A	10% *(Note)*	N/A	10% *(Note)*	Generation and sale of electricity
Nanjing Huarun Thermal Power Co., Ltd* 南京華潤熱電有限公司	2024: 728,000 (2023: 728,000 2022: 728,000 2021: 728,000)	N/A	10% *(Note)*	N/A	10% *(Note)*	N/A	10% *(Note)*	N/A	10% *(Note)*	Generation and sale of electricity
Changzhou Huayuan Power Generation Co., Ltd* 常州華源發電有限公司	Nil (2022: 16,000 2021: 16,000)	N/A	35%	N/A	35%	N/A	N/A	N/A	N/A	Generation and sale of electricity
Haimen Xinyuan Environmental Protection Thermal Power Co., Ltd* 海門鑫源環保熱電有限公司	Nil (2021: 66,155)	N/A	29%	N/A	N/A	N/A	N/A	N/A	N/A	Generation and sale of electricity
Suzhou Huahui Energy Co., Ltd* 蘇州華惠能源有限公司	2024: 200,000 (2023: 200,000 2022: 200,000 2021: 200,000)	N/A	35%	N/A	35%	N/A	35%	N/A	35%	Heating services

Note: According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.

* *For identification purpose only*

(b) Summarised financial information of material associates

Summarised financial information in respect of each of Jiangsu Huadian Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Sulong Thermal Power

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	1,330,099	1,244,557	1,305,572	1,365,026
Non-current assets	4,164,604	4,609,220	4,908,019	5,045,154
Current liabilities	2,641,126	2,467,280	2,358,034	2,424,052
Non-current liabilities	56,166	257,930	480,056	762,074

Reconciliation of the above summarised financial information to the carrying amount of the interest in Sulong Thermal Power recognised in the Historical Financial Information:

	As at 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	9,307,867	8,779,871	6,355,504	3,012,343	3,120,689
Profit and total comprehensive income for the year/period	354,719	451,559	484,686	148,466	124,978
Share of result of associates	79,767	110,042	116,114	58,057	25,705

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets	2,797,411	3,128,567	3,375,501	3,224,054
Non-controlling interests of Sulong Thermal Power	(51,675)	(45,835)	(44,845)	(45,442)
Proportion of Jiangsu Huadian Group's ownership interest	25%	25%	25%	25%
Carrying amount of Jiangsu Huadian Group's interest	686,434	770,683	832,664	794,653

(c) Aggregate information of associates that are not individually material

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Huadian Group's share of profit/(loss) for the year/period	(120,290)	(39,291)	21,832	16,283
Jiangsu Huadian Group's share of other comprehensive income/(expenses) for the year/period	(41)	174	19	–
Aggregate carrying amount of Jiangsu Huadian Group's interests in these associates	229,135	235,020	237,747	244,136

(d) Unrecognised share of losses of associates

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The unrecognised share of losses of associates for the year/period	(240)	(80,653)	–	–
Cumulative unrecognised share of losses of associates	(240)	(80,893)	(36,400)	(30,757)

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity securities	177,263	180,932	186,297	177,244

The above unlisted equity securities are incorporated in the PRC.

23. OTHER NON-CURRENT ASSETS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other long-term receivables with fixed interest rates over one year	102,686	–	–	–
Deductible Value Added Tax and other tax	24,167	3,890	54,212	82,167
Prepayment for construction in progress	–	–	263,389	259,042
	126,853	3,890	317,601	341,209

24. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Coal, gas and stalk	489,459	263,947	320,237	289,353
Fuel oil	2,679	3,512	4,404	3,984
Materials, components and spare parts	100,411	116,263	152,421	191,520
	592,549	383,722	477,062	484,857

All of the inventories for future usage and sales are expected to be utilised within one year.

25. TRADE DEBTORS AND BILLS RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors and bills receivables for the sale of electricity	2,187,357	2,918,489	2,924,770	2,316,244
Trade debtors and bills receivables for the sale of heat	338,140	222,430	245,530	200,783
	2,525,497	3,140,919	3,170,300	2,517,027
Less: allowance for impairment	(3,571)	(7,578)	(2,990)	(15)
	2,521,926	3,133,341	3,167,310	2,517,012

(a) Ageing analysis

As at the end of each reporting period, the ageing analysis of trade debtors and bills receivables (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,473,536	3,132,181	3,167,310	2,505,579
1 to 2 years	46,889	1,160	–	11,433
2 to 3 years	1,501	–	–	–
	2,521,926	3,133,341	3,167,310	2,517,012

(b) Impairment of trade debtors and bills receivables

Impairment loss in respect of trade debtors and bills receivables are recorded using an allowance account unless Jiangsu Huadian Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly. The movement in allowance for impairment during the Relevant Periods is as follows:

	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	2,990	3,571	7,578	2,990
Impairment loss recognised	581	4,587	–	15
Reversal of impairment loss	–	(580)	–	(2,990)
Write-off	–	–	(4,588)	–
At the end of the year/period	3,571	7,578	2,990	15

Jiangsu Huadian Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Jiangsu Huadian Group determines the ECL on these items on a collective basis.

During the year ended December 2021 2022 and 2023 and six months ended 30 June 2024, Jiangsu Huadian Group's trade debtors and bills receivables totalling of approximately RMB581,000, RMB4,578,000, nil and RMB15,000 respectively were individually determined to be credit-impaired and loss allowance of the same amount has been recognised during the Relevant Periods.

The information about the ECLs on Jiangsu Huadian Group's trade debtors and bills receivables are disclosed in note 40(b).

26. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Dividends receivable	2,452	1,000	1,000	64,908
– Deposits	38,687	7,378	7,116	4,122
– Consideration receivables	272,500	15,309	–	–
– Machinery and equipment related receivables	110,291	286,826	194,573	200,639
– Other receivables	931,981	110,033	183,926	138,612
	1,355,911	420,546	386,615	408,281
Less: allowance for impairment *(Note)*	–	(5,622)	(5,572)	(5,472)
	1,355,911	414,924	381,043	402,809
Deductible Value Added Tax	649,883	229,877	241,299	322,241
Prepayments	231,965	290,575	323,707	913,638
Contract assets	–	–	3,975	5,148
Others	106,280	102,686	–	–
	2,344,039	1,038,062	950,024	1,643,836

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Jiangsu Huadian Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, ECLs of deposits and other receivables of Jiangsu Huadian Group amounted to approximately nil, RMB5,622,000, RMB5,572,000 and RMB5,472,000 respectively. The information about the ECLs on Jiangsu Huadian Group's deposits and other receivables are disclosed in note 39(b).

27. RESTRICTED DEPOSITS

Restricted deposits mainly represent other financial institutions. These guarantees ensure compliance with contractual obligations.

28. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	4	62,431	7,453	427
Cash at other financial institutions	1,094,625	989,429	725,902	540,329
	1,094,629	1,051,860	733,355	540,756

29. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	3,208,702	3,642,873	5,914,136	5,961,717
– current portion of long-term bank loans	175,213	32,997	99,499	156,500
	3,383,915	3,675,870	6,013,635	6,118,217
After 1 year but within 2 years	287,401	153,055	782,211	910,409
After 2 years but within 5 years	611,422	749,196	1,343,455	2,249,649
After 5 years	924,396	450,109	788,199	1,392,345
	1,823,219	1,352,360	2,913,865	4,552,403
	5,207,134	5,028,230	8,927,500	10,670,620

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured, except for amounts of approximately RMB1,570,000,000, nil, nil and nil respectively which are secured by the income stream in respect of the sale of electricity and heat and trade debtors for the sale of electricity and heat of certain subsidiaries, None of the bank loans contain financial covenants.

Details of the interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates ranging from 2021: 3.15% to 4.98% per annum with maturities ranged from 2022 to 2034 2022: 2.90% to 3.98% per annum with maturities ranged from 2023 to 2037 2023: 2.00% to 3.50% per annum with maturities ranged from 2024 to 2040 2024: 2.29% to 3.40% per annum with maturities ranged from 2025 to 2029	2,369,210	2,876,717	4,738,584	5,213,068
Fixed interest rates ranging from 2021:3.35% to 4.80% per annum with maturities ranged from 2022 to 2029 2022:2.00% to 3.50% per annum with maturities up to 2023 2023: 2.00% to 3.20% per annum with maturities ranged from 2024 to 2026 2024:2.28% to 3.20% per annum with maturities ranged from 2025 to 2027	2,837,924	2,151,513	4,188,916	5,457,552
	5,207,134	5,028,230	8,927,500	10,670,620

(b) Loans from shareholders

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term loans from shareholders	–	2,001,953	–	–
– current portion of long-term loans from shareholders	3,602,390	1,003,088	1,849	201,008
	3,602,390	3,005,041	1,849	201,008
After 1 year but within 2 years	2,000,000	850,000	1,000,000	–
After 2 years but within 5 years	–	1,000,000	1,006,620	1,006,620
	2,000,000	1,850,000	2,006,620	1,006,620
	5,602,390	4,855,041	2,008,469	1,207,628

Loans from shareholders are mainly borrowed from China Huadian Corporation Limited. Loans from shareholders bear interest rates ranging from 3.36% to 5.46%, 3.00% to 4.25%, 3.00% to 3.45% and 3.00% to 3.45% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively.

All of the loans from shareholders are unsecured. All of the loans from shareholders are denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed interest rates ranging from 2021: 3.36% to 5.46% per annum with maturities ranged from 2022 to 2023 2022: 3.00% to 4.25% per annum with maturities ranged from 2023 to 2027 2023: 3.00% to 3.45% per annum with maturities ranged from 2024 to 2027 2024: 3.00% to 3.45% per annum with maturities ranged from 2025 to 2027	5,602,390	4,855,041	2,008,469	1,207,628

(c) Other loan

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term other loans	1,065,601	1,681,538	320,072	75,052
– current portion of long-term other loans	384,183	121,308	791	1,335
	1,449,784	1,802,846	320,863	76,387
After 1 year but within 2 years	153,282	124,211	1,800	1,300
After 2 years but within 5 years	549,293	118,748	5,400	5,400
After 5 years	32,450	7,367	102,200	106,800
	735,025	250,326	109,400	113,500
	2,184,809	2,053,172	430,263	189,887

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance Corporation Limited ("China Huadian Finance")				
Floating interest rates ranging from				
2021: 3.50% to 4.51% per annum, with maturities ranged from 2022 to 2029				
2022: 2.90% to 4.41% per annum, with maturities ranged from 2023 to 2040				
2023:2.50% to 3.15% per annum, with maturities ranged from 2024 to 2041				
2024:2.50% to 3.05% per annum, with maturities ranged from 2025 to 2041	799,003	721,947	109,989	114,835
Fixed interest rates ranging from				
2021: 3.50% to 4.41% per annum, with maturities ranged from 2022 to 2027				
2022: 3.00% to 3.20% per annum, with maturities up to 2023				
2023: 2.80% to 2.80% per annum, with maturities up to 2024				
2024: 2.50% to 2.50% per annum, with maturities up to 2025	1,385,806	1,331,225	320,274	75,052
	2,184,809	2,053,172	430,263	189,887

(d) Long-term debentures payable

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
First tranche of medium-term notes for the year of 2021	2,027,158	2,028,704	2,030,704	2,065,110
First tranche of medium-term notes for the year of 2022	–	1,008,047	1,009,047	1,023,008
	2,027,158	3,036,751	3,039,751	3,088,118
Less: Long-term debentures due within one year	(32,197)	(42,408)	(2,041,356)	(2,089,225)
	1,994,961	2,994,343	998,395	998,893

On 8 July 2021, Jiangsu Huadian Group issued the first tranche of company debentures for the year of 2021 in PRC interbank debenture market. The debenture was issued at a total par value of RMB2,000 million with a maturity period of 3 years and bears interest at 3.35% per annum. The tranche is unsecured.

On 8 August 2022, Jiangsu Huadian Group issued the first tranche of medium-term notes for the year of 2022 in PRC interbank debenture market. The medium-term notes was issued at a total par value of RMB1,000 million with a maturity period of 3 years and bears interest at 2.70% per annum. The tranche is unsecured.

(e) Short-term debentures payables

During the Relevant Periods, Jiangsu Huadian Group issued a tranche of super short-term debentures in PRC interbank debenture market.

At the end of each reporting period, the outstanding balance of Jiangsu Huadian Group's short-term debentures are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tranche of short-term notes for the year of 2024 (SCP004)	–	–	–	602,350
Tranche of short-term notes for the year of 2024 (SCP005)	–	–	–	601,903
Tranche of short-term notes for the year of 2023 (SCP022)	–	–	702,252	–
Tranche of short-term notes for the year of 2023 (SCP023)	–	–	802,508	–
Tranche of short-term notes for the year of 2023 (SCP024)	–	–	800,715	
First tranche of short-term notes for the year of 2022 (SCP01)	–	1,014,339	–	–
Tranche of short-term notes for the year of 2022 (SCP025)	–	601,874	–	
Tranche of short-term notes for the year of 2022 (SCP026)	–	601,872	–	–
Tranche of short-term notes for the year of 2022 (SCP027)	–	1,002,344	–	–
Tranche of short-term notes for the year of 2022 (SCP028)	–	500,938	–	–
Tranche of short-term notes for the year of 2022 (SCP029)	–	1,001,244	–	–
Tranche of short-term notes for the year of 2022 (SCP030)	–	1,001,175	–	
Tranche of short-term notes for the year of 2022 (SCP031)	–	500,398	–	–
Tranche of short-term notes for the year of 2021 (SCP027)	505,342	–	–	
Tranche of short-term notes for the year of 2021 (SCP028)	504,504	–	–	–
Tranche of short-term notes for the year of 2021 (SCP029)	504,620	–	–	–
Tranche of short-term notes for the year of 2021 (SCP030)	504,418	–	–	–
Tranche of short-term notes for the year of 2021 (SCP031)	504,452	–	–	
Tranche of short-term notes for the year of 2021 (SCP038)	603,196	–	–	–
Tranche of short-term notes for the year of 2021 (SCP039)	402,179	–	–	–
Tranche of short-term notes for the year of 2021 (SCP040)	452,214	–	–	
Tranche of short-term notes for the year of 2021 (SCP041)	351,728	–	–	
Tranche of short-term notes for the year of 2021 (SCP042)	601,239	–	–	–
Tranche of short-term notes for the year of 2021 (SCP043)	300,182	–	–	–
	5,234,074	6,224,184	2,305,475	1,204,253

30. TRADE CREDITORS AND BILLS PAYABLE

As at the end of each reporting period, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,282,572	1,102,431	1,650,388	1,526,389
1 to 2 years	9,841	306,523	85,924	102,128
Over 2 years	16,380	16,428	201,650	155,497
	2,308,793	1,425,382	1,937,962	1,784,014

31. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	266,124	221,039	240,129	283,283
– Wages payable	4,655	4,662	3,870	4,871
– Dividends payable to common shareholders	509,214	568,430	489,210	516,615
– Distributions payable to holders of perpetual capital	1,118	5,203	52,421	74,020
– Payable to parent	3,004,557	2,651,572	2,502,956	2,568,104
	3,785,668	3,450,906	3,288,586	3,446,893
Other tax payables	244,737	98,694	82,409	72,519
Contract liabilities	46,372	69,564	96,439	93,916
– Others *(Note (i))*	62,014	129,978	120,256	86,120
	4,138,791	3,749,142	3,587,690	3,699,448

Notes:

(i) Others mainly include payables on VAT and other miscellaneous items.

(ii) All of the other payables of Jiangsu Huadian Group are expected to be settled or recognised as income within one year or are repayable on demand.

Contract liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from:				
Sale of heat	29,201	38,691	72,064	62,679
Others	17,171	30,873	24,375	31,237
	46,372	69,564	96,439	93,916

Contract liabilities mainly relate to the deposits received from customers for sale of heat, coal and others. Jiangsu Huadian Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

For the total contract liabilities of approximately RMB38,289,000, RMB46,372,000, RMB69,564,000 and RMB96,439,000 as of 31 December 2020, 2021, 2022 and 2023 respectively, approximately RMB38,289,000, RMB46,372,000, RMB69,564,000 and RMB25,730,000 has been recognised as revenue for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 respectively from performance obligations satisfied.

32. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the combined statements of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	(Charged)/ credited to profit or loss	At 31 December 2021 and 1 January 2022	Credited/ (charged) to profit or loss	At 31 December 2022 and 1 January 2023	Credited/ (charged) to profit or loss	At 31 December 2023 and 1 January 2024	(Charged)/ credited to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of assets	5,880	(5,132)	748	290	1,038	290	1,328	(748)	580
Accelerated tax depreciation	–	(2,154)	(2,154)	141	(2,013)	141	(1,872)	70	(1,802)
Tax losses	42,276	104,476	146,752	86,519	233,271	(153,923)	79,348	(57,424)	21,924
Others *(Note)*	4,257	(770)	3,487	(770)	2,717	(770)	1,947	(17)	1,930
	52,413	96,420	148,833	86,180	235,013	(154,262)	80,751	(58,119)	22,632

Note: Others represent deferred tax arising from deferred government grants and provision for miscellaneous expenses.

Reconciliation to the combined statements of financial position is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the combined statements of financial position	162,137	247,530	92,480	34,113
Net deferred tax liabilities recognised in the combined statements of financial position	(13,304)	(12,517)	(11,729)	(11,481)
	148,833	235,013	80,751	22,632

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Jiangsu Huadian Group has unused estimated tax losses of approximately RMB2,834,508,000, RMB4,528,588,000, RMB4,273,560,000 and RMB3,852,606,000 respectively for certain subsidiaries in the PRC. The tax losses incurred by the subsidiaries will expire in five years from the year in which the loss originated.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Jiangsu Huadian Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB2,247,500,000, RMB3,595,504,000, RMB3,956,168,000 and RMB3,764,910,000 respectively.

33. PROVISIONS

The provisions represent Jiangsu Huadian Group's best estimate of the remediation costs for Jiangsu Huadian Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	2,698	859	1,776	4,546
Additions	4	917	2,770	–
Settlement	(1,843)	–	–	(2,432)
At the end of the year/period	859	1,776	4,546	2,114

34. DEFERRED GOVERNMENT GRANTS

During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, government grants of RMB1,920,000, RMB4,778,000, RMB4,726,000 and nil have been received in each period mainly towards improvement of various energy-saving and environmental protection technologies. The amount has been treated as deferred income in each period. During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, this policy has resulted in a credit to other income of RMB19,434,000, RMB6,496,000, RMB6,395,000 and RMB3,209,000 respectively.

As at 31 December 2021, 2022, 2023 and 30 June 2024, an amount of RMB60,662,000, RMB58,944,000, RMB57,275,000, and RMB54,066,000 remains to be amortised.

35. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to resolutions passed at the directors' meeting held on 27 August 2021, an interim dividend of RMB1,429,698,000, is declared and paid to shareholders for 2021. No dividend was paid or proposed for the years end 31 December 2022 and 2023 and during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Jiangsu Huadian's registered, issued and fully paid up capital is tabled below.

	Registered, issued and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning and the end of year/period	2,553,163	2,553,163	2,553,163	2,553,163

(c) Reserves

(i) Capital reserve

Capital reserve represents the difference between the consideration paid for the acquisition of additional equity interests in subsidiaries and the carrying value of the additional equity interests of the subsidiaries acquired.

(ii) Statutory surplus reserve

General reserve

According to Jiangsu Huadian's Articles of Association, Jiangsu Huadian is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Jiangsu Huadian Group is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Jiangsu Huadian's Articles of Association, the retained profits available for distribution are the amount as determined under PRC accounting rules.

(e) Perpetual capital securities

For the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, the perpetual capital securities are issued at par value with a range of initial distribution rate from 3.40%, 2.90% to 3.40%, 2.90% to 3.40% and 2.40% to 3.40%. The interests of perpetual capital securities are recorded as distributions, which are payable annually after the approval of the directors of Jiangsu Huadian and may be deferred at the discretion of Jiangsu Huadian unless compulsory distribution payment events (distributions to ordinary shareholders of Jiangsu Huadian of the registered capital of Jiangsu Huadian) occurred.

The perpetual capital securities have no fixed maturity date and are redeemable at Jiangsu Huadian's discretion in whole in accordance with their terms. Jiangsu Huadian is entitled to redeem the perpetual capital securities at par value plus payable interest (including all deferred interest) on the 3 years and each of the subsequent interest payment dates of the perpetual bonds.

The applicable distribution rate will be reset on first call date and each renewal period after first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The directors of Jiangsu Huadian are of the opinion that Jiangsu Huadian Group has no contractual obligation to repay the principal or to pay any distribution for the perpetual capital securities. Therefore, the perpetual capital securities are classified as equity instrument and recorded in equity in the combined statements of financial position. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the profit attributable to holders of perpetual capital securities, based on the applicable distribution rate, was approximately RMB1,118,000, RMB21,085,000, RMB93,218,000 and RMB71,949,000 respectively.

The above financial instruments do not have a definite maturity period, and will exist until the right of redemption is exercised. Jiangsu Huadian has the rights to deferred payment of principal and deferred payment of interest.

Movement of the perpetual capital securities is as follows:

	Principal *RMB'000*	**Distribution** *RMB'000*	**Total** *RMB'000*
As at 1 January 2021			
Issue of perpetual capital securities	500,000	–	500,000
Profit attributable to holders of perpetual capital securities	–	1,118	1,118
Distributions payable to holders of perpetual capital securities	–	(1,118)	(1,118)
As at 31 December 2021 and 1 January 2022	500,000	–	500,000
Issue of perpetual capital securities	1,000,000	–	1,000,000
Profit attributable to holders of perpetual capital securities	–	21,085	21,085
Distributions payable to holders of perpetual capital securities	–	(21,085)	(21,085)
As at 31 December 2022 and 1 January 2023	1,500,000	–	1,500,000
Issue of perpetual capital securities	3,000,000	–	3,000,000
Profit attributable to holders of perpetual capital securities	–	93,218	93,218
Distributions payable to holders of perpetual capital securities	–	(93,218)	(93,218)
As at 31 December 2023 and 1 January 2024	4,500,000	–	4,500,000
Issue of perpetual capital securities	300,000	–	300,000
Profit attributable to holders of perpetual capital securities	–	71,949	71,949
Distributions payable to holders of perpetual capital securities	–	(71,949)	(71,949)
As at 30 June 2024	4,800,000	–	4,800,000

(f) Capital management

Jiangsu Huadian Group's capital management objectives are:

- to ensure Jiangsu Huadian Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Jiangsu Huadian may adjust the amount of dividends paid to shareholders.

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders, fellow subsidiaries and associates that had material transactions with Jiangsu Huadian Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited	Immediate parent and ultimate holding company of Jiangsu Huadian Group
Suzhou Huahui Energy Co., Ltd	An associate of Jiangsu Huadian Group
Suzhou Taihu Zhongfa Environmental Technology Co., Ltd	An associate of Jiangsu Huadian Group
Wuxi Xinlian Thermal Power Co., Ltd	An associate of Jiangsu Huadian Group
Huaneng Huaiyin Second Power Generation Co., Ltd	An associate of Jiangsu Huadian Group
Jiangyin Sulong Thermal Power Co., Ltd	An associate of Jiangsu Huadian Group
Yangzhou Huasheng Energy Co., Ltd	An associate of Jiangsu Huadian Group
Yangzhou Hanjiang PetroChina Kunlun Gas Co., Ltd	An associate of Jiangsu Huadian Group
Huadian Coal Industry Group Co., Ltd and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Fujian Huadian Furui Energy Development Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Power International Corporation Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Overseas Investment Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Property Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Group Industry and Finance Holdings Co., Ltd and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group

Name of related parties	Nature of relationship
Huadian Yunnan Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Tibet Energy Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Finance Corporation Limited	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
China Huadian Advanced Training Centre Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Xinjiang Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of Jiangsu Huadian Group
Huadian Electric Power Research Institute Company Limited	Fellow subsidiaries of Jiangsu Huadian Group
China National Petroleum Corporation Limited ("China National Petroleum")	Related company of Jiangsu Huadian Group

Jiangsu Huadian Group had the following material transactions with related parties during the Relevant Periods and six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sales of heat					
Associates	638,507	756,015	677,752	504,790	298,184
Purchase of coal from					
China Huadian	5,123,514	11,240,497	6,465,894	2,959,083	1,528,505
Fellow subsidiaries	6,657,919	694,489	3,962,155	2,997,601	2,166,401
Purchases of natural gas from					
China National Petroleum	3,941,035	7,302,794	7,685,867	4,337,152	2,991,119
Sales of equipment to					
Fellow subsidiaries	361,979	238,878	736,783	234,045	174,951
Other services income from					
China Huadian	1,387	2,891	2,669	855	2,151
Fellow subsidiaries	11,202	21,924	158,458	7,803	16,900
Purchase of construction service and equipment from					
China Huadian	226	452	6,387	283	4,221
Fellow subsidiaries	235,332	154,562	280,719	57,198	56,280
Loans proceeds obtained from					
China Huadian	1,020,980	3,000,000	1,006,620	–	–
Fellow subsidiaries	4,000,000	7,974,500	6,056,500	489,500	3,505,000
Loans repaid to					
China Huadian	475,000	3,996,000	3,850,000	–	800,000
Fellow subsidiaries	4,929,000	7,564,500	7,310,400	250,050	3,745,350
Interest paid to					
China Huadian	43,718	183,244	51,924	7,723	26,266

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Fellow subsidiaries	120,400	90,300	28,149	6,699	1,863
Interest received from					
A fellow subsidiary	14,223	14,596	6,058	3,012	1,502
Lease and property service charges provided to					
China Huadian	–	–	326	–	326
Lease and property service charges payable to					
Fellow subsidiaries	2,928	5,105	691	251	285
Other service expenses paid to					
China Huadian	726	660	453	–	–
Fellow subsidiaries	33,457	72,308	78,187	7,791	37,910

(b) Transactions with shareholders, fellow subsidiaries and associates

Jiangsu Huadian Group had the following material transactions with related parties during the Relevant Periods and six months ended 30 June 2023:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Additional capital injection in				
Associates	–	–	3,510	–
Sale of equity interests to				
A fellow subsidiary	–	244,000	99,000	–
Construction in progress prepayments				
Fellow subsidiaries	485	13,657	6,754	6,550
Trade debtors and bills receivables				
Associates	60,973	39,394	62,453	54,037
Deposits, other receivables, prepayments and contract assets				
China Huadian	773,934	825	39,993	48,819
China National Petroleum	89,747	174,439	163,175	151,838
Associates	2,452	1,000	1,000	63,907
Fellow subsidiaries	172,548	93,169	163,168	725,773
Other non-current assets				
Fellow subsidiaries	–	–	9,120	–
Cash and cash equivalents and restricted deposits				
A fellow subsidiary	1,094,625	989,449	726,227	540,418

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from a shareholder				
China Huadian	(5,602,390)	(4,855,041)	(2,008,469)	(1,207,628)
Other loans				
China Huadian Finance	(2,184,809)	(2,053,172)	(430,263)	(189,887)
Trade creditors and bills payable				
China Huadian	(1,645,687)	(498,404)	(109,656)	(31,735)
Fellow subsidiaries	(540,597)	(513,367)	(340,495)	(195,951)
Other payables				
China Huadian	(3,082,914)	(2,730,169)	(2,934,938)	(3,000,084)
Fellow subsidiaries	(60,643)	(40,759)	(26,809)	(25,864)
Contract liabilities				
Fellow subsidiaries	(787)	(6,304)	(561)	(7,810)

(c) Transactions with key management personnel

Remuneration for key management personnel of Jiangsu Huadian Group, including amounts paid to Jiangsu Huadian's directors and supervisors as disclosed in note 13 and the highest paid employees as disclosed in note 14, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and other remuneration	2,168	2,469	2,038	1,195	1,094
Retirement benefits	747	878	823	481	417
Bonuses	5,114	4,018	3,191	2,084	2,825
	8,029	7,365	6,052	3,760	4,336

Total remuneration is included in "personnel costs" (see note 7).

(d) Contributions to defined contribution retirement plans

Jiangsu Huadian Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

(e) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Jiangsu Huadian Group ("other government-related entities"). The majority of the business activities of Jiangsu Huadian Group are conducted with other government-related entities.

The transactions between Jiangsu Huadian Group and other government-related entities are conducted in the ordinary course of Jiangsu Huadian Group's business within normal business operations. Jiangsu Huadian Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Jiangsu Huadian Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the Historical Financial Information, the directors believe that the following transactions are collectively significant for disclosure purpose:

- ***sale of electricity to the grid***

  Jiangsu Huadian Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, management estimates that the aggregate amount of Jiangsu Huadian Group's significant transactions with other government-related entities are at least 99%, 99%, 99%, 99% and 99% of its sale of electricity.

- ***depositing and borrowing***

  Jiangsu Huadian Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- ***other transactions***

  Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

(f) Commitment with related parties

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction in progress	–	2,890	–	–
Improvement projects and others	80,287	–	92	92
	80,287	2,890	92	92

37. RETIREMENT PLANS

For the Relevant Periods and six months ended 30 June 2023, Jiangsu Huadian Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Jiangsu Huadian Group participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Jiangsu Huadian Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Jiangsu Huadian Group to reduce the existing level of contribution.

Jiangsu Huadian Group's contribution to these plans amounted to approximately RMB304,043,000, RMB295,309,000, RMB375,385,000, RMB159,268,000 (unaudited) and RMB164,015,000 during the three years ended 31 December 2021, 2022 ad 2023 and six months ended 30 June 2023 and 2024 which was charged to the combined statements of profit or loss and other comprehensive income (note 7).

As of 31 December 2021, 2022 and 2023 and 30 June 2024, the Jiangsu Huadian Group has recognised a non-current retirement benefit obligation in respect of its defined benefit pension plan. This obligation represents the present value of future retirement benefits expected to be paid to employees upon retirement, based on actuarial assumptions.

38. COMMITMENTS

Capital commitments

Jiangsu Huadian Group had capital commitments as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for but not provided in the financial statements				
– Development of power plants	40,982	300,030	1,692,702	1,960,690
– Improvement projects and others	81,307	83	104	104
	122,289	300,113	1.692,806	1,960,794

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Other non-current assets	102,686	–	–	–
– Trade debtors and bills receivables	2,521,926	3,133,341	3,167,310	2,517,012
– Other receivables	1,355,911	414,924	381,043	402,809
– Restricted deposits	–	20	325	89
– Cash and cash equivalents	1,094,629	1,051,860	733,355	540,756
At FVOCI				
– Unlisted equity securities	177,263	180,932	186,297	177,244
	5,252,415	4,781,077	4,468,330	3,637,910
Financial liabilities				
At amortised cost	27,995,713	26,572,070	22,047,485	21,622,049

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Jiangsu Huadian Group's business.

Jiangsu Huadian Group's exposure to these risks and the financial risk management policies and practices used by Jiangsu Huadian Group to manage these risks are described below.

(a) Interest rate risk

Jiangsu Huadian Group is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 28). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 84.4%, 83.0%, 71.0% and 67.4% of total borrowings of Jiangsu Huadian Group respectively. Jiangsu Huadian Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Jiangsu Huadian Group is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 29 and 28 for details). Jiangsu Huadian Group's cash flow interest rate risk is mainly concentrated on the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

Sensitivity analysis

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased Jiangsu Huadian Group's profit/loss after tax and decreased/increased Jiangsu Huadian Group's total equity by approximately RMB23,762,000, RMB26,990,000, RMB36,364,000 and RMB45,276,000 respectively.

The sensitivity analysis above indicates Jiangsu Huadian Group's exposure to cash flow interest rate risk arising from floating rate instruments held by Jiangsu Huadian Group at the end of each reporting period. The impact on Jiangsu Huadian Group's profit/(loss) after tax (and equity) and combined equity is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the Relevant Periods.

(b) Credit risk

Jiangsu Huadian Group's credit risk is primarily attributable to trade debtors, bills receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, Jiangsu Huadian Group generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, Jiangsu Huadian Group does not obtain collateral from customers.

Jiangsu Huadian Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Jiangsu Huadian Group has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 86.87% and 92.21%, 85.57% and 92.03%, 87.53% and 93.27% and 85.72% and 92.90% of the total trade debtors and bills receivables respectively were due from Jiangsu Huadian Group's largest customer and the five largest customers respectively.

Jiangsu Huadian Group measures loss allowances for trade debtors and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As Jiangsu Huadian 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 Jiangsu Huadian Group's different customer bases, which are based on days past due for groupings of various customer segments that have similar loss patterns. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Jiangsu Huadian Group's view of economic conditions over the expected lives of the receivables. After considering the historical loss patterns, the management considers that the impairment loss provided is adequate. No further impairment for trade debtors and bills receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

In respect of other receivables, Jiangsu Huadian Group adopts individual credit evaluations continuously assessing the credit risk and financial condition of different customers. Movement in the loss allowance account in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the Relevant Period is as follows:

	2024			
Loss allowance	**12-month ECLs (Stage 1)** *RMB'000*	**Lifetime ECL, non-credit impaired (Stage 2)** *RMB'000*	**Lifetime ECL, credit-impaired (Stage 3)** *RMB'000*	**Total** *RMB'000*
At 1 January	–	–	5,572	5,572
Reversal of impairment loss	–	–	(100)	(100)
At 30 June	–	–	5,472	5,472

	2023			
Loss allowance	**12-month ECLs (Stage 1)** *RMB'000*	**Lifetime ECL, non-credit impaired (Stage 2)** *RMB'000*	**Lifetime ECL, credit-impaired (Stage 3)** *RMB'000*	**Total** *RMB'000*
At 1 January	–	–	5,622	5,622
Reversal of impairment loss	–	–	(50)	(50)
At 31 December	–	–	5,572	5,572

	2022			
Loss allowance	**12-month ECLs (Stage 1)** *RMB'000*	**Lifetime ECL, non-credit impaired (Stage 2)** *RMB'000*	**Lifetime ECL, credit-impaired (Stage 3)** *RMB'000*	**Total** *RMB'000*
At 1 January	–	–	–	–
Impairment loss recognised	–	–	5,622	5,622
At 31 December	–	–	5,622	5,622

Jiangsu Huadian Group does not provide any guarantees which would expose Jiangsu Huadian Group to credit risk.

Further quantitative disclosures in respect of Jiangsu Huadian Group's exposure to credit risk arising from trade debtors and bills receivables are set out in note 25.

(c) Liquidity risk

Individual operating entities within Jiangsu Huadian Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Jiangsu Huadian's board when the borrowings exceed certain predetermined levels of authority. Jiangsu Huadian Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

As at 30 June 2024, Jiangsu Huadian Group had net current liabilities of approximately RMB10,031 million. With regards to its future capital commitments and other financing requirements, Jiangsu Huadian Group has unutilised banking facilities available for use of approximately RMB23,783 million as at 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Jiangsu Huadian Group's non-derivative 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 Jiangsu Huadian Group can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	1,204,792	–	–	–	1,204,792	1,204,253
Bank loans	6,297,918	1,024,985	2,428,892	1,643,523	11,395,318	10,670,620
Loans from shareholders	237,213	30,228	1,045,052	–	1,312,493	1,207,628
Other loans	81,155	4,338	14,233	126,333	226,059	189,887
Trade creditors and bills payable	1,784,014	–	–	–	1,784,014	1,784,014
Amount due to the parent company	30,636	–	–	–	30,636	30,636
Lease liabilities	7,758	7,144	3,616	917	19,435	18,632
Other payables	3,446,893	–	–	–	3,446,893	3,446,893
Long-term debentures payable	2,118,482	1,003,033	–	–	3,121,515	3,088,118
	15,208,861	2,069,728	3,491,793	1,770,773	22,541,155	21,640,681

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	2,309,373	–	–	–	2,309,373	2,305,475
Bank loans	6,174,055	865,775	1,480,598	916,857	9,437,285	8,927,500
Loans from shareholders	62,378	1,044,839	1,060,065	–	2,167,282	2,008,469
Other loans	329,290	4,756	13,934	122,805	470,785	430,263
Trade creditors and bills payable	1,937,962	–	–	–	1,937,962	1,937,962
Amount due to the parent company	109,479	–	–	–	109,479	109,479
Lease liabilities	2,469	2,469	1,799	749	7,486	6,863
Other payables	3,288,586	–	–	–	3,288,586	3,288,586
Long-term debentures payable	2,104,922	1,016,422	–	–	3,121,344	3,039,751
	16,318,514	2,934,261	2,556,396	1,040,411	22,849,582	22,054,348

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	6,252,339	–	–	–	6,252,339	6,224,184
Bank loans	3,785,623	204,557	860,582	524,861	5,375,623	5,028,230
Loans from shareholders	3,095,483	880,000	1,083,260	–	5,058,743	4,855,041
Other loans	1,849,742	130,553	126,605	8,889	2,115,789	2,053,172
Trade creditors and bills payable	1,425,382	–	–	–	1,425,382	1,425,382
Amount due to the parent company	498,404	–	–	–	498,404	498,404
Lease liabilities	1,369	387	1,239	3,944	6,939	5,435
Other payables	3,450,906	–	–	–	3,450,906	3,450,906
Long-term debentures payable	136,408	2,062,514	1,016,422	–	3,215,344	3,036,751
	20,495,656	3,278,011	3,088,108	537,694	27,399,469	26,577,505

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term debentures	5,265,746	–	–	–	5,265,746	5,234,074
Bank loans	3,457,639	368,443	791,156	1,060,363	5,677,601	5,207,134
Loans from shareholders	3,746,634	2,037,260	–	–	5,783,894	5,602,390
Other loans	1,518,296	183,198	593,656	33,394	2,328,544	2,184,809
Trade creditors and bills payable	2,308,793	–	–	–	2,308,793	2,308,793
Amount due to the parent company	1,645,687	–	–	–	1,645,687	1,645,687
Lease liabilities	6,299	3,228	9,764	6,786	26,077	21,951
Other payables	3,785,668	–	–	–	3,785,668	3,785,668
Long-term debentures payable	99,197	67,000	2,035,427	–	2,201,624	2,027,158
	21,833,959	2,659,129	3,430,003	1,100,543	29,023,634	28,017,664

(d) Currency risk

(i) Recognised assets and liabilities

Jiangsu Huadian Group is exposed to currency risk primarily arising from trade payable denominated in United States dollar ("US$"). Depreciation or appreciation of US$ against RMB would affect the financial position and operating results of Jiangsu Huadian Group.

(ii) Exposure to currency risk

The following table details Jiangsu Huadian Group's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end/period ended date.

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	US$	*US$*	*US$*	*US$*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payable	–	–	(97,519)	(128,054)
Net exposure	–	–	(97,519)	(128,054)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Jiangsu Huadian Group's loss after tax (and retained profits) and combined equity in that would arise if foreign exchange rates to which Jiangsu Huadian Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	As at 31 December									As at 30 June		
	2021			2022			2023			2024		
	Decrease in foreign exchange rate	Effect on results after tax	Effect on equity	Decrease in foreign exchange rate	Effect on results after tax	Effect on equity	Decrease in foreign exchange rate	Effect on results after tax	Effect on equity	Decrease in foreign exchange rate	Effect on results after tax	Effect on equity
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
US$	–	–	–	–	–	–	10	7,314	7,314	10	9,604	9,604

Note: Positive figures in the above table represent an increase in profit after tax/decrease in loss after tax and equity while negative figures represent corresponding opposite effects.

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by Jiangsu Huadian Group which expose Jiangsu Huadian Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for Relevant Periods.

(e) Fair values

(i) Fair value of Jiangsu Huadian Group's financial assets that are measured at fair value on a recurring basis

Some of Jiangsu Huadian Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 4).

	Fair value as at					
Financial assets	**At 31 December 2021** *RMB'000*	**At 31 December 2022** *RMB'000*	**At 31 December 2023** *RMB'000*	**At 30 June 2024** *RMB'000*	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets at fair value through OCI	177,263	180,932	186,297	177,244	Level 3	Market approach – by reference to the asset with identical or similar assets in the market.

During the Relevant Periods there is no transfer between instruments in Level 1 and Level 2.

Reconciliation of Level 3 fair value measurements of financial assets on recurring basis are as follows:

	Unlisted equity securities *RMB'000*
At 1 January 2021	136,371
Addition	4,397
Changes in fair value through other comprehensive income	36,495
At 31 December 2021	177,263
Disposal	663
Changes in fair value through other comprehensive income	3,006
At 31 December 2022	180,932
Changes in fair value through other comprehensive income	5,365
At 31 December 2023	186,297
Changes in fair value through other comprehensive income	(9,053)
At 30 June 2024	177,244

(ii) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

	31 December						**30 June**	
	2021		**2022**		**2023**		**2024**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	8,229,166	8,152,894	5,889,839	5,854,135	5,988,888	5,970,475	6,222,073	6,157,362

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Jiangsu Huadian Group entities.

40. SUBSIDIARIES

Details of subsidiaries that have non-controlling interests that are material to the Group

The table below shows details of subsidiaries that have non-controlling interests of the Group that have material non-controlling interests:

Name of the subsidiary	Place/Country of incorporation or registration/ operations	Proportion of ownership interest held by non-controlling interests	Proportion of voting power held by non-controlling interests	Profit (loss) allocated to non-controlling interests				Accumulated non-controlling interests			
				31 December			30 June	31 December			30 June
				2021	2022	2023	2024	2021	2022	2023	2024
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Jiangsu Huadian Yangzhou Power Generation Company	The PRC	45% (2023: 45% 2022: 45% 2021: 45%)	45% (2023: 45% 2022: 45% 2021: 45%)	(173,239)	(210,651)	(61,751)	(2,091)	390,088	199,875	141,731	140,503
Jiangsu Electric Power Development Company	The PRC	39% (2023: 39% 2022: 39% 2021: 39%)	39% (2023: 39% 2022: 39% 2021: 39%)	3,297	32,946	48,379	9,320	749,309	769,260	808,812	777,759
Jiangsu Huadian Jurong Power Generation Company	The PRC	48% (2023: 48% 2022: 48% 2021: 48%)	48% (2023: 48% 2022: 48% 2021: 48%)	(252,197)	(128,706)	283,807	75,681	603,107	475,760	759,567	835,559
Jiangsu Huadian Qishuyan Power Generation Company	The PRC	59% (2023: 59% 2022: 59% 2021: 59%)	59% (2023: 59% 2022: 59% 2021: 59%)	32,579	(98,160)	27,654	3,858	902,213	800,918	833,062	844,061
Others								1,551,484	1,517,430	1,677,794	1,739,514
								4,196,201	3,763,243	4,220,966	4,337,396

The summarised financial information in respect of each of the Group's subsidiaries that have non-controlling interests that are material to the Group, before intra-group eliminations:

(i) Jiangsu Huadian Yangzhou Power Generation Company and its subsidiaries

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	313,963	291,368	333,885	342,374
Non-current assets	2,616,564	2,472,493	2,263,427	2,143,740
Current liabilities	1,708,164	1,765,792	1,356,229	1,161,043
Non-current liabilities	349,879	551,022	924,082	1,010,818
Total equity	872,484	447,047	317,001	314,253

	As at 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,754,607	2,043,985	2,280,534	967,684	1,040,457
Expenses	(2,185,615)	(2,525,685)	(2,415,859)	(1,014,566)	(1,051,473)
Profit (loss) for the year	(387,473)	(469,780)	(138,115)	(72,833)	4,819
Net cash inflow from operating activities	(204,726)	(250,190)	43,955	(46,259)	168,285
Net cash outflow from investing activities	196,641	(11,654)	4,360	(10,426)	248
Net cash outflow from financing activities	18,311	254,913	(41,132)	55,755	(172,842)
Net cash (outflow) inflow	10,226	(6,931)	7,183	(930)	(4,309)

(ii) Jiangsu Electric Power Development Company and its subsidiaries

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	982,656	749,940	431,455	379,063
Non-current assets	3,011,432	2,585,615	2,865,950	2,756,887
Current liabilities	1,082,924	761,068	602,592	525,144
Non-current liabilities	466,570	234,681	232,060	214,651
Total equity	2,444,594	2,339,806	2,462,753	2,396,155

	As at 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,952,798	1,664,333	1,589,380	742,333	678,567
Expenses	(1,853,592)	(1,619,879)	(1,521,169)	(675,108)	(663,257)
Profit for the year	66,834	121,646	175,323	51,216	40,575
Net cash inflow from operating activities	332,381	125,847	266,136	181,365	104,466
Net cash inflow (outflow) from investing activities	514,497	362,615	(284,307)	(93,162)	22,196
Net cash outflow from financing activities	(642,207)	(439,768)	(260,631)	(200,229)	(169,786)
Net cash (outflow) inflow	204,671	48,694	(278,802)	(112,026)	(43,124)

(iii) Jiangsu Huadian Jurong Power Generation Company and its subsidiaries

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	1,243,671	609,012	716,733	698,925
Non-current assets	6,351,809	6,086,318	5,590,798	5,346,965
Current liabilities	3,853,779	3,503,863	3,359,546	2,963,663
Non-current liabilities	2,492,516	2,206,049	1,374,732	1,351,574
Total equity	1,249,185	985,418	1,573,253	1,730,653

	As at 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,839,442	4,159,600	4,653,810	2,035,275	1,704,186
Expenses	(4,521,047)	(4,512,266)	(4,016,929)	(1,828,466)	(1,478,265)
Profit (loss) for the year	(522,363)	(263,768)	587,836	120,819	157,399
Net cash inflow (outflow) from operating activities	940,521	23,566	851,758	(170,308)	389,421
Net cash outflow from investing activities	(217,725)	(248,099)	(43,519)	(31,818)	(10,677)
Net cash (outflow) inflow from financing activities	(714,293)	215,192	(799,360)	203,834	(386,444)
Net cash (outflow) inflow	8,503	(9,341)	8,879	1,708	(7,700)

(iv) Jiangsu Huadian Qishuyan Power Generation Company and its subsidiaries

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	345,253	625,352	620,370	416,783
Non-current assets	3,062,591	2,874,128	2,611,429	2,480,297
Current liabilities	1,656,560	1,959,134	1,649,326	1,306,071
Non-current liabilities	33,992	32,907	30,265	28,505
Total equity	1,717,292	1,507,439	1,552,208	1,562,504

	As at 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2,333,553	2,787,201	3,143,774	1,359,831	1,205,533
Expenses	(2,315,348)	(2,995,757)	(3,211,964)	(1,393,847)	(1,205,546)
Profit (loss) for the year	56,748	(203,269)	36,966	(66,731)	10,296
Net cash inflow (outflow) from operating activities	348,012	(214,791)	699,468	152,967	(1,887)
Net cash (outflow) inflow from investing activities	(8,116)	(22,033)	25,770	(8,295)	25,491
Net cash (outflow) inflow from financing activities	(337,710)	229,104	(717,458)	(144,603)	(30,498)
Net cash (outflow) inflow	2,186	(7,720)	7,780	69	(6,894)

41. DISPOSAL OF SUBSIDIARIES AND BUSINESS

(a) On 8 December 2021, Jiangsu Huadian Group disposed its subsidiary, Jiangsu Huadian Rugao Thermal Power Co., Ltd.* (江蘇華電如皋熱電有限公司) ("Rugao Thermal Power"). The net assets of Rugao Thermal Power at the date of disposal were as follows:

Consideration received	*RMB'000*
Cash received	224,965
Total consideration received	224,965

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	951
Construction in progress	1,248,238
Intangible asset	63
Inventories	7,151
Other non-current asset	97,725
Prepayments and other receivables	476
Bank balances and cash	9,280
Other current asset	9,000
Bank loan	(925,678)
Trade payable	(162,312)
Other payables and contract liabilities	(8,919)
Tax payable	(149)
Net assets disposed of	275,826

* *For identification purpose only*

Gain on disposal of a subsidiary:

	RMB'000
Consideration received	224,965
Net assets disposed of	(275,826)
Non-controlling interests	96,524
Gain/(loss) on disposal	45,663

Net cash inflow arising on disposal:

	RMB'000
Cash consideration received	224,965
Less: bank balances and cash disposed of	9,280
Net cash inflow on disposal	215,685

(b) On 6 November 2023, Jiangsu Huadian Group disposed its subsidiary, Jiangsu Huadian Hualin New Energy Co., Ltd.* (江蘇華電華林新能源有限公司) ("Hualin New Energy"). The net assets of Hualin New Energy at the date of disposal were as follows:

Consideration received	*RMB'000*
Cash received	99,000
Total consideration received	99,000

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	144,594
Intangible assets	159
Deferred tax assets	79
Inventories	34
Trade and other receivables	18,671
Prepayment	140
Bank balances and cash	21,266
Payable and other payables	(84,032)
Tax payable	(465)
Other non-current liabilities	(14,137)
Net assets disposed of	86,309

Gain on disposal of a subsidiary:

	RMB'000
Consideration received	99,000
Net assets disposed of	(86,309)
Non-controlling interests	21,748
Gain/(loss) on disposal	34,439

* *For identification purpose only*

Net cash inflow arising on disposal:

	RMB'000
Cash consideration received	99,000
Less: bank balances and cash disposed of	21,266
Net cash inflow on disposal	77,734

(c) On 29 September 2022, Jiangsu Huadian Group disposed of its assets and liabilities of Jiangsu Huadian Jinh Lake Energy Co., Ltd. Chenqiao Photovoltaic Power Generation Branch* (江蘇華電金湖能源有限公司陳橋光伏發電分公司) in respect of the photovoltaic power generation business and recognised a gain on disposal of approximately RMB48,884,000. The net cash inflow from the disposal was approximately RMB304,293,000.

42. DEREGISTRATION OF SUBSIDIARIES

On 2 December 2021, Jiangsu Huadian Group deregistered its subsidiary, Jiangsu Huadian Coal Logistics Co., Ltd* (江蘇華電煤炭物流有限公司) ("Coal Logistics") and recognised a gain on disposal of approximately RMB13,304,000.

43. CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES

Deemed disposal of interest in a subsidiary

During the year ended 31 December 2021, upon additional capital contribution of RMB1,005,000 being made by certain independent investors to Jiangsu HuadianYangzhou Zhongran Energy Co., Ltd.* (江蘇華電揚州中燃能源有限公司) ("Yangzhou Zhongran Energy"), the Group's equity interest in Yangzhou Zhongran Energy was diluted from 60% to 56.232%. The transaction was accounted for as partial disposal of a subsidiary without loss of control. The carrying value of 3.768% of the net assets of Yangzhou Zhongran Energy was approximately RMB578,000. A schedule of the effect of disposal of interest is in a subsidiary without loss of control is as follow:

	RMB'000
Carrying amount of the 3.768% interest deemed disposed of	578
Consideration received from non-controlling interests	–
Difference recognised in capital reserve within equity	578

* *For identification purpose only*

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Debenture *RMB'000*	**Loans** *RMB'000*	**Lease liabilities** *RMB'000*	**Dividend payables** *RMB'000*	**Total** *RMB'000*
As at 1 January 2021	5,933,408	15,832,654	17,049	535,276	22,318,387
Financing cash flows	1,284,476	(1,834,862)	(2,356)	(1,455,760)	(2,008,502)
New lease	–	–	5,119	–	5,119
Other non-cash adjustments	(25,692)	(904,592)	–	–	(930,284)
Dividends of perpetual securities recognised as distribution	–	–	–	1,118	1,118
Dividends recognised as distribution	–	–	–	1,000,000	1,000,000
Dividends declared to non-controlling interests	–	–	–	429,698	429,698
Interest paid	(136,727)	(608,420)	–	–	(745,147)
Interest expense	205,767	509,553	2,139	–	717,459
As at 31 December 2021	7,261,232	12,994,333	21,951	510,332	20,787,848
Financing cash flows	1,997,461	(885,680)	(2,901)	(150,223)	958,657
Other non-cash adjustments	(2,424)	(192,081)	(14,689)	(120)	(209,314)
Dividends of perpetual securities recognised as distribution	–	–	–	21,085	21,085
Dividends declared to non-controlling interests	–	–	–	192,558	192,558
Interest paid	(216,291)	(424,740)	–	–	(641,031)
Interest expense	220,957	444,611	1,074	–	666,642
As at 31 December 2022	9,260,935	11,936,443	5,435	573,632	21,776,445
Financing cash flows	(3,900,297)	(470,744)	(2,356)	(166,975)	(4,540,372)
New leases	–	–	8,130	–	8,130
Other non-cash adjustments	3,053	(92,166)	(4,800)	(122)	(94,035)
Dividends of perpetual securities recognised as distribution	–	–	–	93,218	93,218
Dividends declared to non-controlling interests	–	–	–	41,878	41,878
Interest paid	(222,280)	(378,844)	–	–	(601,124)
Interest expense	203,815	371,543	454	–	575,812
As at 31 December 2023	5,345,226	11,366,232	6,863	541,631	17,259,952
Financing cash flows	(1,102,835)	705,277	(1,727)	(54,012)	(453,297)
New leases	–	–	13,564	–	13,564
Other non-cash adjustments	1,774	(411)	(429)	(551)	383
Dividends of perpetual securities recognised as distribution	–	–	–	71,949	71,949
Dividends recognised as distribution	–	–	–	31,618	31,618
Interest paid	(14,519)	(169,706)	–	–	(184,225)
Interest expense	62,725	166,743	361	–	229,829
As at 30 June 2024	4,292,371	12,068,135	18,632	590,635	16,969,773

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Jiangsu Huadian Group in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANGHAI HUADIAN FUXIN ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Shanghai Huadian Fuxin Energy Company Limited* 上海華電福新能源有限公司 ("Shanghai Fuxin") set out on pages II-85 to II-119, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-85 to II-119 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Shanghai Fuxin are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Shanghai Fuxin determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Shanghai Fuxin is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Shanghai Fuxin, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Shanghai Fuxin as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cash flows of Shanghai Fuxin for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Shanghai Fuxin which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Shanghai Fuxin are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-85 have been made.

Dividends

We refer to note 27(a) to the Historical Financial Information which contains information about dividend declared or paid by Shanghai Fuxin during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF SHANGHAI FUXIN

Preparation of Historical Financial Information

The financial information of Shanghai Fuxin for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	*6*	108,260	90,947	146,859	62,765	62,514
Operating expenses						
Fuel costs		(44,506)	(32,367)	(69,551)	(25,757)	(28,785)
Depreciation and amortisation		(24,021)	(23,524)	(23,614)	(11,813)	(11,657)
Repairs, maintenance and inspection		(7,766)	(7,859)	(10,852)	(1,210)	(3,661)
Personnel costs	*7*	(10,843)	(10,752)	(11,072)	(4,195)	(4,262)
Impairment loss on construction in progress		–	–	–	–	(192)
Taxes and surcharges	*8*	(3,645)	(1,300)	(2,620)	(806)	(888)
Other operating expenses	*11(b)*	(3,225)	(3,314)	(3,894)	(1,888)	(811)
		(94,006)	(79,116)	(121,603)	(45,669)	(50,256)
Operating profit		14,254	11,831	25,256	17,096	12,258
Other revenue	*9*	11,934	8,647	13,220	660	3,698
Other net (loss)/income	*9*	(905)	167	82	(1)	48
Interest income from bank deposits		238	142	34	14	13
Finance costs	*10*	(10,206)	(8,434)	(5,661)	(3,179)	(1,829)
Profit before taxation	*11(a)*	15,315	12,353	32,931	14,590	14,188
Income tax expenses	*14*	(2,863)	(3,445)	(8,210)	(3,808)	(3,693)
Profit and total comprehensive income for the year/period		12,452	8,908	24,721	10,782	10,495

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 30 June 2024 RMB'000
Non-current assets					
Property, plant and equipment	*16*	401,198	379,075	356,087	344,447
Construction in progress	*17*	199	192	192	–
Intangible assets	*18*	121	102	82	72
Deferred tax assets	*26*	594	556	518	500
		402,112	379,925	356,879	345,019
Current assets					
Inventories	*19*	–	110	215	215
Trade receivables	*20*	17,669	14,392	22,009	17,274
Other receivables and prepayments	*21*	6,033	2,060	655	185
Cash and cash equivalents	*22*	7,563	6,966	6,546	26,853
		31,265	23,528	29,425	44,527
Current liabilities					
Bank loans	*23*	276	211	9,673	15,092
Trade payables	*24*	5,595	10,880	10,165	10,644
Other payables	*25*	3,047	2,121	1,653	2,970
Tax payable		1,544	1,638	1,740	2,965
		10,462	14,850	23,231	31,671
Net current assets		20,803	8,678	6,194	12,856
Total assets less current liabilities		422,915	388,603	363,073	357,875
Non-current liabilities					
Bank loans	*23*	224,000	189,422	154,000	139,000
Deferred government grant		38,224	29,582	16,753	16,060
		262,224	219,004	170,753	155,060
Net assets		160,691	169,599	192,320	202,815
Capital and reserves					
Share capital	*27(b)*	140,646	140,646	140,646	140,646
Reserves	*27(c)*	20,045	28,953	51,674	62,169
Total equity		160,691	169,599	192,320	202,815

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 27(b))*	**Statutory reserves** *RMB'000 (note 27(c))*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2021	140,646	759	6,834	148,239
Profit and total comprehensive income for the year	–	–	12,452	12,452
Appropriation of general reserve	–	1,245	(1,245)	–
At 31 December 2021 and 1 January 2022	140,646	2,004	18,041	160,691
Profit and total comprehensive income for the year	–	–	8,908	8,908
Appropriation of specific reserve	–	125	(125)	–
Appropriation of general reserve	–	912	(912)	–
At 31 December 2022 and 1 January 2023	140,646	3,041	25,912	169,599
Profit and total comprehensive income for the year	–	–	24,721	24,721
Dividends recognised as distribution	–	–	(2,000)	(2,000)
Appropriation of specific reserve	–	1,519	(1,519)	–
Utilisation of specific reserve	–	(1,147)	1,147	–
Appropriation of general reserve	–	2,367	(2,367)	–
At 31 December 2023 and 1 January 2024	140,646	5,780	45,894	192,320
Profit and total comprehensive income for the period	–	–	10,495	10,495
Appropriation of general reserve	–	1,321	(1,321)	–
Appropriation of specific reserve	–	1,061	(1,061)	–
Utilisation of specific reserve	–	(85)	85	–
At 30 June 2024	140,646	8,077	54,092	202,815
At 1 January 2023	140,646	3,041	25,912	169,599
Profit and total comprehensive income for the period (Unaudited)	–	–	10,782	10,782
Appropriation of general reserve (Unaudited)	–	1,078	(1,078)	–
Appropriation of specific reserve (Unaudited)	–	759	(759)	–
At 30 June 2023 (Unaudited)	140,646	4,878	34,857	180,381

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	125,998	104,972	154,159	24,176	76,951
Cash paid to suppliers, employees and others	(83,316)	(63,786)	(111,002)	(38,028)	(42,681)
Cash generated from/(used in) operations	42,682	41,186	43,157	(13,852)	34,270
Interest paid	(10,240)	(8,496)	(5,748)	(3,222)	(1,856)
PRC enterprise income tax paid	(1,281)	(3,313)	(8,071)	(2,707)	(2,450)
Net cash generated from/(used in) operating activities	31,161	29,377	29,338	(19,781)	29,964
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(1,085)	(657)	(1,926)	(1,276)	(117)
Proceeds from disposal of property, plant and equipment	–	–	2	2	–
Interest received	238	142	34	14	13
Other investing activities	–	5,119	–	–	–
Net cash (used in)/generated from investing activities	(847)	4,604	(1,890)	(1,260)	(104)
Cash flows from financing activities					
Loans					
– Proceeds from loans	–	5,422	214,105	15,551	–
– Repayment of loans	(28,000)	(40,000)	(239,973)	–	(9,553)
Dividends distribution	–	–	(2,000)	–	–
Net cash (used in)/generated from financing activities	(28,000)	(34,578)	(27,868)	15,551	(9,553)
Net increase/(decrease) in cash and cash equivalents	2,314	(597)	(420)	(5,490)	20,307
Cash and cash equivalents at beginning of the year/period	5,249	7,563	6,966	6,966	6,546
Cash and cash equivalents at end of the year/period	7,563	6,966	6,546	1,476	26,853

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF SHANGHAI FUXIN

1. GENERAL INFORMATION

Shanghai Huadian Fuxin Energy Company Limited ("Shanghai Fuxin") was established in Shanghai of the People's Republic of China (the "PRC") on 27 March 2014 as a limited company and the office address is Room 1176, 11/F, Block 1, No. 158 Shuanglian Road, Qingpu District, Shanghai, the PRC.

Shanghai Fuxin is primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate and ultimate holding company of Shanghai Fuxin are Fujian Huadian Furui Energy Development Company Limited* (福建華電福瑞能源發展有限公司) and China Huadian Corporation Limited* (中國華電集團有限公司), both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Shanghai Fuxin.

Statutory financial statements of Shanghai Fuxin have been prepared and audited by Baker Tilly China Certified Public Accountants for the three years ended 31 December 2023.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Shanghai Fuxin has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Shanghai Fuxin has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of charge in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volumn 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

* *For identification purpose only*

The directors of Shanghai Fuxin anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Shanghai Fuxin.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Shanghai Fuxin takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(d)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Shanghai Fuxin's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Shanghai Fuxin and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	20 – 45 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(d)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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:

Office software	5 – 10 years

The estimated useful lives and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(d) Impairment of assets

(i) Impairment of financial assets

Shanghai Fuxin recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity and heat, other receivables and cash and cash equivalents measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Shanghai Fuxin in accordance with the contract and all the cash flows that Shanghai Fuxin expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables related to sale of electricity and heat, Shanghai Fuxin applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Shanghai Fuxin performs impairment assessment based on Shanghai Fuxin's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Shanghai Fuxin considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Shanghai Fuxin's historical experience and informed credit assessment and including forward-looking information.

Shanghai Fuxin assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Shanghai Fuxin has reasonable and supportable information that demonstrates otherwise.

Shanghai Fuxin considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Shanghai Fuxin in full, without recourse by Shanghai Fuxin to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Shanghai Fuxin has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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;

– construction in progress; and

– intangible assets.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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*

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(e) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost 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, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(f) Trade receivables and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Shanghai Fuxin holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(d)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(g) 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 and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(d)(i).

(h) Financial liabilities

Other financial liabilities

Other financial liabilities including bank loans, trade payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(i) Derecognition of financial assets or financial liabilities

Shanghai Fuxin derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Shanghai Fuxin retains substantially all the risks and rewards of ownership of a transferred financial asset, Shanghai Fuxin continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable recognised in profit or loss.

Shanghai Fuxin derecognises financial liabilities when, and only when, Shanghai Fuxin's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Shanghai Fuxin expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Shanghai Fuxin's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Shanghai Fuxin performs; or
- does not create an asset with an alternative use to Shanghai Fuxin and Shanghai Fuxin has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that Shanghai Fuxin will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Shanghai Fuxin recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Shanghai Fuxin should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Shanghai Fuxin with no future related costs are recognised in profit or loss in which they become receivable.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Shanghai Fuxin's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such 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.

Deferred tax assets arising from deductible temporary differences 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Shanghai Fuxin expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Shanghai Fuxin intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(l) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(m) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Shanghai Fuxin in respect of services provided by employees up to the reporting date.

(n) Related parties

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

(i) has control or joint control over Shanghai Fuxin;

(ii) has signification influence over Shanghai Fuxin; or

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

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

(i) The entity and Shanghai Fuxin are members of the same Company (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 Company 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 Shanghai Fuxin or an entity related to Shanghai Fuxin.

(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 the Company of which it is part, provides key management personnel services to Shanghai Fuxin or to Shanghai Fuxin'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.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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.

(a) Estimated impairment of property, plant and equipment

In determining whether an asset is impaired, Shanghai Fuxin has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No impairment loss of property, plant and equipment was recognised in the financial information during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Shanghai Fuxin's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Shanghai Fuxin's trade and other receivables are disclosed in notes 20, 21 and 30(b).

(c) Depreciation

Property, plant and equipment are depreciated over their estimated useful lives, after taking into account the estimated residual value. Shanghai Fuxin reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on Shanghai Fuxin's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation, the rate of depreciation is revised prospectively.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15.

Turnover represents the sale of electricity and heat. Major components of Shanghai Fuxin's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sale of electricity	42,372	30,747	61,743	23,309	27,447
Sale of heat	65,888	60,200	85,116	39,456	35,067
	108,260	90,947	146,859	62,765	62,514

The revenue from sale of electricity and heat are recognised at a point in time.

(b) Segment information

The chief operating decision makers review Shanghai Fuxin's revenue and profit as a whole, which are determined in accordance with Shanghai Fuxin's accounting policies, for resources allocation and performance assessment. Therefore, Shanghai Fuxin has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

The Shanghai Fuxin's non-current assets are mainly located in the PRC. The Shanghai Fuxin's major customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of Shanghai Fuxin is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	65,888	60,200	85,116	39,456	35,067
Customer B*	42,372	30,747	61,743	23,309	27,447

* Revenue from sale of electricity and heat.

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits *(note 12)*	7,208	7,011	7,248	2,415	2,316
Retirement benefits *(note 12 and note 29)*	2,167	2,248	2,237	828	952
Other staff costs	1,468	1,493	1,587	952	994
	10,843	10,752	11,072	4,195	4,262

8. TAXES AND SURCHARGES

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME AND LOSS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	11,873	8,647	13,220	660	3,698
Others	61	–	–	–	–
	11,934	8,647	13,220	660	3,698
Other net (loss)/income					
(Loss)/gain on disposal of property, plant and equipment	(325)	–	1	1	–
Net income/(loss) from sale of materials	231	167	81	(2)	48
Others	(811)	–	–	–	–
	(905)	167	82	(1)	48

Note: Government grants mainly represent the grants from government for purchase of power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interests on loans	10,204	8,431	5,657	3,178	1,828
Other finance costs	2	3	4	1	1
	10,206	8,434	5,661	3,179	1,829

11. PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Depreciation					
– Property, plant and equipment	24,003	23,505	23,594	11,803	11,647
Amortisation					
– Intangible assets	18	19	20	10	10
Total depreciation and amortisation	24,021	23,524	23,614	11,813	11,657
Auditor's remuneration					
– Audit services	38	47	28	–	–
Impairment losses on non-financial assets					
– Construction in progress	–	–	–	–	192

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Heating	401	822	682	149	8
Power charges	466	666	928	191	171
Water charges	403	222	746	20	75
Others	1,955	1,604	1,538	1,528	557
Total other operating expenses	3,225	3,314	3,894	1,888	811

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2024

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Jing Peijun *(note (i))*	–	–	–
Wu Kunlin *(note (ii))*	36	1	37
Wang Zhenyu *(note (v))*	–	–	–
Pan Wengge *(note (vi))*	–	–	–
Wu Xuan *(note (vii))*	–	–	–
Hong Yun *(note (iv))*	–	–	–
Wang Xiaoyan *(note (viii))*	–	–	–
Jiao Yawei *(note (ix))*	–	–	–
Supervisors			
Ji Changlong *(note (x))*	–	–	–
Gao Yan *(note (xi))*	–	–	–
Lin Xiu'e *(note (iii))*	–	–	–
Lu Wenglong *(note (xii))*	–	–	–
	36	1	37

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Wu Kunlin *(note (ii))*	217	27	244
Wang Zhenyu *(note (v))*	–	–	–
Pan Wengge *(note (vi))*	–	–	–
Wu Xuan *(note (vii))*	–	–	–
Hong Yun *(note (iv))*	–	–	–
Wang Xiaoyan *(note (viii))*	–	–	–
Jiao Yawei *(note (ix))*	–	–	–
Supervisors			
Ji Changlong *(note (x))*	–	–	–
Gao Yan *(note (xi))*	–	–	–
Lin Xiu'e *(note (iii))*	–	–	–
Lu Wenglong *(note (xii))*	–	–	–
	217	27	244

For the year ended 31 December 2023

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Wu Kunlin *(note (ii))*	636	54	690
Wang Zhenyu *(note (v))*	–	–	–
Pan Wengge *(note (vi))*	–	–	–
Wu Xuan *(note (vii))*	–	–	–
Hong Yun *(note (iv))*	–	–	–
Wang Xiaoyan *(note (viii))*	–	–	–
Jiao Yawei *(note (ix))*	–	–	–
Supervisors			
Ji Changlong *(note (x))*	–	–	–
Gao Yan *(note (xi))*	–	–	–
Lin Xiu'e *(note (iii))*	–	–	–
Lu Wenglong *(note (xii))*	–	–	–
	636	54	690

For the year ended 31 December 2022

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Wu Kunlin *(note (ii))*	727	49	776
Wang Zhenyu *(note (v))*	–	–	–
Pan Wengge *(note (vi))*	–	–	–
Wu Xuan *(note (vii))*	–	–	–
Wang Xiaoyan *(note (viii))*	–	–	–
Jiao Yawei *(note (ix))*	–	–	–
Li Fubi *(note (xiv))*	–	–	–
Jia Lifang *(note (xii))*	–	–	–
Supervisors			
Ji Changlong *(note (x))*	–	–	–
Gao Yan *(note (xi))*	–	–	–
Lu Wenglong *(note (xii))*	–	–	–
	727	49	776

For the year ended 31 December 2021

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Wu Kunlin *(note (ii))*	658	45	703
Wang Zhenyu *(note (v))*	–	–	–
Pan Wengge *(note (vi))*	–	–	–
Wu Xuan *(note (vii))*	–	–	–
Wang Xiaoyan *(note (viii))*	–	–	–
Jiao Yawei *(note (ix))*	–	–	–
Li Fubi *(note (xiv))*	–	–	–
Jia Lifang *(note (xii))*	–	–	–
Supervisors			
Ji Changlong *(note (x))*	–	–	–
Gao Yan *(note (xi))*	–	–	–
Lu Wenglong *(note (xii))*	–	–	–
	658	45	703

Notes:

(i) Jing Peijun was appointed as executive director in June 2024.

(ii) Wu Kunlin was appointed as executive director in June 2018 and resigned in June 2024.

(iii) Lin Xiu'e was appointed as supervisor in May 2023.

(iv) Hong Yun was appointed as director in March 2023.

(v) Wang Zhenyu was appointed as director in March 2022.

(vi) Pan Wengge was appointed as director in March 2022.

(vii) Wu Xuan was appointed as supervisor in November 2021.

(viii) Wang Xiaoyan was appointed as director in March 2020 and resigned in June 2024.

(ix) Jiao Yawei was appointed as director in March 2020 and resigned in June 2024.

(x) Ji Changlong was appointed as supervisor in March 2020.

(xi) Gao Yan was appointed as supervisor in March 2020.

(xii) Lu Wenglong was appointed as director in March 2020 and resigned in May 2023.

(xiii) Jia Lifang was appointed as director in March 2020 and resigned in November 2021.

(xiv) Li Fubin was appointed as director in March 2020 and resigned in May 2023.

(xv) Jiao Yawei was appointed as director in March 2020 and resigned in May 2023.

(xvi) The directors and supervisors who have no emoluments because the directors' and supervisors' emoluments are borne by the parent company of Shanghai Fuxin.

(xvii) No performance related incentive payment is made during the reporting periods.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Shanghai Fuxin during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included one, one, one, one (unaudited) and one director respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining four, four, four, four (unaudited) and four highest paid employees who are neither directors nor supervisors of Shanghai Fuxin are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	1,500	1,403	1,416	480	482
Retirement benefits	37	37	35	18	17
	1,537	1,440	1,451	498	499

The number of the highest paid employees who are not the directors or supervisors of Shanghai Fuxin whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals (Unaudited)*	*Number of Individuals*
Nil-Hong Kong Dollars ("HK$") 1,000,000	4	4	4	4	4

14. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax – PRC Enterprise Income Tax					
Charge for the year	2,825	3,407	8,172	3,808	3,675
Deferred tax *(note 26)*					
Origination and reversal of temporary differences	38	38	38	–	18
Income tax expenses for the year/period	2,863	3,445	8,210	3,808	3,693

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	15,315	12,353	32,931	14,590	14,188
Notional PRC enterprise income tax at statutory tax rate of 25%	3,829	3,088	8,233	3,648	3,547
Tax effect of non-deductible expenses	402	357	164	160	146
Tax effect of non-taxable income	(767)	–	(187)	–	–
Utilisation of tax losses and deductible temporary differences previously not recognised	(601)	–	–	–	–
	2,863	3,445	8,210	3,808	3,693

Notes:

(i) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 on the estimated assessable profit for the year/period determined in accordance with relevant enterprise income tax rules and regulations.

(ii) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators, machinery and equipment	Motor vehicles furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2021	199,155	323,504	3,498	526,157
Additions	–	91	19	110
Disposals	–	(724)	–	(724)
At 31 December 2021 and 1 January 2022	199,155	322,871	3,517	525,543
Additions	–	–	6	6
Transferred from construction in progress *(note 17)*	–	1,376	–	1,376

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
At 31 December 2022 and 1 January 2023	199,155	324,247	3,523	526,925
Transferred from construction in progress *(note 17)*	–	607	–	607
Disposals	–	–	(5)	(5)
At 31 December 2023 and 1 January 2024	199,155	324,854	3,518	527,527
Additions	–	–	9	9
Disposals	–	–	(3)	(3)
At 30 June 2024	199,155	324,854	3,524	527,533
Accumulated depreciation and impairment				
At 1 January 2021	34,505	64,063	2,173	100,741
Charge for the year	5,107	18,255	641	24,003
Written back on disposals	–	(399)	–	(399)
At 31 December 2021 and 1 January 2022	39,612	81,919	2,814	124,345
Charge for the year	7,326	15,870	309	23,505
At 31 December 2022 and 1 January 2023	46,938	97,789	3,123	147,850
Charge for the year	7,327	16,267	–	23,594
Written back on disposals	–	–	(4)	(4)
At 31 December 2023 and 1 January 2024	54,265	114,056	3,119	171,440
Charge for the year	3,600	8,047	–	11,647
Written back on disposals	–	–	(1)	(1)
At 30 June 2024	57,865	122,103	3,118	183,086
Net book value				
At 30 June 2024	141,290	202,751	406	344,447
At 31 December 2023	144,890	210,798	399	356,087
At 31 December 2022	152,217	226,458	400	379,075
At 31 December 2021	159,543	240,952	703	401,198

Note: As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Fuxin was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB95,910,000, RMB92,067,000 RMB53,498,000 and RMB52,304,000 respectively from the relevant PRC government authorities.

17. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	–	199	192	192
Additions	199	1,369	607	–
Transferred to property, plant and equipment *(note 16)*	–	(1,376)	(607)	–
Impairment loss *(Note)*	–	–	–	(192)
At the end of the reporting period	199	192	192	–

Note:

Impairment loss

During the six months ended 30 June 2024, it was identified that a certain preliminary project of Shanghai Fuxin has no economic value for further development. As a result, the gross carrying amount of the project of approximately RMB192,000 was written down to nil as of 30 June 2024. As at 30 June 2024, the accumulated impairment loss of construction in progress was approximately RMB192,000.

18. INTANGIBLE ASSETS

	Office software
	RMB'000
Cost	
At 1 January 2021	170
Additions	15
At 31 December 2021 and 1 January 2022	185
At 31 December 2022 and 1 January 2023	185
At 31 December 2023 and 1 January 2024	185
At 30 June 2024	185
Accumulated amortisation	
At 1 January 2021	46
Charge for the year	18

	Office software *RMB'000*
At 31 December 2021 and 1 January 2022	64
Charge for the year	19
At 31 December 2022 and 1 January 2023	83
Charge for the year	20
At 31 December 2023 and 1 January 2024	103
Charge for the year	10
At 30 June 2024	113
Net book value	
At 30 June 2024	72
At 31 December 2023	82
At 31 December 2022	102
At 31 December 2021	121

Notes: Intangible assets represent office software which is amortised on a straight-line basis over five to ten years.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 amounting to approximately RMB18,000, RMB19,000, RMB20,000, RMB10,000 (unaudited) and RMB10,000 respectively is included in "Depreciation and amortisation" in the statement of profit or loss and other comprehensive income.

19. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	–	110	215	215

All of the inventories for future usage and sales are expected to be utilised within one year.

20. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables for the sale of electricity	4,986	5,236	8,625	7,771
Trade receivables for the sale of heat	12,683	9,156	13,384	9,503
	17,669	14,392	22,009	17,274

(a) Ageing analysis

Shanghai Fuxin allows a general credit period of 30 to 90 days to its customers. Shanghai Fuxin does not hold any collateral over these balances.

As at the end of each reporting periods, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	17,669	14,392	22,009	17,274

(b) Impairment of trade receivables

Shanghai Fuxin has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Shanghai Fuxin determines the ECL on these items on a collective basis.

The information about the ECLs on Shanghai Fuxin's trade receivables are disclosed in note 30(b). For the Relevant Periods, no ECL was recognised as the directors of Shanghai Fuxin considered that the amount involved was immaterial.

21. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Other receivables	5,140	256	–	–
Deductible Value Added Tax	199	969	625	–
Prepayments	694	835	30	185
	6,033	2,060	655	185

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Shanghai Fuxin. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs was recognised as the directors of Shanghai Fuxin considered that the amount involved was immaterial. The information about the ECLs on Shanghai Fuxin's other receivables are disclosed in note 30(b).

22. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	331	1	2	3
Cash at other financial institution	7,232	6,965	6,544	26,850
	7,563	6,966	6,546	26,853

23. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	–	–	9,560	–
– current portion of long-term bank loans	276	211	113	15,092
	276	211	9,673	15,092
After 1 year but within 2 years	9,000	6,422	25,000	30,000
After 2 years but within 5 years	101,000	105,000	105,000	109,000
After 5 years	114,000	78,000	24,000	–
	224,000	189,422	154,000	139,000
	224,276	189,633	163,673	154,092

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB. In each of the reporting period, Shanghai Fuxin negotiated with banks and revised the repayment schedule.

Details of interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rate(s):				
2021: of 3.9% per annum with maturities up to 2029				
2022: of 3.6% per annum with maturities up to 2029				
2023: ranging from 2.3% to 2.4% per annum with maturities up to 2029				
2024: of 2.15% per annum with maturities up to 2029	224,276	189,633	163,673	154,092

24. TRADE PAYABLES

As at the end of each reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,595	10,880	9,926	10,471
1 to 2 years	–	–	102	143
Over 2 years	–	–	137	30
	5,595	10,880	10,165	10,644

The average credit period on purchase of goods is 30-90 days. Shanghai Fuxin has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

25. OTHER PAYABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	15	–	–	–
– Others *(Note (i))*	722	1,772	1,452	1,653
	737	1,772	1,452	1,653
Other tax payables	2,310	349	201	1,317
	3,047	2,121	1,653	2,970

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) All of the other payables of Shanghai Fuxin are expected to be settled within one year or are repayable on demand.

26. DEFERRED TAXATION

Deferred tax assets recognised:

The components of deferred tax assets recognised in the statement of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	Credited to profit or loss	At 31 December 2021 and 1 January 2022	Credited to profit or loss	At 31 December 2022 and 1 January 2023	Credited to profit or loss	At 31 December 2023 and 1 January 2024	Credited to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accelerated tax depreciation	(632)	38	(594)	38	(556)	38	(518)	18	(500)
	(632)	38	(594)	38	(556)	38	(518)	18	(500)

27. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 10 May 2023, a final dividend of RMB2,000,000 was declared and paid payable to shareholders for 2022. No dividend was paid or proposed during the years ended 31 December 2021, 2023 and the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Shanghai Fuxin's registered and fully paid up capital is tabled below:

	Registered and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and the end of reporting period	140,646	140,646	140,646	140,646

(c) Statutory surplus reserve

General reserve

According to Shanghai Fuxin's Articles of Association, Shanghai Fuxin is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Shanghai Fuxin is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Shanghai Fuxin's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

(e) Capital management

Shanghai Fuxin's capital management objectives are:

- to ensure Shanghai Fuxin's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Shanghai Fuxin may adjust the amount of dividends paid to shareholders.

28. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries and associates that had material transactions with Shanghai Fuxin are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited ("China Huadian")	Ultimate shareholder of the Company
Luenmei Quantum Company Limited	A shareholder of the Company
China Huadian Finance Company Limited	A fellow subsidiary of the Company
Huadian Jiangsu Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Advanced Training Center Company Limited	A fellow subsidiary of the Company
Huadian Xizang Energy Company Limited	A fellow subsidiary of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company

Note: Shanghai Fuxin had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income from					
A fellow subsidiary	236	141	33	14	13
Other service expenses paid to					
Fellow subsidiaries	2,616	2,755	4,389	109	1,417

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents				
A fellow subsidiary	7,232	6,965	6,544	26,850
Trade payables				
Fellow subsidiaries	(164)	(3,137)	(289)	(1,490)
Other payables				
Luenmei Quantum Company Limited	(367)	(1,419)	(1,145)	(1,511)
A fellow subsidiary	–	–	(5)	–

(b) Transactions with key management personnel

Remuneration for key management personnel of Shanghai Fuxin, including amounts paid to Shanghai Fuxin's directors and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries and other emoluments	2,158	2,130	2,052	697	518
Retirement benefits	82	86	89	45	18
	2,240	2,216	2,141	742	536

Total remuneration is included in "personnel costs" (see note 7).

(c) Contributions to defined contribution retirement plans

Shanghai Fuxin participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

29. RETIREMENT PLANS

Shanghai Fuxin is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Shanghai Fuxin participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Shanghai Fuxin has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Shanghai Fuxin to reduce the existing level of contribution.

The Shanghai Fuxin's contribution to these plans amounted to approximately RMB2,167,000, RMB3,741,000, RMB2,237,000, RMB828,000 (unaudited) and RMB952,000 during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 which was charged to the statement of profit or loss and other comprehensive income (note 7).

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables	17,669	14,392	22,009	17,274
– Other receivables	5,140	256	–	–
– Cash and cash equivalents	7,563	6,966	6,546	26,853
	30,372	21,614	28,555	44,127
Financial liabilities				
At amortised cost	230,608	202,285	175,290	166,389

Exposure to interest rate, credit and liquidity risks arises in the normal course of Shanghai Fuxin's business.

The Shanghai Fuxin's exposure to these risks and the financial risk management policies and practices used by Shanghai Fuxin to manage these risks are described below.

(a) Interest rate risk

Shanghai Fuxin is exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 22 and 23 for details).

Sensitivity analysis

The sensitivity analysis below indicates Shanghai Fuxin's exposure to cash flow interest rate risk arising from floating rate instruments held by Shanghai Fuxin at the end of the reporting period. The impact on Shanghai Fuxin's profit (loss) after tax (and equity) and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Shanghai Fuxin's profit after tax and decreased Shanghai Fuxin's total equity by approximately RMB1,682,000, RMB1,442,000, RMB1,228,000 and RMB1,156,000 respectively.

(b) Credit risk

Shanghai Fuxin's credit risk is primarily attributable to trade receivables and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are banks and other financial institution with high credit ratings.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade receivables are due within 30 to 90 days from the date of billing. Normally, Shanghai Fuxin does not obtain collateral from customers.

Shanghai Fuxin's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Shanghai Fuxin has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 55%, 61%, 64% and 72% of the total trade receivables respectively were due from Shanghai Fuxin's largest customer and 100%, 100%, 100% and 100% of the total trade receivables respectively were due from Shanghai Fuxin's five largest customers. The credit risk on the customers is limited because they are government owned companies.

Shanghai Fuxin measures loss allowances for trade receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Shanghai Fuxin's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

In respect of other receivables, Shanghai Fuxin adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

No significant collectability issues have been identified in the past. None of Shanghai Fuxin's financial assets are secured by collateral or other credit enhancements.

Shanghai Fuxin does not provide any guarantees which would expose Shanghai Fuxin to credit risk.

Further quantitative disclosures in respect of Shanghai Fuxin's exposure to credit risk arising from trade receivables are set out in note 20.

(c) Liquidity risk

In the management of liquidity risk, Shanghai Fuxin monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Shanghai Fuxin's board when the borrowings exceed certain predetermined levels of authority. Shanghai Fuxin's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institution to meet its liquidity requirements in the short and long-term.

At 31 December 2021, 2022 and 2023 and the six months ended 2024, Shanghai Fuxin had net current assets of approximately RMB20,803,000, RMB8,678,000, RMB6,194,000 and RMB12,856,000. With regards to its future capital commitments and other financing requirements, Shanghai Fuxin has unutilised banking facilities of approximately RMB28,000,000, RMB54,578,000, RMB85,447,000 and RMB95,000,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Shanghai Fuxin'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 Shanghai Fuxin can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	18,403	32,989	113,750	–	165,142	154,092
Trade payables	10,644	–	–	–	10,644	10,644
Other payables	1,653	–	–	–	1,653	1,653
	30,700	32,989	113,750	–	177,439	166,389

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	13,479	28,696	111,768	24,271	178,214	163,673
Trade payables	10,165	–	–	–	10,165	10,165
Other payables	1,452	–	–	–	1,452	1,452
	25,096	28,696	111,768	24,271	189,831	175,290

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	7,030	13,241	121,056	83,124	224,451	189,633
Trade payables	10,880	–	–	–	10,880	10,880
Other payables	1,772	–	–	–	1,772	1,772
	19,682	13,241	121,056	83,124	237,103	202,285

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	9,012	17,736	122,333	126,571	275,652	224,276
Trade payables	5,595	–	–	–	5,595	5,595
Other payables	737	–	–	–	737	737
	15,344	17,736	122,333	126,571	281,984	230,608

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Shanghai Fuxin's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans	Dividend payables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	252,312	–	252,312
Financing cash flows	(28,000)	–	(28,000)
Interest paid	(10,240)	–	(10,240)
Interest expense	10,204	–	10,204
As at 31 December 2021	224,276	–	224,276
Financing cash flows	(34,578)	–	(34,578)
Interest paid	(8,496)	–	(8,496)
Interest expense	8,431	–	8,431
As at 31 December 2022	189,633	–	189,633
Financing cash flows	(25,868)	(2,000)	(27,868)
Dividends recognised as distribution	–	2,000	2,000
Interest paid	(5,749)	–	(5,749)
Interest expense	5,657	–	5,657

	Loans	Dividend payables	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023	163,673	–	163,673
Financing cash flows	(9,553)	–	(9,553)
Interest paid	(1,856)	–	(1,856)
Interest expense	1,828	–	1,828
As at 30 June 2024	154,092	–	154,092

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shanghai Fuxin in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANGHAI HUADIAN MINHANG ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Shanghai Huadian Minhang Energy Company Limited* 上海華電閔行能源有限公司 ("Shanghai Minhang") set out on pages II-123 to II-165, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-123 to II-165 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The sole director of Shanghai Minhang is responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the sole director of Shanghai Minhang determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Shanghai Minhang is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Shanghai Minhang, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Shanghai Minhang as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cash flows of Shanghai Minhang for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Shanghai Minhang which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The sole director of Shanghai Minhang is responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-123 have been made.

Dividends

We refer to note 29(a) to the Historical Financial Information which states that no dividends have been paid or declared by Shanghai Minhang during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF SHANGHAI MINHANG

Preparation of Historical Financial Information

The financial statements of Shanghai Minhang for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Turnover	*6*	814,500	980,291	1,106,343	569,014	526,980
Operating expenses						
Fuel costs		(567,861)	(735,359)	(841,555)	(439,050)	(395,151)
Depreciation and amortisation		(78,889)	(82,889)	(89,276)	(43,290)	(45,068)
Repairs, maintenance and inspection		(55,120)	(52,035)	(67,607)	(19,223)	(26,563)
Personnel costs	*7*	(45,238)	(48,111)	(50,207)	(19,031)	(18,602)
Impairment losses on other receivables and property, plant and equipment		–	–	(3,116)	–	(833)
Research and development costs		(1,628)	(1,545)	(5,673)	–	–
Taxes and surcharges	*8*	(6,553)	(7,470)	(7,467)	(4,024)	(4,545)
Other operating expenses	*11(b)*	(12,588)	(13,681)	(14,009)	(4,719)	(3,591)
		(767,877)	(941,090)	(1,078,910)	(529,337)	(494,353)
Operating profit		46,623	39,201	27,433	39,677	32,627
Other revenue	*9*	20,394	21,048	26,836	9,883	16,839
Other net income (expenses)	*9*	2,275	(230)	(3,388)	(686)	34
Interest income from bank deposits		476	433	348	67	70
Finance costs	*10*	(31,416)	(25,616)	(19,137)	(10,169)	(8,063)
Profit before taxation	*11(a)*	38,352	34,836	32,092	38,772	41,507
Income tax (expense) credit	*14*	2,085	(965)	(4,062)	(5,102)	(9,384)
Profit and total comprehensive income for the year/period		40,437	33,871	28,030	33,670	32,123

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	1,158,379	1,137,257	1,042,253	985,443
Right-of-use assets	*17(a)*	64,448	62,126	62,324	61,163
Construction in progress	*18*	48,004	1,268	5,579	9,810
Intangible assets	*19*	1,780	1,568	1,271	1,125
Other non-current assets		–	–	–	283
Deferred tax assets	*27*	15,053	14,088	14,930	13,736
		1,287,664	1,216,307	1,126,357	1,071,560
Current assets					
Inventories	*20*	909	650	616	641
Trade receivables	*21*	87,666	108,701	124,585	96,084
Deposits, other receivables and prepayments	*22*	2,815	4,758	3,035	5,156
Tax recoverable		–	–	1,730	–
Cash and cash equivalents	*23*	11,062	8,647	8,218	40,556
		102,452	122,756	138,184	142,437
Current liabilities					
Bank loans	*24(a)*	522,835	286,659	328,474	307,025
Loans from a shareholder	*24(b)*	–	123	67	150,012
Other loans	*24(c)*	10,168	133,953	–	–
Lease liabilities	*17(b)*	676	–	758	190
Trade payables	*25*	187,339	180,788	137,136	83,193
Other payables and contract liabilities	*26*	15,546	6,256	7,230	9,681
Tax payable		–	–	–	3,874
		736,564	607,779	473,665	553,975
Net current liabilities		(634,112)	(485,023)	(335,481)	(411,538)
Total assets less current liabilities		653,552	731,284	790,876	660,022

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*24(a)*	186,465	140,799	178,926	173,926
Loans from a shareholder	*24(b)*	–	150,000	150,000	–
Other loans	*24(c)*	49,800	–	–	–
Deferred government grant	*28(a)*	59,205	50,651	42,554	38,252
Deferred income	*28(b)*	55,087	52,968	54,500	50,825
		350,557	394,418	425,980	263,003
Net assets		302,995	336,866	364,896	397,019
Capital and reserves					
Share capital	*29(b)*	295,020	295,020	295,020	295,020
Reserves	*29(c)*	7,975	41,846	69,876	101,999
Total equity		302,995	336,866	364,896	397,019

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 29(b))*	**Statutory reserves** *RMB'000 (note 29(c))*	**(Accumulated losses) retained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2021	295,020	–	(32,462)	262,558
Profit and total comprehensive income for the year	–	–	40,437	40,437
At 31 December 2021 and 1 January 2022	295,020	–	7,975	302,995
Profit and total comprehensive income for the year	–	–	33,871	33,871
Appropriation of general reserve	–	2,706	(2,706)	–
Appropriation of specific reserve	–	735	(735)	–
At 31 December 2022 and 1 January 2023	295,020	3,441	38,405	336,866
Profit and total comprehensive income for the year	–	–	28,030	28,030
Appropriation of general reserve	–	2,420	(2,420)	–
Appropriation of specific reserve	–	10,456	(10,456)	–
Utilisation of specific reserve	–	(7,477)	7,477	–
At 31 December 2023 and 1 January 2024	295,020	8,840	61,036	364,896
Profit and total comprehensive income for the period	–	–	32,123	32,123
Appropriation of specific reserve	–	5,752	(5,752)	–
Utilisation of specific reserve	–	(2,576)	2,576	–
At 30 June 2024	295,020	12,016	89,983	397,019
At 1 January 2023	295,020	3,441	38,405	336,866
Profit and total comprehensive income for the period (Unaudited)	–	–	33,670	33,670
Appropriation of specific reserve	–	5,228	(5,228)	–
At 30 June 2023 (Unaudited)	295,020	8,669	66,847	370,536

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	942,600	1,105,324	1,253,305	656,046	628,106
Cash paid to suppliers, employees and others	(798,191)	(987,101)	(1,113,380)	(566,729)	(541,743)
Cash generated from operations	144,409	118,223	139,925	89,317	86,363
Interest paid	(31,491)	(25,819)	(19,291)	(10,306)	(8,157)
PRC enterprise income tax paid	–	–	(6,634)	(1,576)	(2,586)
Net cash from operating activities	112,918	92,404	114,000	77,435	75,620
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(67,950)	(37,048)	(60,188)	(45,242)	(16,412)
Proceeds from disposal of property, plant and equipment	–	–	31	27	36
Interest received	476	433	348	67	70
Net cash used in investing activities	(67,474)	(36,615)	(59,809)	(45,148)	(16,306)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from financing activities					
Loans					
– Proceeds from loans	530,981	736,218	717,286	432,028	316,786
– Repayment of loans	(571,460)	(793,746)	(771,196)	(455,332)	(343,194)
Lease liabilities					
– Repayment of principal portion of the lease liabilities	(682)	(676)	(710)	(358)	(568)
Net cash used in financing activities	(41,161)	(58,204)	(54,620)	(23,662)	(26,976)
Net increase (decrease) in cash and cash equivalents	4,283	(2,415)	(429)	8,625	32,338
Cash and cash equivalents at beginning of the year/period	6,779	11,062	8,647	8,647	8,218
Cash and cash equivalents at end of the year/period	11,062	8,647	8,218	17,272	40,556

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF SHANGHAI MINHANG

1. GENERAL INFORMATION

Shanghai Huadian Minhang Energy Company Limited ("Shanghai Minhang") was established in Shanghai of the People's Republic of China (the "PRC") on 23 November 2011 as a limited company and the office address is Room 103, Building 6, No. 3669 Jindu Road, Minhang District, Shanghai, the PRC.

Shanghai Minhang is principally engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate and ultimate holding company of Shanghai Minhang are Fujian Huadian Furui Energy Development Co., Ltd.* 福建華電福瑞能源發展有限公司 ("Fujian Furui") and China Huadian Company Corporation* 中國華電集團有限公司 ("China Huadian") respectively, both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Shanghai Minhang.

Statutory financial statements of Shanghai Minhang for each of the three years ended 31 December 2023 have been audited by Baker Tilly China Certified Public Accountants.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going concern assumption

As at 30 June 2024, Shanghai Minhang had net current liabilities of approximately RMB411,538,000. The sole director of Shanghai Minhang is of the opinion that, taking into account the current operation of Shanghai Minhang and the unutilised banking facilities available to Shanghai Minhang, Shanghai Minhang has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Shanghai Minhang has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Shanghai Minhang has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – volume 11[2]

* *For identification purpose only*

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The sole director of Shanghai Minhang anticipates that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Shanghai Minhang.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Shanghai Minhang takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(e)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Shanghai Minhang's accounting policy.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Shanghai Minhang and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	20 – 45 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(b) Leases

As a lessee

All leases are required to be capitalised in the statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Shanghai Minhang has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Shanghai Minhang measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Building	2 years
Land use rights	50 years

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Shanghai Minhang uses its incremental borrowing rate.

Subsequent to the commencement date, Shanghai Minhang measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflects the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(c) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(e)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(d) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(e)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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	10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(e) Impairment of assets

(i) Impairment of financial assets

Shanghai Minhang recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity and heat, other receivables, restricted deposits and cash and cash equivalents. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Shanghai Minhang in accordance with the contract and all the cash flows that Shanghai Minhang expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables related to sale of electricity and heat, Shanghai Minhang applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Shanghai Minhang performs impairment assessment based on Shanghai Minhang's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Shanghai Minhang considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Shanghai Minhang's historical experience and informed credit assessment and including forward-looking information.

Shanghai Minhang assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Shanghai Minhang has reasonable and supportable information that demonstrates otherwise.

Shanghai Minhang considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Shanghai Minhang in full, without recourse by Shanghai Minhang to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Shanghai Minhang has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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;

– right-of-use assets;

– construction in progress;

– intangible assets; and

– other non-current assets.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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.

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.

(f) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(g) Trade receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Shanghai Minhang holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(e)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(h) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and cash at financial institutions and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(e)(i).

(i) Financial liabilities and equity instruments

Financial liabilities including bank loans, other loans, trade payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(j) Derecognition of financial assets or financial liabilities

Shanghai Minhang derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Shanghai Minhang retains substantially all the risks and rewards of ownership of a transferred financial asset, Shanghai Minhang continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Shanghai Minhang derecognises financial liabilities when, and only when, Shanghai Minhang's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Shanghai Minhang expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Shanghai Minhang's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Shanghai Minhang performs; or
- does not create an asset with an alternative use to Shanghai Minhang and Shanghai Minhang has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that Shanghai Minhang will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Shanghai Minhang recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Shanghai Minhang should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Shanghai Minhang with no future related costs are recognised in profit or loss in which they become receivable.

Upfront installation fees

Upfront installation fee received for connecting the customers' premises to the heat network of Shanghai Minhang is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Shanghai Minhang's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Shanghai Minhang expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Shanghai Minhang intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(m) Borrowing costs

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

(n) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Shanghai Minhang in respect of services provided by employees up to the reporting date.

(o) Related parties

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

(i) has control or joint control over Shanghai Minhang;

(ii) has signification influence over Shanghai Minhang; or

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

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

(i) The entity and Shanghai Minhang 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 Shanghai Minhang or an entity related to Shanghai Minhang.

(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 part, provides key management personnel services to Shanghai Minhang or to Shanghai Minhang'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.

(p) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the sole director of Shanghai Minhang has made in the process of applying the Shanghai Minhang's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the Historical Financial Information.

(a) Going concern basis

The Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the availability of funding from bank to enable Shanghai Minhang to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

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 twelve months.

(a) Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and construction in progress

In determining whether an asset is impaired, Shanghai Minhang has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of approximately RMB833,000 was recognised on property, plant and equipment during the six months ended 30 June 2024. Except for the above, no impairment loss was recognised on non-current assets during the Relevant Periods.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Shanghai Minhang's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Shanghai Minhang's trade and other receivables are disclosed in notes 21, 22 and 32(b).

(c) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. Shanghai Minhang reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on Shanghai Minhang's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity and heat. Major components of Shanghai Minhang's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
– Sale of electricity	682,739	835,471	926,663	476,348	443,079
– Sale of heat	131,761	144,820	179,680	92,666	83,901
	814,500	980,291	1,106,343	569,014	526,980

The revenue from sale of electricity and heat is recognised at a point in time.

Transaction price allocated to the remaining performance obligations for contracts

The contracts for sale of electricity and heat are with an original expected duration of one year or less. Accordingly, Shanghai Minhang has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

The chief operating decision maker reviews Shanghai Minhang's revenue and profit as a whole, which are determined in accordance with Shanghai Minhang's accounting policies, for resources allocation and performance assessment. Therefore, Shanghai Minhang has only one operating and reportable segment and no further segment information is presented in the financial information.

Geographical information

Shanghai Minhang's non-current assets are located in the PRC. All Shanghai Minhang's customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Shanghai Minhang is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	682,739	835,471	926,663	476,348	443,079

* Revenue from sale of electricity

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits	29,846	31,155	33,724	11,374	11,145
Retirement benefits *(note 31)*	9,003	10,147	10,782	4,649	4,446
Other staff costs	6,389	6,809	5,701	3,008	3,011
	45,238	48,111	50,207	19,031	18,602

8. TAXES AND SURCHARGES

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME (EXPENSES)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	3,644	2,773	8,257	–	6,974
Amortisation of government grants *(note 28(a))*	8,317	8,554	8,597	4,674	4,302
Revenue from upfront installation fees for heating networks *(note 28(b))*	8,180	9,097	9,484	4,857	5,326
Others	253	624	498	352	237
	20,394	21,048	26,836	9,883	16,839
Other net income (expenses)					
(Loss) gain on disposal of property, plant and equipment	(28)	4	39	14	18
Loss on written-off of property, plant and equipment	–	–	(3,120)	(724)	–
Net income from sale of materials	2,303	–	24	24	16
Others	–	(234)	(331)	–	–
	2,275	(230)	(3,388)	(686)	34

Note: Government grants mainly represent refund of value-added tax. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interests on loans	31,368	25,551	19,091	10,149	8,052
Interest on lease liabilities	40	62	43	19	9
Other finance costs	8	3	3	1	2
	31,416	25,616	19,137	10,169	8,063

11. PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Amortisation					
– Intangible assets	307	298	297	148	146
Depreciation					
– Property, plant and equipment	76,374	80,269	87,709	41,982	43,761
– Right-of-use assets	2,208	2,322	1,270	1,160	1,161
Total depreciation and amortisation	78,889	82,889	89,276	43,290	45,068
Auditor's remuneration					
– Audit services	33	33	33	–	–
– Non-audit services	97	123	–	–	–
Impairment losses under expected credit loss model, net					
– Other receivables	–	–	3,116	–	–
Impairment losses on property, plant and equipment	–	–	–	–	833

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Power charges	40	272	119	50	66
Water charges	1,913	1,609	1,497	908	164
Others	10,635	11,800	12,393	3,761	3,361
Total other operating expenses	12,588	13,681	14,009	4,719	3,591

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2024

	Salaries, allowances and benefits in kind	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*
Directors			
Fang Yong *(Note i)*	99	10	109
Hua Yudong *(Note ii)*	198	21	219
Supervisors			
Zhu Fenge *(Note iii)*	–	–	–
Dai Yuanrong *(Note iv)*	–	–	–
	297	31	328

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind	Retirement benefits	Total
	RMB'000	*RMB'000*	*RMB'000*
Director			
Fang Yong *(Note i)*	295	25	320
Supervisor			
Zhu Fenge *(Note iii)*	–	–	–
	295	25	320

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Director			
Fang Yong *(Note i)*	769	56	825
Supervisor			
Zhu Fenge *(Note iii)*	–	–	–
	769	56	825

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Director			
Fang Yong *(Note i)*	750	60	810
Supervisor			
Zhu Fenge *(Note iii)*	–	–	–
	750	60	810

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Director			
Fang Yong *(Note i)*	794	58	852
Supervisor			
Zhu Fenge *(Note iii)*	–	–	–
	794	58	852

Notes:

(i) Mr. Fang Yong resigned as a director in January 2024.

(ii) Mr. Hua Yudong was appointed as a director in January 2024.

(iii) Ms. Zhu Fenge resigned as a supervisor in March 2024.

(iv) Mr. Dai Yuanrong was appointed as a supervisor in March 2024.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Shanghai Minhang during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included one, one, one, one (unaudited) and one director respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining four, four, four, four (unaudited) and four highest paid employees who are not a director or supervisor of Shanghai Minhang are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	2,484	2,395	2,208	898	999
Retirement benefits	162	183	163	82	92
	2,646	2,578	2,371	980	1,091

The number of the highest paid employees who are not the director or supervisor of Shanghai Minhang whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals*	*Number of Individuals*
				(Unaudited)	
Nil-Hong Kong Dollars ("HK$") 1,000,000	4	4	4	4	4

14. INCOME TAX IN THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax – PRC Enterprise Income Tax					
Charge for the year	–	–	4,904	5,102	8,190
Deferred tax					
Origination and reversal of temporary differences and tax losses	(2,085)	965	(842)	–	1,194
Income tax expenses (credit) for the year/period	(2,085)	965	4,062	5,102	9,384

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	38,352	34,836	32,092	38,772	41,507
Notional PRC enterprise income tax at statutory tax rate of 25% *(Note i)*	9,588	8,709	8,023	9,693	10,377
Tax effect of non-deductible expenses	395	378	452	–	98
Tax effect of non-taxable income	(6,717)	–	–	–	–
Tax effect of super deduction on research and development cost *(Note ii)*	(305)	(291)	(1,418)	–	–
Utilisation of tax losses previously not recognised	(4,088)	(9,428)	(1,000)	(1,000)	–
Others	(958)	1,597	(1,995)	(3,591)	(1,091)
	(2,085)	965	4,062	5,102	9,384

Notes:

(i) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 on the estimated assessable profit for the year determined in accordance with relevant enterprise income tax rules and regulations.

(ii) Shanghai Minhang was entitled 75%, 75% and 100% additional tax deduction of research and development cost incurred during the years ended 31 December 2021, 2022 and 2023 respectively according to relevant PRC tax regulations.

15. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators machinery and equipment	Motor vehicles, furniture, fixtures, equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
At 1 January 2021	155,626	1,210,352	3,967	1,369,945
Transferred from construction in progress *(note 18)*	–	147,105	167	147,272
Disposals/write-offs	–	(285)	(54)	(339)
At 31 December 2021 and 1 January 2022	155,626	1,357,172	4,080	1,516,878
Additions	–	–	213	213
Transferred from construction in progress *(note 18)*	–	58,530	419	58,949
Disposals/write-offs	–	(228)	(463)	(691)

	Buildings *RMB'000*	Generators machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
At 31 December 2022 and 1 January 2023	155,626	1,415,474	4,249	1,575,349
Additions	–	2,789	368	3,157
Transferred from construction in progress *(note 18)*	–	17,441	–	17,441
Disposals/write-offs	–	(29,936)	(457)	(30,393)
At 31 December 2023 and 1 January 2024	155,626	1,405,768	4,160	1,565,554
Additions	–	71	178	249
Disposals/write-offs	–	(12,465)	–	(12,465)
At 30 June 2024	155,626	1,393,374	4,338	1,553,338
Accumulated depreciation and impairment				
At 1 January 2021	27,798	252,019	2,615	282,432
Charge for the year	4,946	71,083	345	76,374
Written back on disposals/write-offs	–	(257)	(50)	(307)
At 31 December 2021 and 1 January 2022	32,744	322,845	2,910	358,499
Charge for the year	4,946	75,029	294	80,269
Written back on disposals/write-offs	–	(228)	(448)	(676)
At 31 December 2022 and 1 January 2023	37,690	397,646	2,756	438,092
Charge for the year	4,863	82,744	102	87,709
Written back on disposals/write-offs	–	(2,056)	(444)	(2,500)
At 31 December 2023 and 1 January 2024	42,553	478,334	2,414	523,301
Charge for the period	2,173	41,494	94	43,761
Impairment loss *(note i)*	–	833	–	833
At 30 June 2024	44,726	520,661	2,508	567,895
Net book value				
At 30 June 2024	110,900	872,713	1,830	985,443
At 31 December 2023	113,073	927,434	1,746	1,042,253
At 31 December 2022	117,936	1,017,828	1,493	1,137,257
At 31 December 2021	122,882	1,034,327	1,170	1,158,379

Notes:

(i) During the six months ended 30 June 2024, the management conducted impairment reviews on the recoverable amounts of certain idle machinery and equipment with carrying amount of approximately RMB833,000. As a result, impairment losses of approximately RMB833,000 have been recognised in profit or loss.

(ii) Shanghai Minhang is still in a process of obtaining the certificate of ownership for building with the carrying amount of RMB83,769,000, RMB81,340,000, RMB78,909,000 and RMB77,694,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. In the opinion of the sole director, based on the advice from Shanghai Minhang's external legal adviser, the absence of the building certificate does not impair its carrying value to Shanghai Minhang.

17. LEASE

As a lessee

Shanghai Minhang has lease contracts for various items of buildings and land use rights that were used in its operations. Leases of buildings generally have lease terms of 2 years, while land use rights generally have lease terms of 50 years. Generally, Shanghai Minhang is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

(i) The carrying amounts of Shanghai Minhang's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	736	–	734	367
Land use rights	63,712	62,126	61,590	60,796
	64,448	62,126	62,324	61,163

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, additions to right-of-use assets due to new lease of buildings are amounted to RMB1,358,000, nil, RMB1,468,000 and nil respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	622	736	734	367
Land use rights	1,586	1,586	536	794
	2,208	2,322	1,270	1,161

(b) Lease liabilities

Amounts payable under lease liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	676	–	758	190
Analysed into:				
Current portion	676	–	758	190

The weighted average incremental borrowing rate applied to lease liabilities is 3.85%. The total cash outflow for leases for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 was RMB722,000, RMB738,000, RMB753,000, RMB377,000 and RMB577,000.

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of reporting period	74,378	48,004	1,268	5,579
Additions	120,898	12,213	21,752	4,231
Transferred to property, plant and equipment *(note 16)*	(147,272)	(58,949)	(17,441)	–
At the end of reporting period	48,004	1,268	5,579	9,810

19. INTANGIBLE ASSETS

	Software
	RMB'000
Cost	
At 1 January 2021	3,050
Additions	25
At 31 December 2021 and 1 January 2022	3,075
Additions	86
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	3,161
Accumulated amortisation	
At 1 January 2021	988
Charge for the year	307
At 31 December 2021 and 1 January 2022	1,295
Charge for the year	298

	Software *RMB'000*
At 31 December 2022 and 1 January 2023	1,593
Charge for the year	297
At 31 December 2023 and 1 January 2024	1,890
Charge for the year	146
At 30 June 2024	2,036
Net book value	
At 30 June 2024	1,125
At 31 December 2023	1,271
At 31 December 2022	1,568
At 31 December 2021	1,780

Intangible assets represent software which is amortised on a straight-line basis over ten years.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB307,000, RMB298,000, RMB297,000, RMB148,000 (unaudited) and RMB146,000 respectively are included in "Depreciation and amortisation" in the statements of profit or loss and other comprehensive income.

20. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	909	650	616	641

All of the inventories for future usage and sales are expected to be utilised within one year.

21. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables for the sale of electricity	71,229	87,157	104,182	81,750
Trade receivables for the sale of heat	16,437	21,544	20,403	14,334
	87,666	108,701	124,585	96,084

(a) Ageing analysis

Shanghai Minhang allows a general credit period of 30 to 90 days to its customers. At the end of each reporting period, the ageing analysis of trade receivables presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	87,666	108,701	124,585	96,084

(b) Impairment of trade receivables

Shanghai Minhang has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Shanghai Minhang determines the ECL on these items on a collective basis.

The expected credit loss rates for trade receivables are minimal. At the end of each reporting period, ECLs of trade receivables of Shanghai Minhang was nil. Shanghai Minhang does not hold any collateral over these balances.

The information about the ECLs on Shanghai Minhang's trade receivables are disclosed in note 32(b).

22. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	162	94	115	109
– Machinery and equipment related receivables	868	825	100	1,800
– Other receivables	325	–	4,146	4,208
	1,355	919	4,361	6,117
Less: allowance for impairment *(Note)*	–	–	(3,116)	(3,116)
	1,355	919	1,245	3,001
Prepayments	1,460	3,829	1,782	2,147
Others	–	10	8	8
	2,815	4,758	3,035	5,156

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Shanghai Minhang. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, ECLs of other receivables of Shanghai Minhang amounted to approximately nil, nil, RMB3 million and RMB3 million respectively. The information about the ECLs on Shanghai Minhang's deposits and other receivables are disclosed in note 32(b).

23. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	73	85	31	55
Cash at financial institutions	10,989	8,562	8,187	40,501
	11,062	8,647	8,218	40,556

24. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	417,479	286,533	328,461	302,010
– current portion of long-term bank loans	105,356	126	13	5,015
	522,835	286,659	328,474	307,025
After 1 year but within 2 years	–	–	79,926	173,926
After 2 years but within 5 years	78,750	59,927	99,000	–
After 5 years	107,715	80,872	–	–
	186,465	140,799	178,926	173,926
	709,300	427,458	507,400	480,951

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured and denominated in RMB. None of the bank loans contain financial covenants.

Details of interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates ranging from 2021: 3.45% to 3.70% per annum with maturities up to 2022; 2022: 2.70% to 3.38% per annum with maturities up to 2023; 2023: 2.20% to 2.30% per annum with maturities up to 2024; 2024: 2.20% to 2.30% per annum with maturities up to 2025	417,479	286,533	328,461	302,010
Floating interest rates ranging from 2021: 3.99% to 4.05% per annum with maturities up to 2030; 2022: 2.60% to 3.15% per annum with maturities up to 2028; 2023: 2.60% per annum with maturities up to 2026; 2024: 2.40% to 2.69% per annum with maturities up to 2026	291,821	140,925	178,939	178,941
	709,300	427,458	507,400	480,951

(b) Loans from a shareholder

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short term loans from a shareholder	–	123	67	150,012
After 1 year but within 2 years	–	–	150,000	–
After 2 years but within 5 years	–	150,000	–	–
	–	150,000	150,000	–
	–	150,123	150,067	150,012

All of the loans from a shareholder are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from a shareholder are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian				
Fixed interest rates of 2.69% per annum with maturities up to 2025	–	150,123	150,067	150,012

(c) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term other loans	10,011	84,097	–	–
– current portion of long-term other loans	157	49,856	–	–
	10,168	133,953	–	–
After 1 year but within 2 years	49,800	–	–	–
	59,968	133,953	–	–

Other loans are mainly borrowed from China Huadian Finance, a fellow subsidiary of Shanghai Minhang. Other loans bear interest rates ranging from 2.85% to 3.75% per annum, as at 31 December 2021 and 2022 respectively, with maturities from 2022 to 2023.

All of the other loans are unsecured and denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance				
Floating interest rates ranging from 2.85% to 3.75% per annum with maturities up to 2023	59,968	133,953	–	–

25. TRADE PAYABLES

As at the end of each reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	161,330	129,942	109,940	58,623
1 to 2 years	4,481	30,115	2,940	6,283
Over 2 years	21,528	20,731	24,256	18,287
	187,339	180,788	137,136	83,193

26. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	3,952	3,475	1,764	1,570
– Others *(Note (i))*	868	1,426	1,931	1,141
	4,820	4,901	3,695	2,711
Other tax payables	10,641	1,270	3,082	3,778
Contract liabilities	85	85	453	3,192
	15,546	6,256	7,230	9,681

Notes:

(i) Others mainly include payables on service fees and other miscellaneous items.

(ii) All of the other payables of Shanghai Minhang are expected to be settled within one year or are repayable on demand.

Contract liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from:				
Sale of heat	–	–	368	3,107
Others	85	85	85	85
	85	85	453	3,192

Contract liabilities mainly relate to the deposits received from customers for sale of heat and others. Shanghai Minhang expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

Revenue recognised during the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB119,000, nil, nil and RMB368,000 respectively. There was no revenue recognised in each of the reporting period that related to performance obligations that were satisfied in a prior year.

27. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax assets (liabilities) recognised in the statements of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	Credited/ (charged) to profit or loss	At 31 December 2021 and 1 January 2022	Credited/ (charged) to profit or loss	At 31 December 2022 and 1 January 2023	Credited/ (charged) to profit or loss	At 31 December 2023 and 1 January 2024	Credited/ (charged) to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of assets	–	–	–	–	–	779	779	–	779
Right-of-use assets	–	(184)	(184)	184	–	(184)	(184)	92	(92)
Lease liabilities	–	169	169	(169)	–	190	190	(143)	47
Deferred income and deferred government grants	12,968	2,100	15,068	(980)	14,088	57	14,145	(1,143)	13,002
	12,968	2,085	15,053	(965)	14,088	842	14,930	(1,194)	13,736

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Minhang has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB41,713,000, RMB4,002,000, nil and nil respectively due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2021	20,430	15	–	–
2022	17,296	3,987	–	–
2023	3,987	–	–	–
	41,713	4,002	–	–

28. DEFERRED GOVERNMENT GRANT/DEFERRED INCOME

(a) Deferred government grants

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of reporting period	64,668	59,205	50,651	42,554
Additions	2,854	–	500	–
Recognised to profit and loss	(8,317)	(8,554)	(8,597)	(4,302)
At the end of reporting period	59,205	50,651	42,554	38,252

Deferred income recognised in the statements of financial position arises from the government grants received. The government grants were provided by local government for the purposes of providing support for certain construction projects. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant plant and machineries.

(b) Deferred income

Deferred income represents the unearned portion of upfront installation fees received for connecting the customers' premises to the heat network of Shanghai Minhang. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB8 million, RMB9 million, RMB9 million, RMB5 million (unaudited) and RMB5 million respectively are included in "Other revenue" in the statements of profit or loss and other comprehensive income (note 9).

29. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was paid or proposed during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Shanghai Minhang's registered and fully paid up capital is tabled below.

	Registered capital and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and end of year/period	295,020	295,020	295,020	295,020

(c) Reserves

(i) Statutory surplus reserve

General reserve

According to Shanghai Minhang's Articles of Association, Shanghai Minhang is required to transfer at least 10% (at the discretion of the sole director) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Shanghai Minhang is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Shanghai Minhang's Articles of Association, the retained profits available for distribution are the amount as determined under PRC accounting rules and regulations.

(e) Capital management

Shanghai Minhang's capital management objectives are:

- to ensure Shanghai Minhang's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital.

In order to maintain and improve the capital structure, Shanghai Minhang may adjust the amount of dividends paid to shareholders and return capital to shareholders to reduce its liabilities to assets ratio.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Shanghai Minhang are as follows:

Name of related parties	Nature of relationship
China Huadian	Ultimate holding company of Shanghai Minhang
Fujian Furui	Immediate holding company of Shanghai Minhang
China Huadian Advanced Training Centre	A fellow subsidiary of Shanghai Minhang
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Capital Holdings Company Limited	A fellow subsidiary of Shanghai Minhang
China Huadian Finance	A fellow subsidiary of Shanghai Minhang
Huadian Tibet Energy Company Limited	A fellow subsidiary of Shanghai Minhang
China Huadian Group Carbon Assets Operation Company Limited	A fellow subsidiary of Shanghai Minhang
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of Shanghai Minhang

Note: Shanghai Minhang had the following material transactions with related parties during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Purchase of construction service and equipment from					
Fellow subsidiaries	–	5,814	–	–	–
Loans proceeds obtained from					
China Huadian	–	150,000	–	–	–
A fellow subsidiary	90,000	240,000	249,620	149,620	180,000
Loans repaid to					
Fellow Subsidiaries	180,100	166,100	383,420	193,620	180,000
Interest expenses to					
China Huadian	–	3,049	4,091	2,746	2,051
A fellow subsidiary	2,098	4,340	1,948	1,332	209
Interest income from					
A fellow subsidiary	476	387	93	63	28
Other service expenses paid to					
China Huadian	–	1,951	1,942	536	822
Fellow subsidiaries	42,636	28,938	35,821	6,865	18,770

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction in progress – construction and construction material prepayments				
Fujian Furui	155	848	1,453	1,624
Deposits, other receivables and prepayments				
Fellow subsidiaries	68	71	–	–
Cash and cash equivalents				
A fellow subsidiary	10,989	8,562	8,187	40,501
Loans from a shareholder				
China Huadian	–	(150,123)	(150,067)	(150,012)

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other loans				
A fellow subsidiary	(59,968)	(133,953)	–	–
Trade payables				
Fellow subsidiaries	(41,139)	(43,894)	(47,393)	(26,259)
Other payables				
Fellow subsidiaries	(210)	(221)	(114)	(114)
Contract liabilities				
Fellow subsidiaries	–	–	(30)	(118)

(b) Transactions with key management personnel

Remuneration for key management personnel of Shanghai Minhang, including amounts paid to Shanghai Minhang's sole director and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and other emoluments	3,278	3,145	2,977	1,193	1,296
Retirement benefits	220	243	219	107	123
	3,498	3,388	3,196	1,300	1,419

Total remuneration is included in "personnel costs" (see note 7).

(c) Contributions to defined contribution retirement plans

Shanghai Minhang participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Shanghai Minhang ("other government-related entities"). The majority of the business activities of Shanghai Minhang are conducted with other government-related entities.

The transactions between Shanghai Minhang and other government-related entities are conducted in the ordinary course of Shanghai Minhang's business within normal business operations. Shanghai Minhang has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Shanghai Minhang's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the financial information, the sole director believes that the following transactions are collectively significant for disclosure purpose:

- ***sale of electricity to the grid***

  Shanghai Minhang sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, management estimates that the aggregate amount of Shanghai Minhang's significant transactions with other government-related entities are at least 99%, 99%, 99%, 99% and 99% of its sale of electricity.

- ***depositing and borrowing***

  Shanghai Minhang deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- ***other transactions***

  Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

31. RETIREMENT PLANS

Shanghai Minhang is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Shanghai Minhang participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Shanghai Minhang has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Shanghai Minhang to reduce the existing level of contribution.

Shanghai Minhang's contribution to these plans amounted to approximately RMB9 million, RMB10 million, RMB11 million, RMB5 million (unaudited) and RMB4 million during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 which was charged to the statements of profit or loss and other comprehensive income (note 7).

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables	87,666	108,701	124,585	96,084
– Other receivables	1,355	919	1,245	3,001
– Cash and cash equivalents	11,062	8,647	8,218	40,556
	100,083	118,267	134,048	139,641
Financial liabilities				
At amortised cost	961,427	897,223	798,298	716,867

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Shanghai Minhang's business.

Shanghai Minhang's exposure to these risks and the financial risk management policies and practices used by Shanghai Minhang to manage these risks are described below.

(a) Interest rate risk

Shanghai Minhang is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 24). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 0%, 21%, 23% and 24% of total borrowings of Shanghai Minhang respectively. Shanghai Minhang historically has not used any financial instruments to hedge potential fluctuation in interest rate.

Shanghai Minhang is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 23 and 24 for details). Shanghai Minhang's cash flow interest rate risk is mainly concentrated on the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

Sensitivity analysis

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Shanghai Minhang's profit after tax and decreased Shanghai Minhang's total equity by approximately RMB5,770,000, RMB4,212,000, RMB3,806,000 and RMB4,732,000 respectively.

The sensitivity analysis above indicates Shanghai Minhang's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by Shanghai Minhang at the end of the reporting period. The impact on Shanghai Minhang's profit after tax and equity is estimated as an annualised impact on interest expense of such a change in interest rates.

(b) Credit risk

Shanghai Minhang's credit risk is primarily attributable to trade receivables, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade debtors are due within 30 to 90 days from the date of billing.

Shanghai Minhang's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Shanghai Minhang has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 80%, 80%, 84%, and 84% of the total trade receivables respectively were due from Shanghai Minhang's largest customer and 89%, 88%, 90% and 92% of the total trade receivables respectively were due from Shanghai Minhang's five largest customers.

For cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the Relevant Periods and the six months ended 30 June 2024 was limited to 12-month ECLs.

Shanghai Minhang measures loss allowances for trade receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Shanghai Minhang's view of economic conditions over the expected lives of the receivables. After considering the historical loss patterns, the management considers that the impairment loss provided is adequate. No further impairment for trade receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

In respect of other receivables, Shanghai Minhang adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. Loss allowance in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the Relevant Period is as follows:

Loss allowance	12-month ECLs (Stage 1) *RMB'000*	Lifetime ECL, non-credit impaired (Stage 2) *RMB'000*	Lifetime ECL, credit-impaired (Stage 3) *RMB'000*	Total *RMB'000*
At 1 January 2023	–	–	–	–
Impairment loss recognised	–	–	3,116	3,116
At 31 December 2023 and 30 June 2024	–	–	3,116	3,116

No impairment for other receivables is made as at 31 December 2021 and 2022, as the amount of impairment measured under ECLs model is considered insignificant.

Shanghai Minhang does not provide any guarantees which would expose Shanghai Minhang to credit risk.

Further quantitative disclosures in respect of Shanghai Minhang's exposure to credit risk arising from trade receivables are set out in note 21.

(c) Liquidity risk

In the management of liquidity risk, Shanghai Minhang monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Shanghai Minhang's sole director when the borrowings exceed certain predetermined levels of authority. Shanghai Minhang's policy is to regularly monitor its liquidity requirements 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 long-term.

At 30 June 2024, Shanghai Minhang had net current liabilities of approximately RMB411,538,000. With regards to its future financing requirements, Shanghai Minhang has unutilised banking facilities of approximately RMB424,371,000 as at 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Shanghai Minhang's non-derivative 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 Shanghai Minhang can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying Amount *RMB'000*
Bank loans	314,326	176,263	–	–	490,589	480,951
Loans from a shareholder	152,912	–	–	–	152,912	150,012
Trade payables	83,193	–	–	–	83,193	83,193
Lease liabilities	192	–	–	–	192	190
Other payables	2,711	–	–	–	2,711	2,711
	553,334	176,263	–	–	729,597	717,057

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	336,869	84,058	99,652	–	520,579	507,400
Loans from a shareholder	4,102	150,873	–	–	154,975	150,067
Trade payables	137,136	–	–	–	137,136	137,136
Lease liabilities	769	–	–	–	769	758
Other payables	3,695	–	–	–	3,695	3,695
	482,571	234,931	99,652	–	817,154	799,056

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	292,738	4,106	68,934	80,887	446,665	427,458
Loans from a shareholder	4,158	4,035	150,873	–	159,066	150,123
Other loans	137,077	–	–	–	137,077	133,953
Trade payables	180,788	–	–	–	180,788	180,788
Other payables	4,901	–	–	–	4,901	4,901
	619,662	8,141	219,807	80,887	928,497	897,223

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	541,444	7,452	94,735	114,426	758,057	709,300
Other loans	12,299	51,560	–	–	63,859	59,968
Trade payables	187,339	–	–	–	187,339	187,339
Lease liabilities	686	–	–	–	686	676
Other payables	4,820	–	–	–	4,820	4,820
	746,588	59,012	94,735	114,426	1,014,761	962,103

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the sole director considers that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

	31 December						30 June	
	2021		2022		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	–	–	150,123	145,546	150,067	145,453	150,012	148,396

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Shanghai Minhang.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Shanghai Minhang's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	809,831	–	809,831
Financing cash flows	(40,479)	(682)	(41,161)
New leases	–	1,358	1,358
Interest paid	(31,451)	(40)	(31,491)
Interest expense	31,368	40	31,408
As at 31 December 2021	769,268	676	769,944
Financing cash flows	(57,528)	(676)	(58,204)
Interest paid	(25,757)	(62)	(25,819)
Interest expense	25,551	62	25,613
As at 31 December 2022	711,534	–	711,534
Financing cash flows	(53,910)	(710)	(54,620)
New leases	–	1,468	1,468
Interest paid	(19,248)	(43)	(19,291)
Interest expense	19,091	43	19,134
As at 31 December 2023	657,467	758	658,225
Financing cash flows	(26,408)	(568)	(26,976)
Interest paid	(8,148)	(9)	(8,157)
Interest expense	8,052	9	8,061
As at 30 June 2024	630,963	190	631,153

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Shanghai Minhang in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUANGZHOU UNIVERSITY CITY HUADIAN NEW ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Guangzhou University City Huadian New Energy Company Limited* 廣州大學城華電新能源有限公司 ("Guangzhou University City") set out on pages II-169 to II-213, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-169 to II-213 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Guangzhou University City are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Guangzhou University City determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Guangzhou University City is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Guangzhou University City, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Guangzhou University City as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cash flows of Guangzhou University City for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Guangzhou University City which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Guangzhou University City are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-169 have been made.

Dividends

We refer to note 28(a) to the Historical Financial Information which contains information about dividend declared or paid by Guangzhou University City during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF GUANGZHOU UNIVERSITY CITY

Preparation of Historical Financial Information

The financial statements of Guangzhou University City for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountant (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Turnover	6	445,212	392,160	502,233	303,169	249,657
Operating expenses						
Fuel costs		(271,836)	(194,539)	(258,846)	(170,599)	(118,123)
Depreciation and amortisation		(61,983)	(61,001)	(63,123)	(30,846)	(30,005)
Repairs, maintenance and inspection		(34,609)	(45,352)	(58,430)	(18,661)	(23,317)
Personnel costs	7	(25,827)	(25,940)	(29,450)	(10,605)	(10,831)
Impairment loss on property, plant and equipment		–	–	(49,500)	–	–
Taxes and surcharges	8	(3,529)	(4,806)	(5,255)	(3,488)	(2,598)
Other operating expenses	11(b)	(14,412)	(18,221)	(33,305)	(7,159)	(10,804)
		(412,196)	(349,859)	(497,909)	(241,358)	(195,678)
Operating profit		33,016	42,301	4,324	61,811	53,979
Other revenue	9	20,025	13,245	7,529	4,264	2,696
Other net income (loss)	9	33	18	208	(116)	67
Interest income from bank deposits		420	510	91	59	20
Finance costs	10	(12,720)	(11,346)	(7,755)	(4,268)	(2,971)
Profit before taxation	11(a)	40,774	44,728	4,397	61,750	53,791
Income tax expense	14	(7,866)	(11,013)	(1,836)	(14,866)	(8,226)
Profit and total comprehensive income for the year		32,908	33,715	2,561	46,884	45,565

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	717,616	667,011	544,085	516,678
Right-of-use assets	*17(a)*	33,267	32,438	32,685	32,188
Construction in progress	*18*	10,903	19,860	17,896	15,504
Intangible assets	*19*	2,131	2,166	3,904	3,629
Deferred tax assets	*27*	1,651	1,646	13,336	13,310
		765,568	723,121	611,906	581,309
Current assets					
Inventories	*20*	1,586	3,858	4,519	3,598
Trade receivables	*21*	45,614	46,567	29,559	57,288
Deposits, other receivables and prepayments	*22*	30,766	10,437	7,600	16,429
Tax recoverable		–	–	4,562	–
Cash and cash equivalents	*23*	23,457	23,059	15,801	32,208
		101,423	83,921	62,041	109,523
Current liabilities					
Bank loans	*24(a)*	245	178	138	113
Loans from shareholders	*24(b)*	7,872	8,202	8,546	8,725
Other loans	*24(c)*	56	55	–	–
Lease liabilities	*17(b)*	120	125	132	135
Trade payables	*25*	98,009	95,416	64,682	46,898
Other payables	*26*	28,805	21,389	18,130	23,326
Tax payable		6,836	1,241	–	4,192
		141,943	126,606	91,628	83,389
Net current (liabilities) assets		(40,520)	(42,685)	(29,587)	26,134
Total assets less current liabilities		725,048	680,436	582,319	607,443

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*24(a)*	211,000	171,000	156,000	140,000
Loans from shareholders	*24(b)*	51,103	42,901	34,355	29,903
Other loans	*24(c)*	49,000	48,000	–	–
Lease liabilities	*17(b)*	851	726	594	605
Other non-current liabilities		2,730	2,730	2,730	2,730
		314,684	265,357	193,679	173,238
Net assets		410,364	415,079	388,640	434,205
Capital and reserves					
Share capital	*28(b)*	294,360	294,360	294,360	294,360
Reserves	*28(c)*	116,004	120,719	94,280	139,845
Total equity		410,364	415,079	388,640	434,205

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 28(b))*	Statutory reserves *RMB'000 (note 28(c))*	Discretionary surplus reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2021	294,360	42,612	1,500	73,984	412,456
Profit and other comprehensive income for the year	–	–	–	32,908	32,908
Dividends recognised as distribution	–	–	–	(35,000)	(35,000)
Appropriation of general reserve	–	3,291	–	(3,291)	–
At 31 December 2021 and 1 January 2022	294,360	45,903	1,500	68,601	410,364
Profit and other comprehensive income for the year	–	–	–	33,715	33,715
Dividends recognised as distribution	–	–	–	(29,000)	(29,000)
Appropriation of general reserve	–	3,231	–	(3,231)	–
Appropriation of specific reserve	–	425	–	(425)	–
At 31 December 2022 and 1 January 2023	294,360	49,559	1,500	69,660	415,079
Profit and other comprehensive income for the year	–	–	–	2,561	2,561
Dividends recognised as distribution	–	–	–	(29,000)	(29,000)
Appropriation of general reserve	–	374	–	(374)	–
Appropriation of specific reserve	–	4,571	–	(4,571)	–
Utilisation of specific reserve	–	(4,986)	–	4,986	–

	Share capital *RMB'000* *(note 28(b))*	Statutory reserves *RMB'000* *(note 28(c))*	Discretionary surplus reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 31 December 2023 and 1 January 2024	294,360	49,518	1,500	43,262	388,640
Profit and other comprehensive income for the period	–	–	–	45,565	45,565
Appropriation of specific reserve	–	2,836	–	(2,836)	–
At 30 June 2024	294,360	52,354	1,500	85,991	434,205
At 1 January 2023	294,360	49,559	1,500	69,660	415,079
Profit and other comprehensive income for the period (Unaudited)	–	–	–	46,884	46,884
Appropriation of specific reserve	–	2,286	–	(2,286)	–
At 30 June 2023 (Unaudited)	294,360	51,845	1,500	114,258	461,963

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	505,328	473,694	615,043	320,089	261,591
Cash paid to suppliers, employees and others	(384,915)	(331,687)	(456,201)	(232,200)	(209,994)
Cash generated from operations	120,413	142,007	158,842	87,889	51,597
Interest paid	(12,821)	(11,951)	(7,616)	(4,421)	(2,026)
PRC enterprise income tax (paid) refunded	(3,628)	(16,603)	(19,329)	(12,515)	554
Net cash from operating activities	103,964	113,453	131,897	70,953	50,125
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, right-of-use assets, construction in progress and intangible assets	(79,747)	(37,071)	(38,725)	(13,889)	(12,566)
Proceeds from disposal of property, plant and equipment	–	57	–	–	–
Interest received	420	510	91	59	20
Net cash used in investing activities	(79,327)	(36,504)	(38,634)	(13,830)	(12,546)
Cash flows from financing activities					
Loans					
– Proceeds from loans	44,000	–	–	–	20,000
– Repayment of loans	(46,556)	(48,213)	(71,381)	(52,101)	(41,172)
Lease liabilities					
– Repayment of principal portion of the lease liabilities	(117)	(134)	(140)	–	–
Dividends distribution	(35,000)	(29,000)	(29,000)	–	–

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Net cash used in financing activities	(37,673)	(77,347)	(100,521)	(52,101)	(21,172)
Net (decrease) increase in cash and cash equivalents	(13,036)	(398)	(7,258)	5,022	16,407
Cash and cash equivalents at beginning of the year/period	36,493	23,457	23,059	23,059	15,801
Cash and cash equivalents at end of the year/period	23,457	23,059	15,801	28,081	32,208

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF GUANGZHOU UNIVERSITY CITY

1. GENERAL INFORMATION

Guangzhou University City Huadian New Energy Company Limited ("Guangzhou University City") was established in Guangdong province of the People's Republic of China (the "PRC") on 8 February 2008 as a limited company and the office address is No. 258, Xingnan Road, Nancun Town, Panyu District, Guangzhou, Guangdong, the PRC.

Guangzhou University City is principally engaged in the investment, development, operation and management of thermal power plant projects. It main product is electric power.

Its immediate and ultimate holding company of Guangzhou University City are Fujian Huadian Furui Energy Development Company Limited* 福建華電福瑞能源發展有限公司 ("Huadian Furui") and China Huadian Corporation Limited* 中國華電集團有限公司 ("China Huadian") respectively, both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Guangzhou University City.

Statutory financial statements of Guangzhou University City for each of the years ended 31 December 2021 and 2022 have been audited by WUYIGE Certified Public Accountants (LLP). Statutory financial statement for the year ended 31 December 2023 have been audited by Pan-China Certified Public Accountants.

* *For identification purpose only*

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Guangzhou University City has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Guangzhou University City has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – volume 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors of Guangzhou University City anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Guangzhou University City.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Guangzhou University City takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(e)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Guangzhou University City's accounting policy.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Guangzhou University City and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	20 - 45 years
Generators, machinery and equipment	5 - 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 - 10 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.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(e)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(e)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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	10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(d) Leases

As a lessee

All leases are required to be capitalised in the statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Guangzhou University City has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Guangzhou University City measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Generators, machinery and equipment	10 years
Land use rights	50 years

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Guangzhou University City uses Guangzhou University City's incremental borrowing rate.

Subsequent to the commencement date, Guangzhou University City measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflects the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(iii) Sale and leaseback transaction

Guangzhou University City as a seller-lessee

Guangzhou University City applies the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to assess whether sale and leaseback transaction constitutes a sale by Guangzhou University City as a seller lessee. For a transfer that does not satisfy the requirements as a sale, Guangzhou University City accounts for the transfer proceeds as borrowings within the scope of IFRS 9 Financial Instruments ("IFRS 9").

(e) Impairment of assets

(i) Impairment of financial assets

Guangzhou University City recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity and heat, other receivables, cash and cash equivalents and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Guangzhou University City in accordance with the contract and all the cash flows that Guangzhou University City expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables related to sale of electricity and heat, Guangzhou University City applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Guangzhou University City performs impairment assessment based on Guangzhou University City's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Guangzhou University City considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Guangzhou University City's historical experience and informed credit assessment and including forward-looking information.

Guangzhou University City assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Guangzhou University City has reasonable and supportable information that demonstrates otherwise.

Guangzhou University City considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Guangzhou University City in full, without recourse by Guangzhou University City to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Guangzhou University City has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit- impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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;

– right-of-use assets;

– construction in progress; and

– intangible assets.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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.

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.

(f) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(g) Trade receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Guangzhou University City holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(e)(i)).

(h) Cash and cash equivalents

Cash and cash equivalents comprise of cash at financial institutions, and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(e)(i).

(i) Financial liabilities

Financial liabilities including bank loans, other loans, trade payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(j) Derecognition of financial assets or financial liabilities

Guangzhou University City derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Guangzhou University City retains substantially all the risks and rewards of ownership of a transferred financial asset, Guangzhou University City continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Guangzhou University City derecognises financial liabilities when, and only when, Guangzhou University City's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Guangzhou University City expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Guangzhou University City's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Guangzhou University City performs; or
- does not create an asset with an alternative use to Guangzhou University City and Guangzhou University City has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that Guangzhou University City will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Guangzhou University City recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Guangzhou University City should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Guangzhou University City with no future related costs are recognised in profit or loss in which they become receivable.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Guangzhou University City's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Guangzhou University City expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Guangzhou University City intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(m) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Guangzhou University City in respect of services provided by employees up to the reporting date.

(n) Related parties

(a) A person, or a close member of that person's family, is related to Guangzhou University City if that person:

(i) has control or joint control over Guangzhou University City;

(ii) has signification influence over Guangzhou University City; or

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

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

(i) The entity and Guangzhou University City 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 Guangzhou University City or an entity related to Guangzhou University City.

(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 part, provides key management personnel services to Guangzhou University City or to Guangzhou University City'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.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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 twelve months.

(a) Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and construction in progress

In determining whether an asset is impaired, Guangzhou University City has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of approximately RMB49,500,000 was recognised on property, plant and equipment during the year ended 31 December 2023. Except for the above, no impairment loss was recognised on non-current assets during the Relevant Periods and six months ended 30 June 2023.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Guangzhou University City's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Guangzhou University City's trade and other receivables are disclosed in notes 21, 22 and 31(b).

(c) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. Guangzhou University City reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on Guangzhou University City's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity and heat. Major components of Guangzhou University City's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
– Sale of electricity	436,538	379,915	477,375	294,646	237,090
– Sale of heat	8,674	12,245	24,858	8,523	12,567
	445,212	392,160	502,233	303,169	249,657

The revenue from sale of electricity and heat are recognised at a point in time.

Transaction price allocated to the remaining performance obligations for contracts

The contracts from sale of electricity and heat are with an original expected duration of one year or less. Accordingly, Guangzhou University City has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

The chief operating decision makers review Guangzhou University City's revenue and profit as a whole, which are determined in accordance with Guangzhou University City's accounting policies, for resources allocation and performance assessment. Therefore, Guangzhou University City has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

Guangzhou University City's non-current assets are located in the PRC. All Guangzhou University City's customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Guangzhou University City is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	436,538	379,872	477,287	294,646	237,090

* Revenue from sale of electricity

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits	17,094	17,281	20,002	6,249	6,376
Retirement benefits *(note 30)*	4,804	2,938	5,564	2,333	2,330
Other staff costs	3,929	5,721	3,884	2,023	2,125
	25,827	25,940	29,450	10,605	10,831

8. TAXES AND SURCHARGES

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME (LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	3,646	7,323	7,522	4,259	2,696
Others	16,379	5,922	7	5	–
	20,025	13,245	7,529	4,264	2,696
Other net income (loss)					
Loss on disposal of property, plant and equipment	–	(68)	(137)	(137)	–
Net income from sale of materials	33	87	345	21	67
Others	–	(1)	–	–	–
	33	18	208	(116)	67

Note: Government grants mainly represent grants from government for power generation and refund of value added tax. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interests on loans	12,574	11,184	7,666	4,202	2,900
Interests on lease liabilities	57	40	34	14	14
Other finance costs	89	122	55	52	57
	12,720	11,346	7,755	4,268	2,971

11. PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Amortisation					
– Intangible assets	301	319	1,046	139	275
Depreciation					
– Property, plant and equipment	60,852	59,853	61,246	30,209	29,233
– Right-of-use assets	830	829	831	498	497
Total depreciation and amortisation	61,983	61,001	63,123	30,846	30,005
Auditor's remuneration					
– Audit services	28	28	28	–	–

(b) Other operating expense:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Heating	143	682	2,610	674	1,317
Power charges	4,983	6,171	6,394	2,234	2,690
Water charges	1,687	1,477	3,201	599	901
Others	7,599	9,891	21,100	3,652	5,896
Total other operating expenses	14,412	18,221	33,305	7,159	10,804

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisor' emoluments are as follows:

For the six months ended 30 June 2024

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Lei Yaowu *(Note i)*	195	32	227
Li Shijun	240	57	297
Tan Jingbo *(Note iv)*	–	–	–
Supervisor			
Liu Xinglin	121	29	150
	556	118	674

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Yu Gongyue *(Note ii)*	122	24	146
Lei Yaowu *(Note i)*	89	22	111
Li Shijun	248	45	293
Tan Jingbo *(Note iv)*	203	42	245
Supervisor			
Liu Xinglin	112	28	140
	774	161	935

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Yu Gongyue *(Note ii)*	402	24	426
Lei Yaowu *(Note i)*	539	66	605
Li Shijun	947	91	1,038
Tan Jingbo *(Note iv)*	513	42	555
Supervisor			
Liu Xinglin	308	56	364
	2,709	279	2,988

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Yu Gongyue *(Note ii)*	418	88	506
Li Shijun	672	83	755
Tan Jingbo *(Note iv)*	543	74	617
Wang Mingxiang *(Note iii)*	–	–	–
Supervisor			
Liu Xinglin	294	59	353
	1,927	304	2,231

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Total *RMB'000*
Directors			
Wang Mingxiang *(Note iii)*	559	55	614
Li Shijun	559	78	637
Tan Jingbo *(Note iv)*	428	59	487
Supervisor			
Liu Xinglin	305	54	359
	1,851	246	2,097

Notes:

(i) Mr. Lei Yaowu was nominated as a director in May 2023.

(ii) Mr. Yu Gongyue was nominated as a director in May 2022 and resigned in May 2023.

(iii) Mr. Wang Mingxiang resigned as a director in May 2022.

(iv) Mr. Tan Jingbo resigned as a director in December 2023.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Guangzhou University City during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included four, four, four, four (unaudited) and three directors and supervisor respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining one, one, one, one (unaudited) and two highest paid employees who are not a director nor supervisor of Guangzhou University City are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and other emoluments	236	463	521	194	328
Retirement benefits	18	64	36	36	67
	254	527	557	230	395

The number of the highest paid employees who are not the directors or supervisor of Guangzhou University City whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals* (Unaudited)	*Number of Individuals*
Nil-Hong Kong Dollars ("HK$") 1,000,000	1	1	1	1	2

14. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax – PRC Enterprise Income Tax					
Charge for the year	10,484	11,065	13,631	14,971	8,200
Over-provision in respect of prior years	(2,455)	(57)	(105)	(105)	–
	8,029	11,008	13,526	14,866	8,200
Deferred tax					
Origination and reversal of temporary differences	(163)	5	(11,690)	–	26
Income tax expenses for the year/period	7,866	11,013	1,836	14,866	8,226

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

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	40,774	44,728	4,397	61,750	53,791
Notional PRC enterprise income tax at statutory tax rate of 25%	10,194	11,182	1,099	15,438	13,488
Over-provision in respect of prior years	(2,455)	(57)	(105)	(105)	–
Others	127	(112)	842	(467)	(5,262)
	7,866	11,013	1,836	14,866	8,226

Notes:

(a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 on the estimated assessable profit for the year determined in accordance with relevant enterprise income tax rules and regulations.

(b) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2021	181,791	911,361	9,576	1,102,728
Transferred from construction in progress *(note 18)*	–	3,821	123	3,944
Disposals/write-offs	–	(1,056)	(6)	(1,062)
At 31 December 2021 and 1 January 2022	181,791	914,126	9,693	1,105,610
Transferred from construction in progress *(note 18)*	–	8,654	827	9,481
Disposals/write-offs	–	(798)	(242)	(1,040)
At 31 December 2022 and 1 January 2023	181,791	921,982	10,278	1,114,051
Additions	–	8	2,170	2,178
Transferred from construction in progress *(note 18)*	–	6,776	1,790	8,566
Disposals/write-offs	(13,570)	(10,686)	(840)	(25,096)
At 31 December 2023 and 1 January 2024	168,221	918,080	13,398	1,099,699
Transferred from construction in progress *(note 18)*	–	1,882	–	1,882
Disposals/write-offs	–	(553)	–	(553)
At 30 June 2024	168,221	919,409	13,398	1,101,028
Accumulated depreciation and impairment				
At 1 January 2021	23,252	297,203	7,648	328,103
Charge for the year	10,024	50,500	328	60,852
Written back on disposals/write-offs	–	(955)	(6)	(961)
At 31 December 2021 and 1 January 2022	33,276	346,748	7,970	387,994
Charge for the year	10,024	49,505	324	59,853
Written back on disposals/write-offs	–	(576)	(231)	(807)
At 31 December 2022 and 1 January 2023	43,300	395,677	8,063	447,040
Charge for the year	8,904	51,880	462	61,246
Written back on disposals/write-offs	–	(1,496)	(676)	(2,172)
Impairment loss *(Note (i))*	–	49,500	–	49,500

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
At 31 December 2023 and 1 January 2024	52,204	495,561	7,849	555,614
Charge for the year	4,825	24,001	407	29,233
Written back on disposals/write-offs	–	(497)	–	(497)
At 30 June 2024	57,029	519,065	8,256	584,350
Net book value				
At 30 June 2024	111,192	400,344	5,142	516,678
At 31 December 2023	116,017	422,519	5,549	544,085
At 31 December 2022	138,491	526,305	2,215	667,011
At 31 December 2021	148,515	567,378	1,723	717,616

Notes:

(i) Impairment loss

Each power generation plant constitutes a cash-generating unit ("CGU"). During the year ended 31 December 2023, due to the poor financial performance of a CGU, Guangzhou University City conducted an impairment review of the CGU's property, plant and equipment, right-of-use assets and construction in progress. The management assessed the recoverable amount of the property, plant and equipment, right-of-use assets and construction in progress within the CGU relating to the power generation plants, after taking into account the Guangzhou University City's future power generation operating plans and the outlook for the industry. Based on the impairment testing results, the carrying value of certain property, plant and equipment of Guangzhou University City were impaired by approximately RMB49.5 million, with impairment losses recognised in profit or loss accordingly.

The recoverable amount of the relevant CGUs had been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using a discount rate 7.03%. The discount rates used are pre-tax and reflect specific risks relating to the relevant group of assets.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where the power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of these units.

(ii) As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying values of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by Guangzhou University City for financing purposes (note 24(b)) were approximately RMB84,273,000, RMB72,672,000, RMB61,070,000 and RMB55,307,000 respectively.

17. LEASES

Guangzhou University City as a lessee

Guangzhou University City has lease contracts for various items of generators, machinery and equipment and land use rights that were used in its operations. During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of generators, machinery and equipment generally have lease terms of 10 years, while land use rights generally have lease terms of 50 years. Generally, Guangzhou University City is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

(i) The carrying amounts of Guangzhou University City's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Generators, machinery and equipment	907	777	647	545
Land use rights	32,360	31,661	32,038	31,643
Total	33,267	32,438	32,685	32,188

During the year ended 31 December 2023, additions to right-of-use assets due to new lease of land use rights amounted to RMB1,078,000.

(ii) Depreciation charge of right-of-use assets is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Generators, machinery and equipment	130	130	130	104	102
Land use rights	700	699	701	394	395
Total	830	829	831	498	497

(b) Lease liabilities

Amounts payable under lease liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	120	125	132	135
After one year and within two years	125	132	138	135
After than two years and within five years	414	441	456	470
After five years	312	153	–	–
	971	851	726	740

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Current portion	120	125	132	135
Non-current portion	851	726	594	605

The weighted average incremental borrowing rates applied to lease liabilities was 4.90% as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. The total cash outflow for leases for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 were approximately RMB174,000, RMB174,000, RMB1,252,000 and nil respectively.

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	–	10,903	19,860	17,896
Additions	14,847	18,438	6,602	–
Transferred to property, plant and equipment *(note 16)*	(3,944)	(9,481)	(8,566)	(1,882)
Written-off	–	–	–	(510)
At the end of the reporting period	10,903	19,860	17,896	15,504

19. INTANGIBLE ASSETS

	Software
	RMB'000
Cost	
At 1 January 2021	2,999
Additions	165
At 31 December 2021 and 1 January 2022	3,164
Additions	354
At 31 December 2022 and 1 January 2023	3,518
Additions	2,784
At 31 December 2023, 1 January 2024 and 30 June 2024	6,302
Accumulated amortisation	
At 1 January 2021	732
Charge for the year	301
At 31 December 2021 and 1 January 2022	1,033
Charge for the year	319

	Software *RMB'000*
At 31 December 2022 and 1 January 2023	1,352
Charge for the year	1,046
At 31 December 2023 and 1 January 2024	2,398
Charge for the year	275
At 30 June 2024	2,673
Net book value	
At 30 June 2024	3,629
At 31 December 2023	3,904
At 31 December 2022	2,166
At 31 December 2021	2,131

Intangible assets represent software which is amortised on a straight-line basis over ten years.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB301,000, RMB319,000, RMB1,046,000, RMB139,000 (unaudited) and RMB275,000 respectively are included in "Depreciation and amortisation" in the statement of profit or loss and other comprehensive income.

20. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	1,586	3,858	4,519	3,598

All of the inventories for future usage and sales are expected to be utilised within one year.

21. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables for the sale of electricity	44,761	46,302	27,755	52,710
Trade receivables for the sale of heat	853	265	1,804	4,578

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	45,614	46,567	29,559	57,288
Less: allowance for impairment	–	–	–	–
	45,614	46,567	29,559	57,288

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
– At amortised cost	45,614	46,567	29,559	57,288

(a) Ageing analysis

Guangzhou University City allows a general credit period of 30 to 90 days to its customers.

At the end of each reporting period, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	45,614	46,567	29,559	57,288

(b) Impairment of trade receivables

Guangzhou University City has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Guangzhou University City determines the ECL on these items on a collective basis.

The information about the ECL on Guangzhou University City's trade receivables is disclosed in note 31(b). For the Relevant Periods, no ECL was recognised as the directors of Guangzhou University City considered that the amount involved was immaterial.

22. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	48	41	41	41
– Other receivables	30,643	7,005	7,005	7,110
	30,691	7,046	7,046	7,151
Less: allowance for impairment *(Note)*	–	–	–	–
	30,691	7,046	7,046	7,151
Deductible Value Added Tax	–	2,563	–	12
Prepayments	75	828	554	9,266
	30,766	10,437	7,600	16,429

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Guangzhou University City. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECL was recognised as the directors of Guangzhou University City considered that the amount involved was immaterial. The information about the ECLs on Guangzhou University City's deposits and other receivables are disclosed in note 31(b).

23. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at financial institutions	23,457	23,059	15,801	32,208

24. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– current portion of long-term bank loans	245	178	138	113

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
After 1 year but within 2 years	60,400	35,400	40,800	40,800
After 2 years but within 5 years	61,200	61,200	61,200	53,800
After 5 years	89,400	74,400	54,000	45,400
	211,000	171,000	156,000	140,000
	211,245	171,178	156,138	140,113

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB.

Details of the interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates at 2021: 3.9% per annum with maturities up to 2033; 2022: 3.4% per annum with maturities up to 2033; 2023: 2.9% per annum with maturities up to 2033; 2024: 2.9% per annum with maturities up to 2033	211,245	171,178	156,138	140,113

(b) Loans from shareholders

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– current portion of long-term loans from shareholders	7,872	8,202	8,546	8,725
After 1 year but within 2 years	8,202	8,546	8,904	8,725
After 2 years but within 5 years	26,726	27,677	25,451	21,178
After 5 years	16,175	6,678	–	–
	51,103	42,901	34,355	29,903
	58,975	51,103	42,901	38,628

Loans from shareholders are borrowed from Guangzhou University Energy Development Company Limited ("Guangzhou University Energy") and Guangzhou City Development Investment Limited ("Guangzhou City Development"), shareholder of Guangzhou University City and ultimate holding company of Guangzhou University Energy respectively.

Details of the interest rates and maturity dates of loans from shareholders are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed interest rates ranging at 4.2% per annum, with maturities up to 2028	58,975	51,103	42,901	38,628

(c) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– current portion of long-term other loans	56	55	–	–
After 1 year but within 2 years	49,000	48,000	–	–
	49,056	48,055	–	–

All other loans are borrowed from China Huadian Finance Corporation Limited ("China Huadian Finance"), a fellow subsidiary of Guangzhou University City. Other loans bear interest rates at 3.75% per annum, as at 31 December 2021 and 2022, with maturities up to 2023 and 2024 respectively. Other loans of RMB48,055,000 as at 31 December 2022 was early repaid during the year ended 31 December 2023.

All of the other loans are unsecured and denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance				
Fixed interest rates at				
2021: 3.75% per annum, with maturities up to 2023;				
2022: 3.75% per annum, with maturities up to 2024	49,056	48,055	–	–
	49,056	48,055	–	–

25. TRADE PAYABLES

As at the end of each reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	40,737	41,064	47,507	39,696
1 to 2 years	53,527	29,514	15,614	5,868
Over 2 years	3,745	24,838	1,561	1,334
	98,009	95,416	64,682	46,898

The average credit period on purchase of goods is 30 days. Guangzhou University City has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

26. OTHER PAYABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	12,562	13,222	11,653	11,333
– Wages payable	2,785	2,537	2,488	2,291
– Others *(Note (i))*	3,384	135	3,528	6,591
	18,731	15,894	17,669	20,215
Other tax payables	10,074	5,495	461	3,111
	28,805	21,389	18,130	23,326

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) All of the other payables of Guangzhou University City are expected to be settled within one year or are repayable on demand.

27. DEFERRED TAXATION

The components of deferred tax assets (liabilities) recognised in the statements of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	Credited/ (charged) to profit or loss	At 31 December 2021 and 1 January 2022	Credited/ (charged) to profit or loss	At 31 December 2022 and 1 January 2023	Credited/ (charged) to profit or loss	At 31 December 2023 and 1 January 2024	Credited/ (charged) to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of assets	86	–	86	(86)	–	12,375	12,375	–	12,375
Right-of-use assets	(260)	33	(227)	32	(195)	33	(162)	25	(137)
Lease liabilities	269	(26)	243	(30)	213	(31)	182	4	186
Others	1,393	156	1,549	79	1,628	(687)	941	(55)	886
	1,488	163	1,651	(5)	1,646	11,690	13,336	(26)	13,310

28. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to resolutions passed at the directors' meetings held on 10 May 2021, 14 June 2022, 23 May 2023, a final dividend of RMB35,000,000, RMB29,000,000, RMB29,000,000 are declared and paid to shareholders for 2021, 2022 and 2023. No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Guangzhou University City's registered and fully paid up capital is tabled below.

	Registered and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and the end of reporting period	294,360	294,360	294,360	294,360

(c) Reserves

(i) Statutory surplus reserve

General reserve

According to Guangzhou University City's Articles of Association, Guangzhou University City is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Guangzhou University City is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Guangzhou University City's Articles of Association, the retained profits available for distribution are amount as determined under PRC accounting rules and regulations.

(e) Capital management

Guangzhou University City's capital management objectives are:

- to ensure Guangzhou University City's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Guangzhou University City may, adjust the amount of dividends paid to shareholders.

29. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Guangzhou University City are as follows:

Name of related parties	Nature of relationship
Guangzhou University Energy	Shareholder
Guangzhou City Development	Ultimate holding company of Guangzhou University Energy
Huadian Furui	Immediate holding company of Guangzhou University City
Huadian power International corporation Limited	A fellow subsidiary of Guangzhou University City
China Huadian Finance	A fellow subsidiary of Guangzhou University City

Name of related parties	Nature of relationship
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Guangzhou University City
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Guangzhou University City
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Guangzhou University City
Huadian Shaanxi Energy Company Limited	A Fellow subsidiary of Guangzhou University City
China Huadian Advanced Training Centre and its subsidiaries	Fellow subsidiaries of Guangzhou University City
Huadian Real Estate Company Limited and its subsidiaries	Fellow subsidiaries of Guangzhou University City
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Guangzhou University City

Guangzhou University City had the following material transactions with related parties during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of heat to Guangzhou City Development	2,238	2,509	3,153	1,407	1,935
Purchase of construction service and equipment from Fellow subsidiaries	–	4,871	1,632	168	2,727
Loans proceed from A fellow subsidiary	–	–	–	–	20,000
Loans repaid to Guangzhou City Development and Guangzhou University Energy	7,556	7,213	8,381	5,021	5,172
A fellow subsidiary	1,000	1,000	48,000	–	20,000
Interest expenses to Guangzhou City Development and Guangzhou University Energy	2,787	2,471	2,141	920	899
Fellow subsidiary	1,891	1,851	301	301	14
Interest income from Fellow subsidiaries	416	507	89	59	19
Other services expenses to Fellow subsidiaries	35,084	32,777	78,724	32,424	30,157

Guangzhou University City had the following material balance with related parties as at 31 December 2021, 2022 and 2023 and 30 June 2024:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits, other receivables and prepayments				
Huadian Furui	121	–	–	–
A fellow subsidiary	–	172	285	7,564
Cash and cash equivalents				
A fellow subsidiary	23,457	23,059	15,801	32,208
Other loans				
Fellow subsidiaries	(49,056)	(48,055)	–	–
Trade payables				
Fellow subsidiaries	(69,051)	(64,569)	(23,721)	(22,265)
Other payables				
Fellow subsidiaries	(7,176)	(7,931)	(4,634)	(4,576)
Loans from shareholders				
Guangzhou City Development and Guangzhou University Energy	(58,975)	(51,103)	(42,901)	(38,628)
Lease liabilities				
Guangzhou City Development	(971)	(851)	(726)	(740)

(b) Transactions with key management personnel

Remuneration for key management personnel of Guangzhou University City, including amounts paid to Guangzhou University City's directors and supervisor as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	2,087	2,390	3,230	968	884
Retirement benefits	264	368	315	197	185
	2,351	2,758	3,545	1,165	1,069

Total remuneration is included in "personnel costs" (see note 7).

(c) Contributions to defined contribution retirement plans

Guangzhou University City participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Guangzhou University City ("other government-related entities"). The majority of the business activities of Guangzhou University City are conducted with other government-related entities.

The transactions between Guangzhou University City and other government-related entities are conducted in the ordinary course of Guangzhou University City's business within normal business operations. Guangzhou University City has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Guangzhou University City's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the Historical Financial Information, the directors believe that the following transactions are collectively significant for disclosure purpose:

- ***sale of electricity to the grid***

  Guangzhou University City sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, management estimates that the aggregate amount of Guangzhou University City's significant transactions with other government-related entities are at least 99%, 99%, 99%, 99% (unaudited) and 99% of its sale of electricity.

- ***depositing and borrowing***

  Guangzhou University City deposits most of its cash in government-related financial institutions, and also obtains loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- ***other transactions***

  Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

30. RETIREMENT PLANS

Guangzhou University City is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Guangzhou University City participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Guangzhou University City has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Guangzhou University City to reduce the existing level of contribution.

Guangzhou University City's contribution to these plans amounted to approximately RMB4,804,000, RMB2,938,000, RMB5,564,000, RMB2,333,000 (unaudited) and RMB2,330,000 during the years ended 31 December 2021, 2022 ad 2023 and six months ended 30 June 2023 and 2024 which was charged to the statements of profit or loss and other comprehensive income (note 7).

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables	45,614	46,567	29,559	57,288
– Other receivables	30,691	7,046	7,046	7,151
– Cash and cash equivalents	23,457	23,059	15,801	32,208
	99,762	76,672	52,406	96,647
Financial liabilities				
At amortised cost	438,746	384,376	284,120	248,584

Exposure to interest rate, credit and liquidity risks arises in the normal course of Guangzhou University City's business.

Guangzhou University City's exposure to these risks and the financial risk management policies and practices used by Guangzhou University City to manage these risks are described below.

(a) Interest rate risk

Guangzhou University City is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 24). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 34%, 37%, 21% and 22% of total borrowings of Guangzhou University City respectively. Guangzhou University City historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Guangzhou University City is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 23 and 24 for details).

Sensitivity analysis

The sensitivity analysis below indicates Guangzhou University City's exposure to cash flow interest rate risk arising from floating rate instruments held by Guangzhou University City at the end of the reporting period. The impact on Guangzhou University City's profit after tax and equity is estimated as an annualised impact on interest expense of such a change in interest rates.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Guangzhou University City's profit after tax and decreased Guangzhou University City's total equity by approximately RMB1,584,000, RMB1,284,000, RMB1,171,000 and RMB1,051,000 respectively.

(b) Credit risk

Guangzhou University City's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparty is financial institution with high credit ratings.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Normally, trade receivables are due within 30 to 90 days from the date of billing. Normally, Guangzhou University City does not obtain collateral from customers.

Guangzhou University City's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Guangzhou University City has significant exposure to individual customer. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 98%, 99%, 94% and 92% of the total trade receivables respectively were due from Guangzhou University City's largest customer and 100%, 100%, 100% and 98% of the total trade receivables respectively were due from Guangzhou University City's the five largest customers. The credit risk on the customers is limited because they are mainly government owned companies.

Guangzhou University City measures loss allowances for trade receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Guangzhou University City's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

In respect of other receivables, Guangzhou University City adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

Further quantitative disclosures in respect of Guangzhou University City's exposure to credit risk arising from trade receivables are set out in note 21.

(c) Liquidity risk

In the management of liquidity risk, Guangzhou University City monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Guangzhou University City's board when the borrowings exceed certain predetermined levels of authority. Guangzhou University City's policy is to regularly monitor its liquidity requirements 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 long-term.

The following tables show the remaining contractual maturities at the end of each reporting period of Guangzhou University City'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 Guangzhou University City can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	4,173	44,860	60,656	51,318	161,007	140,113
Loans from shareholders	10,343	9,978	22,580	–	42,901	38,628
Trade payables	46,898	–	–	–	46,898	46,898
Lease liabilities	160	160	629	–	949	740
Other payables	20,215	–	–	–	20,215	20,215
Other non-current liabilities	2,730	–	–	–	2,730	2,730
	84,519	54,998	83,865	51,318	274,700	249,324

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	4,662	45,324	69,448	61,820	181,254	156,138
Loans from shareholders	10,343	10,343	27,359	–	48,045	42,901
Trade payables	64,682	–	–	–	64,682	64,682
Lease liabilities	160	159	478	–	797	726
Other payables	17,669	–	–	–	17,669	17,669
Other non-current liabilities	2,730	–	–	–	2,730	2,730
	100,246	55,826	97,285	61,820	315,177	284,846

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	5,992	41,214	72,950	89,568	209,724	171,178
Loans from shareholders	10,343	10,343	30,860	6,842	58,388	51,103
Other loans	1,855	49,800	–	–	51,655	48,055
Trade payables	95,416	–	–	–	95,416	95,416
Lease liabilities	159	160	478	159	956	851
Other payables	15,894	–	–	–	15,894	15,894
Other non-current liabilities	2,730	–	–	–	2,730	2,730
	132,389	101,517	104,288	96,569	434,763	385,227

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	8,474	68,629	76,433	113,794	267,330	211,245
Loans from shareholders	10,343	10,343	31,029	17,249	68,964	58,975
Other loans	1,894	50,838	–	–	52,732	49,056
Trade payables	98,009	–	–	–	98,009	98,009
Lease liabilities	160	159	478	319	1,116	971
Other payables	18,731	–	–	–	18,731	18,731
Other non-current liabilities	2,730	–	–	–	2,730	2,730
	140,341	129,969	107,940	131,362	509,612	439,717

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

	31 December						30 June	
	2021		2022		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	108,031	108,309	99,158	99,010	42,901	42,806	38,628	38,562

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Guangzhou University City.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Guangzhou University City's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans *RMB'000*	**Lease liabilities** *RMB'000*	**Dividend payable** *RMB'000*	**Total** *RMB'000*
As at 1 January 2021	322,022	1,074	–	323,096
Financing cash flows	(2,556)	(117)	(35,000)	(37,673)
Non-cash changes	–	14	–	14
Dividend recognised as distribution	–	–	35,000	35,000
Interest paid	(12,764)	(57)	–	(12,821)
Interest expenses	12,574	57	–	12,631
As at 31 December 2021	319,276	971	–	320,247
Financing cash flows	(48,213)	(134)	(29,000)	(77,347)
Non-cash changes	–	14	–	14
Dividend recognised as distribution	–	–	29,000	29,000
Interest paid	(11,911)	(40)	–	(11,951)
Interest expenses	11,184	40	–	11,224
As at 31 December 2022	270,336	851	–	271,187
Financing cash flows	(71,381)	(140)	(29,000)	(100,521)
Non-cash changes	–	15	–	15
Dividend recognised as distribution	–	–	29,000	29,000
Interest paid	(7,582)	(34)	–	(7,616)
Interest expenses	7,666	34	–	7,700
As at 31 December 2023	199,039	726	–	199,765
Financing cash flows	(21,172)	–	–	(21,172)
Interest paid	(2,026)	–	–	(2,026)
Interest expenses	2,900	14	–	2,914
As at 30 June 2024	178,741	740	–	179,481

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Guangzhou University City in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUADIAN FUXIN GUANGZHOU ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Huadian Fuxin Guangzhou Energy Company Limited* 華電福新廣州能源有限公司 ("Fuxin Guangzhou") set out on pages II-217 to II-251, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-217 to II-251 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Fuxin Guangzhou are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Fuxin Guangzhou determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Fuxin Guangzhou is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Fuxin Guangzhou, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Fuxin Guangzhou's as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cash flows of Fuxin Guangzhou for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Fuxin Guangzhou which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Fuxin Guangzhou are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-217 have been made.

Dividends

We refer to note 26(a) to the Historical Financial Information which contains information about dividend declared or paid by Fuxin Guangzhou during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN GUANGZHOU

Preparation of Historical Financial Information

The financial information of Fuxin Guangzhou for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	*6*	2,561,106	3,116,126	3,441,242	1,831,676	1,451,052
Operating expenses						
Fuel costs		(2,208,172)	(2,790,720)	(2,804,320)	(1,525,672)	(1,261,541)
Depreciation		(121,808)	(121,770)	(125,099)	(61,062)	(64,978)
Repairs, maintenance and inspection		(21,992)	(24,848)	(156,951)	(59,805)	(44,008)
Personnel costs	*7*	(30,089)	(29,630)	(38,108)	(13,719)	(13,671)
Taxes and surcharges	*8*	(3,571)	(4,998)	(28,338)	(10,295)	(8,414)
Other operating expenses	*11(b)*	(20,948)	(27,445)	(31,358)	(10,185)	(10,940)
		(2,406,580)	(2,999,411)	(3,184,174)	(1,680,738)	(1,403,552)
Operating profit		154,526	116,715	257,068	150,938	47,500
Other revenue	*9*	32,028	465	13	11	122
Other net (loss)/income	*9*	(150)	2	(3,009)	(28)	–
Interest income from bank deposits		1,704	1,190	207	138	65
Finance costs	*10*	(69,589)	(70,955)	(57,582)	(31,559)	(23,232)
Profit before taxation	*11(a)*	118,519	47,417	196,697	119,500	24,455
Income tax expenses	*14*	(20,368)	(13,318)	(48,147)	(25,730)	(1,728)
Profit and total comprehensive income for the year/period		98,151	34,099	148,550	93,770	22,727

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 30 June 2024 RMB'000
Non-current assets					
Property, plant and equipment	*16*	2,102,634	1,983,361	2,005,430	1,941,424
Construction in progress	*17*	40,688	135,973	4,823	11,389
Right-of-use assets	*18*	70,896	69,323	67,751	66,965
		2,214,218	2,188,657	2,078,004	2,019,778
Current assets					
Inventories	*19*	135	1,923	6,469	7,425
Trade receivables	*20*	235,297	295,640	274,554	389,537
Deposits, other receivables and prepayments	*21*	116,519	242,248	77,444	191,594
Tax recoverable		31,170	–	–	–
Cash and cash equivalents	*22*	111,661	126,764	14,202	63,102
		494,782	666,575	372,669	651,658
Current liabilities					
Bank loans	*23(a)*	191,222	311,056	333,828	419,723
Other loans	*23(b)*	45,221	266,312	115,163	300,261
Trade payables	*24*	152,898	46,922	86,785	55,033
Other payables and contract liabilities	*25*	101,794	106,140	55,689	72,221
Tax payable		–	8,240	4,610	1,599
		491,135	738,670	596,075	848,837
Net current assets/(liabilities)		3,647	(72,095)	(223,406)	(197,179)
Total assets less current liabilities		2,217,865	2,116,562	1,854,598	1,822,599
Non-current liabilities					
Bank loans	*23(a)*	1,382,102	1,347,700	926,960	876,640
Other loans	*23(b)*	141,000	40,000	90,000	85,000
Deferred governments grants		–	–	–	594
		1,523,102	1,387,700	1,016,960	962,234
Net assets		694,763	728,862	837,638	860,365
Capital and reserves					
Share capital	*26(b)*	519,000	519,000	519,000	519,000
Reserves	*26(c)*	175,763	209,862	318,638	341,365
Total equity		694,763	728,862	837,638	860,365

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 26(b))*	Statutory reserves *RMB'000 (note 26(c))*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2021	519,000	7,761	69,851	596,612
Profit and total comprehensive income for the year	–	–	98,151	98,151
Appropriation of general reserve	–	9,815	(9,815)	–
At 31 December 2021 and 1 January 2022	519,000	17,576	158,187	694,763
Profit and total comprehensive income for the year	–	–	34,099	34,099
Appropriation of general reserve	–	3,850	(3,850)	–
Appropriation of specific reserve	–	1,928	(1,928)	–
At 31 December 2022 and 1 January 2023	519,000	23,354	186,508	728,862
Profit and total comprehensive income for the year	–	–	148,550	148,550
Dividends recognised as distribution	–	–	(39,774)	(39,774)
Appropriation of general reserve	–	14,529	(14,529)	–
Appropriation of specific reserve	–	27,625	(27,625)	–
Utilisation of specific reserve	–	(26,958)	26,958	–
At 31 December 2023 and 1 January 2024	519,000	38,550	280,088	837,638
Profit and total comprehensive income for the period	–	–	22,727	22,727
Appropriation of general reserve	–	2,273	(2,273)	–
Appropriation of specific reserve	–	15,087	(15,087)	–
Utilisation of specific reserve	–	(75)	75	–
At 30 June 2024	519,000	55,835	285,530	860,365
At 1 January 2023	519,000	23,354	186,508	728,862
Profit and total comprehensive income for the period (Unaudited)	–	–	93,770	93,770
Appropriation of general reserve (Unaudited)	–	9,377	(9,377)	–
Appropriation of specific reserve (Unaudited)	–	13,812	(13,812)	–
At 30 June 2023 (Unaudited)	519,000	46,543	257,089	822,632

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	2,879,873	3,451,876	3,908,286	1,575,718	1,524,035
Cash paid to suppliers, employees and others	(2,544,121)	(3,451,340)	(3,313,350)	(1,789,314)	(1,642,055)
Cash generated from/(used in) operations	335,752	536	594,936	(213,596)	(118,020)
Interest paid	(69,298)	(70,664)	(58,322)	(31,834)	(23,235)
PRC enterprise income tax (paid) refunded	(67,446)	26,092	(51,776)	(7,548)	(4,740)
Net cash generated from/(used in) operating activities	199,008	(44,036)	484,838	(252,978)	(145,995)
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress	(321,468)	(147,593)	(59,527)	(26,501)	(20,850)
Interest received	1,704	1,190	207	138	65
Other investing activities	504	–	–	–	–
Net cash used in investing activities	(319,260)	(146,403)	(59,320)	(26,363)	(20,785)
Cash flows from financing activities					
Proceeds from loans	273,000	974,621	4,035,100	1,168,000	1,560,000
Repayment of loans	(132,125)	(769,079)	(4,533,406)	(958,346)	(1,344,320)
Dividends distribution	–	–	(39,774)	–	–
Net cash generated from/(used in) financing activities	140,875	205,542	(538,080)	209,654	215,680
Net increase/(decrease) in cash and cash equivalents	20,623	15,103	(112,562)	(69,687)	48,900
Cash and cash equivalents at beginning of the year/period	91,038	111,661	126,764	126,764	14,202
Cash and cash equivalents at end of the year/period	111,661	126,764	14,202	57,077	63,102

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN GUANGZHOU

1. GENERAL INFORMATION

Huadian Fuxin Guangzhou Energy Company Limited ("Fuxin Guangzhou") was established in Guangdong province of the People's Republic of China (the "PRC") on 8 December 2016 as a limited company and the office address is No. 109, Block 12, No. 96, Lixin XII Road, Xintang Town, Zengcheng District, Guangzhou, Guangdong, the PRC.

Fuxin Guangzhou is primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate and ultimate holding company of Fuxin Guangzhou are Fujian Huadian Furui Energy Development Company Limited* (福建華電福瑞能源發展有限公司) and China Huadian Corporation Limited* (中國華電集團有限公司) both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Fuxin Guangzhou.

Statutory financial statements of Fuxin Guangzhou have been prepared and audited by WUYIGE Certified Public Accounts LLP for the years ended 31 December 2021 and 2022 and Pan-China Certified Public Accounts LLP for the year ended 31 December 2023 respectively.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Going Concern Assumption

At 30 June 2024, Fuxin Guangzhou had net current liabilities approximately RMB197,179,000. The directors of Fuxin Guangzhou are of the opinion that, taking into account the current operation of the Fuxin Guangzhou and the unutilised banking facilities available to Fuxin Guangzhou, the Fuxin Guangzhou has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Fuxin Guangzhou has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Fuxin Guangzhou has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors of Fuxin Guangzhou anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Fuxin Guangzhou.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Fuxin Guangzhou takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(d)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Fuxin Guangzhou's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Fuxin Guangzhou and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	25 – 30 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	4 – 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.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(c) Leases

As a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Fuxin Guangzhou has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Fuxin Guangzhou measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Land use rights	50 years

(d) Impairment of assets

(i) Impairment of financial assets

Fuxin Guangzhou recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity and heat, other receivables, cash and cash equivalents measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Fuxin Guangzhou in accordance with the contract and all the cash flows that Fuxin Guangzhou expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables related to sale of electricity and heat, Fuxin Guangzhou applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Fuxin Guangzhou performs impairment assessment based on Fuxin Guangzhou's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Fuxin Guangzhou considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Fuxin Guangzhou's historical experience and informed credit assessment and including forward-looking information.

Fuxin Guangzhou assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Fuxin Guangzhou has reasonable and supportable information that demonstrates otherwise.

Fuxin Guangzhou considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Fuxin Guangzhou in full, without recourse by Fuxin Guangzhou to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Fuxin Guangzhou has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit- impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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;

– right-of-use assets; and

– construction in progress.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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*

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(e) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(f) Trade receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Fuxin Guangzhou holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(d)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institution, and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(d)(i).

(h) Financial liabilities

Other financial liabilities

Other financial liabilities including bank loans, other loans, trade payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(i) Derecognition of financial assets or financial liabilities

Fuxin Guangzhou derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Fuxin Guangzhou retains substantially all the risks and rewards of ownership of a transferred financial asset, Fuxin Guangzhou continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Fuxin Guangzhou derecognises financial liabilities when, and only when, Fuxin Guangzhou's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Fuxin Guangzhou expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Fuxin Guangzhou's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Fuxin Guangzhou performs; or
- does not create an asset with an alternative use to Fuxin Guangzhou and Fuxin Guangzhou has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity Income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat Income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that Fuxin Guangzhou will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Fuxin Guangzhou recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Fuxin Guangzhou should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Fuxin Guangzhou with no future related costs are recognised in profit or loss in which they become receivable.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Fuxin Guangzhou's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such 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.

(l) Borrowing costs

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

(m) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Fuxin Guangzhou in respect of services provided by employees up to the reporting date.

(n) Related parties

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

(i) has control or joint control over Fuxin Guangzhou;

(ii) has signification influence over Fuxin Guangzhou; or

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

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

(i) The entity and Fuxin Guangzhou are members of the same Company (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 Company 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 Fuxin Guangzhou or an entity related to Fuxin Guangzhou.

(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 the Company of which it is part, provides key management personnel services to Fuxin Guangzhou or to Fuxin Guangzhou'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.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgement

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Fuxin Guangzhou have made in the process of applying the Fuxin Guangzhou's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Going concern basis

These financial information have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable Fuxin Guangzhou to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

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 twelve months.

(a) Estimated impairment of property, plant and equipment, right-of-use assets and construction in progress

In determining whether an asset is impaired, Fuxin Guangzhou has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No impairment loss of property, plant and equipment and right-of-use assets was recognised in the financial information during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024. For construction in progress, impairment loss of RMB2,705,000 has been recognised during the year ended 31 December 2023. No impairment loss has been recognised for the years ended 31 December 2021 and 2022 and period ended 30 June 2024.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Fuxin Guangzhou's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Guangzhou's trade and other receivables are disclosed in notes 20, 21 and 29(b).

(c) Depreciation

Property, plant and equipment and right-of-use assets are depreciated over their estimated useful lives, after taking into account the estimated residual value. Fuxin Guangzhou reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on Fuxin Guangzhou's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation, the rate of depreciation is revised prospectively.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15.

Turnover represents the sale of electricity and heat. Major components of Fuxin Guangzhou's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sale of electricity	2,454,059	2,972,940	3,264,696	1,751,882	1,364,737
Sale of heat	107,047	145,186	176,546	79,794	86,315
	2,561,106	3,116,126	3,441,242	1,831,676	1,451,052

The revenue from sale of electricity and heat are recognised at a point in time.

(b) Segment information

The chief operating decision makers review Fuxin Guangzhou's revenue and profit as a whole, which are determined in accordance with Fuxin Guangzhou's accounting policies, for resources allocation and performance assessment. Therefore, Fuxin Guangzhou has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

Fuxin Guangzhou's non-current assets are mainly located in the PRC. Fuxin Guangzhou's major customers are based in the PRC.

Information about major customers

Revenue from customer of the corresponding years/periods contributing over 10% of the total revenue of Fuxin Guangzhou is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	2,454,059	2,972,940	3,264,696	1,751,882	1,364,737

* Revenue from sale of electricity.

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits *(note 12)*	17,019	19,374	26,568	8,649	8,614
Retirement benefits *(note 12 and note 28)*	4,798	5,969	7,014	3,101	2,894
Other staff costs	8,272	4,287	4,526	1,969	2,163
	30,089	29,630	38,108	13,719	13,671

8. TAXES AND SURCHARGES

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME AND LOSS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	32,026	173	10	10	6
Others	2	292	3	1	116
	32,028	465	13	11	122
Other net (loss)/income					
Net income/(loss) from sale of materials	–	3	(23)	2	–
Others	(150)	(1)	(2,986)	(30)	–
	(150)	2	(3,009)	(28)	–

Note: Government grants mainly represent the grants from government for purchase of power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interests on loans	69,380	70,645	57,511	31,559	23,228
Other finance costs	209	310	71	–	4
	69,589	70,955	57,582	31,559	23,232

11. PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Depreciation					
– Property, plant and equipment	120,235	120,197	123,526	60,276	64,192
– Right-of-use assets	1,573	1,573	1,573	786	786
Total depreciation	121,808	121,770	125,099	61,062	64,978
Auditor's remuneration					
– Audit services	24	520	250	–	77

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Power charges	3,826	5,812	5,738	2,835	3,115
Water charges	806	546	1,263	713	1,415
Others *(note)*	16,316	21,087	24,357	6,637	6,410
Total other operating expenses	20,948	27,445	31,358	10,185	10,940

Note: It consists mainly of property management fees, insurance premiums, technical supervision services and other miscellaneous expenses.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2024

	Salaries, allowance and benefit in kind	Retirement benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Directors				
Li Jian *(note (iii))*	–	–	–	–
Hu Wanzhi *(note (iv))*	–	–	–	–
Jiang Fenglong *(note (v))*	156	57	81	294
Qiu Xiaojuan *(note (vii))*	–	–	–	–
Chi Yufei *(note (viii))*	–	–	–	–
Chen Hanchang *(note (ix))*	–	–	–	–
Wang Yingming *(note (x))*	139	54	69	262
Supervisors				
Yu Jianmei *(note (xi))*	–	–	–	–
Lin Huijian *(note (xiii))*	–	–	–	–
Ma Xue *(note (xiv))*	–	–	–	–
Wang Ping *(note (xvi))*	–	–	–	–
Lu Yong *(note (xvi))*	–	–	–	–
Liu Zhimin *(note (xvii))*	16	6	23	45
Xie zhaoxue *(note (xvii))*	82	30	42	154
Xu Tingting *(note (xvii))*	76	26	43	145
	469	173	258	900

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Li Jian *(note (iii))*	–	–	–	–
Hu Wanzhi *(note (iv))*	–	–	–	–
Jiang Fenglong *(note (v))*	164	49	108	321
Qiu Xiaojuan *(note (vii))*	–	–	–	–
Chi Yufei *(note (viii))*	–	–	–	–
Chen Hanchang *(note (ix))*	–	–	–	–
Wang Yingming *(note (x))*	138	40	87	265
Supervisors				
Yu Jianmei *(note (xi))*	–	–	–	–
Li Fubing *(note (xii))*	–	–	–	–
Lin Huijian *(note (xiii))*	–	–	–	–
Ma Xue *(note (xiv))*	–	–	–	–
Wang Ping *(note (xvi))*	–	–	–	–
Lu Yong *(note (xvi))*	–	–	–	–
Liu Zhimin *(note (xvii))*	96	31	145	272
Xie zhaoxue *(note (xvii))*	79	26	135	240
Xu Tingting *(note (xvii))*	70	23	120	213
	547	169	595	1,311

For the year ended 31 December 2023

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Li Jian *(note (iii))*	–	–	29	29
Hu Wanzhi *(note (iv))*	–	–	–	–
Jiang Fenglong *(note (v))*	329	100	607	1,036
Qiu Xiaojuan *(note (vii))*	–	–	–	–
Chi Yufei *(note (viii))*	–	–	–	–
Chen Hanchang *(note (ix))*	–	–	–	–
Wang Yingming *(note (x))*	278	81	566	925
Supervisors				
Yu Jianmei *(note (xi))*	–	–	–	–
Li Fubing *(note (xii))*	–	–	–	–
Lin Huijian *(note (xiii))*	–	–	–	–
Ma Xue *(note (xiv))*	–	–	–	–
Wang Ping *(note (xvi))*	–	–	–	–
Lu Yong *(note (xvi))*	–	–	–	–
Liu Zhimin *(note (xvii))*	191	62	203	456
Xie zhaoxue *(note (xvii))*	160	53	192	405
Xu Tingting *(note (xvii))*	138	46	170	354
	1,096	342	1,767	3,205

For the year ended 31 December 2022

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Xie Liguo *(note (ii))*	26	5	209	240
Li Jian *(note (iii))*	–	–	–	–
Hu Wanzhi *(note (iv))*	–	–	–	–
Jiang Fenglong *(note (v))*	298	74	133	505
Qiu Xiaojuan *(note (vii))*	–	–	–	–
Wang Lu *(note (vi))*	–	–	–	–
Chi Yufei *(note (viii))*	–	–	–	–
Chen Hanchang *(note (ix))*	–	–	–	–
Wang Yinming *(note (x))*	274	88	270	632
Supervisors				
Yu Jianmei *(note (xi))*	–	–	–	–
Ma Xue *(note (xiv))*	–	–	–	–
Wang Ping *(note (xvi))*	–	–	–	–
Lu Yong *(note (xvi))*	–	–	–	–
Liu Zhimin *(note (xvii))*	197	63	135	395
Xie Zhaoxue *(note (xvii))*	156	52	129	337
Xu Tingting *(note (xvii))*	133	43	115	291
	1,084	325	991	2,400

For the year ended 31 December 2021

	Salaries, allowance and benefit in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Wang Xin *(note (i))*	–	–	241	241
Xie Liguo *(note (ii))*	439	77	323	839
Hu Wanzhi *(note (iv))*	–	–	–	–
Zhou Hui *(note (vi))*	–	–	–	–
Qiu Xiaojuan *(note (vii))*	–	–	–	–
Wang Lu *(note (vi))*	–	–	–	–
Chen Hanchang *(note (ix))*	–	–	–	–
Wang Yingming *(note (x))*	351	62	269	682
Supervisors				
Yu Jianmei *(note (xi))*	–	–	–	–
Ma Xue *(note (xiv))*	–	–	–	–
Zhu Deyuan *(note (xv))*	–	–	–	–
Chen Hongwen *(note (xv))*	–	–	–	–
Wang Ping *(note (xvi))*	–	–	–	–
Li Yixu *(note (xv))*	–	–	–	–
Lu Yong *(note (xvi))*	–	–	–	–
Liu Zhimin *(note (xvii))*	106	37	110	253
Xie Zhaoxue *(note (xvii))*	81	27	96	204
Xu Tingting *(note (xvii))*	70	22	85	177
	1,047	225	1,124	2,396

Notes:

(i) Mr Wang Xin was appointed as Chairman of the Board in June 2020 and resigned in June 2021.

(ii) Mr Xie Liguo was appointed as Chairman of the Board in June 2021 and resigned in October 2022.

(iii) Mr Li Jian was appointed as Chairman of the Board in October 2022.

(iv) Mr Hu Wanzhi was appointed as the Deputy Chairman in June 2020.

(v) Mr Jiang Fenglong was appointed as a director in October 2022.

(vi) Ms Zhou Hui and Mr Wang Lu were appointed as Directors in June 2020 and resigned in June 2021.

(vii) Ms Qiu Xiaojuan was appointed as a Director in June 2021.

(viii) Mr Chi Yufei was appointed as a Director in October 2022.

(ix) Mr Chen Hanchang was appointed as a Director in June 2021.

(x) Mr Wang Yingming was appointed as an employee director in February 2020.

(xi) Ms Yu Jianmei was appointed as the Chairman of the Supervisory Board in June 2020.

(xii) Mr Li Fubing was appointed as a Supervisor in October 2022 and resigned in June 2023.

(xiii) Mr Lin Huijian was appointed as Supervisor in June 2023.

(xiv) Ms Ma Xue was appointed as a Supervisor in June 2020.

(xv) Mr Zhu Deyuan, Mr Chen Hongwen and Ms Li Yixu were appointed as Supervisors in June 2020 and resigned in June 2021.

(xvi) Ms Wang Ping and Mr Lu Yong were appointed as Supervisors in June 2021.

(xvii) Mr Liu Zhimin, Mr Xie Zhaoxue and Ms Xu Tingting were appointed as employee supervisors in June 2021.

(xviii) The discretionary bonus is determined by directors' and supervisors' performance and Fuxin Guangzhou's performance and profitability and the prevailing market conditions.

(xix) The directors and supervisors who have no emoluments because the directors' and supervisors' emoluments are borne by the parent company of Fuxin Guangzhou.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Fuxin Guangzhou during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included four, four, four, four (unaudited) and three directors respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining one, one, one, one (unaudited) and two highest paid employees who are neither directors nor supervisors of Fuxin Guangzhou are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	202	266	418	138	245
Retirement benefits	37	88	118	40	97
Bonus	27	273	707	87	144
	266	627	1,243	265	486

The number of the highest paid employees who are not the directors or supervisors of Fuxin Guangzhou whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	Number of Individual	*Number of Individual*	*Number of Individual*	*Number of Individual (Unaudited)*	*Number of Individuals*
Nil-Hong Kong Dollars ("HK$") 1,000,000	1	1	1	1	2

14. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax – PRC Enterprise Income Tax					
Income tax expenses for the year/period	20,368	13,318	48,147	25,730	1,728

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before taxation	118,519	47,417	196,697	119,500	24,455
Notional PRC enterprise income tax at statutory tax rate of 25%	29,630	11,854	49,174	29,875	6,114
Income tax on concessionary rate *(Note (i))*	(11,853)	–	–	–	–
Others	2,591	1,464	(1,027)	(4,145)	(4,386)
	20,368	13,318	48,147	25,730	1,728

Notes:

(i) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. However, Fuxin Guangzhou operating in the PRC is eligible for tax concessions of "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for the year ended 31 December 2021. For the years ended December 2022 and 2023 and the six months ended 2024, tax rate of 25% is applied.

(ii) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

No earning per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2021	422,541	1,831,769	4,098	2,258,408
Additions	–	15	1,313	1,328
At 31 December 2021 and 1 January 2022	422,541	1,831,784	5,411	2,259,736
Additions	–	–	930	930
Disposals/write-offs	–	–	(101)	(101)
At 31 December 2022 and 1 January 2023	422,541	1,831,784	6,240	2,260,565
Transferred from construction in progress *(note 17)*	–	145,595	–	145,595
At 31 December 2023 and 1 January 2024	422,541	1,977,379	6,240	2,406,160
Additions	–	198	–	198
Disposals/write-offs	–	(12)	–	(12)
At 30 June 2024	422,541	1,977,565	6,240	2,406,346
Accumulated depreciation				
At 1 January 2021	5,555	29,622	1,685	36,862
Charge for the year	15,683	103,706	851	120,240
At 31 December 2021 and 1 January 2022	21,238	133,328	2,536	157,102
Charge for the year	15,683	103,705	809	120,197
Written back on disposals	–	–	(95)	(95)
At 31 December 2022 and 1 January 2023	36,921	237,033	3,250	277,204
Charge for the year	14,198	108,692	636	123,526
At 31 December 2023 and 1 January 2024	51,119	345,725	3,886	400,730
Charge for the year	7,815	56,105	272	64,192
At 30 June 2024	58,934	401,830	4,158	464,922

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Net book value				
At 30 June 2024	363,607	1,575,735	2,082	1,941,424
At 31 December 2023	371,422	1,631,654	2,354	2,005,430
At 31 December 2022	385,620	1,594,751	2,990	1,983,361
At 31 December 2021	401,303	1,698,456	2,875	2,102,634

Note: As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Guangzhou was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB3,730,000, RMB3,603,000, RMB3,477,000 and RMB3,414,000 respectively from the relevant PRC government authorities. Subsequent to 30 June 2024, the relevant property certificates have been obtained.

17. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*
At the beginning of the reporting period	27,120	40,688	135,972	4,823
Additions	13,568	95,285	17,151	6,566
Transferred to property, plant and equipment *(Note 16)*	–	–	(145,595)	–
Impairment loss *(Note)*	–	–	(2,705)	–
At the end of the reporting period	40,688	135,973	4,823	11,389

Note: During the year ended 31 December 2023, it was identified that a certain preliminary project of Fuxin Guangzhou have no economic value for further development. As a result, the gross carrying amount of the project of approximately RMB7,528,000 was written down to its recoverable amount of RMB4,823,000. As at 31 December 2023, the accumulated impairment loss of construction in progress was approximately RMB2,705,000.

18. LEASE

Fuxin Guangzhou as a lessee

Fuxin Guangzhou has lease contracts for land use rights that were used in its operations. Leases of land use rights generally have lease terms of 50 years as at 31 December 2021, 2022,2023 and 30 June 2024. Generally, Fuxin Guangzhou is restricted from assigning and subleasing the leased assets.

Right-of-use assets

(i) The carrying amounts of Fuxin Guangzhou's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	70,896	69,323	67,751	66,965

(ii) Depreciation charge of right-of-use assets is as follows:

	For the year ended 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	1,573	1,573	1,573	786	786

19. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	135	1,923	6,469	7,425

All of the inventories for future usage are expected to be utilised within one year.

20. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables for the sale of electricity	221,254	277,597	252,673	374,988
Trade receivables for the sale of heat	14,043	18,043	21,881	14,549
	235,297	295,640	274,554	389,537

(a) Ageing analysis

Fuxin Guangzhou allows a general credit period of 30 to 90 days to its customers. Fuxin Guangzhou does not hold any collateral over these balances. As at the end of each reporting periods, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	235,297	295,640	274,554	389,537

(b) Impairment of trade receivables

Fuxin Guangzhou has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Fuxin Guangzhou determines the ECL on these items on a collective basis.

The information about the ECLs on Fuxin Guangzhou's trade receivables are disclosed in note 29. For the Relevant Periods, no ECL was recognised as the directors of Fuxin Guangzhou considered that the amount involved was immaterial.

21. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	–	2,920	–	–
– Other receivables	325	–	–	–
Prepayments	116,194	239,328	77,444	191,594
	116,519	242,248	77,444	191,594

Notes: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Fuxin Guangzhou. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs was recognised as the directors of Fuxin Guangzhou considered that the amount involved was immaterial. The information about the ECLs on Fuxin Guangzhou's deposits and other receivables are disclosed in note 29(b).

22. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at other financial institution	111,661	126,764	14,202	63,102

23. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	90,096	180,165	257,204	330,238
– current portion of long-term bank loans	101,126	130,891	76,624	89,485
	191,222	311,056	333,828	419,723
After 1 year but within 2 years	99,361	129,305	75,740	88,740
After 2 years but within 5 years	298,082	387,914	227,220	266,220
After 5 years	984,659	830,481	624,000	521,680
	1,382,102	1,347,700	926,960	876,640
	1,573,324	1,658,756	1,260,788	1,296,363

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB. In each of the reporting period, Fuxin Guangzhou negotiated with banks and revised the repayment schedule.

Details of interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates at 2023: ranging from 2.70% to 3.00% per annum with maturities up to 2038 2024: ranging from 2.60% to 3.00% per annum with maturities up to 2038	–	–	1,003,584	966,125
Fixed interest rates at 2021: ranging from 3.50% to 3.90% per annum with maturities up to 2034 2022: ranging from 3.00% to 3.55% per annum with maturities up to 2034 2023: ranging from 2.35% to 2.80% per annum with maturities up to 2024 2024: ranging from 2.30% to 2.35% per annum with maturities up to 2025	1,573,324	1,658,756	257,204	330,238
	1,573,324	1,658,756	1,260,788	1,296,363

(b) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term other loans	35,041	165,151	105,080	290,190
– current portion of long-term other loans	10,180	101,161	10,083	10,071
	45,221	266,312	115,163	300,261
After 1 year but within 2 years	101,000	5,000	10,000	10,000
After 2 years but within 5 years	15,000	15,000	30,000	30,000
After 5 years	25,000	20,000	50,000	45,000
	141,000	40,000	90,000	85,000
	186,221	306,312	205,163	385,261

All other loans are borrowed from China Huadian Finance Corporation Limited ("China Huadian Finance"), a fellow subsidiary of Fuxin Guangzhou. Other loans bear interest rates ranging from 3.80% to 4.17%, 2.95% to 3.70%, 2.50% to 2.7% and 2.30% to 2.70% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities up to 2030, 2030, 2033 and 2033 respectively.

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance				
Fixed interest rates at				
2021: ranging from 3.75% to 4.165% per annum, with maturities up to 2030				
2022: ranging from 2.95% to 3.75% per annum, with maturities up to 2030				
2023: ranging from 2.50% to 2.70% per annum, with maturities up to 2033				
2024: ranging from 2.30% to 2.70% per annum, with maturities up to 2033	186,221	306,312	205,163	385,261

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the current liabilities include all bank loans and other loan that are scheduled to repay within one year.

24. TRADE PAYABLES

As at the end of each reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	95,120	46,922	67,567	41,622
1 to 2 years	39,016	–	19,218	13,411
Over 2 years	18,762	–	–	–
	152,898	46,922	86,785	55,033

The average credit period on purchase of goods is 30-90 days. Fuxin Guangzhou has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

25. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	66,645	55,768	19,091	17,410
– Wages payables	623	616	175	29
– Others *(Note (i))*	500	359	242	368
	67,768	56,743	19,508	17,807
Other tax payables	32,659	49,391	36,181	54,414
Contract liabilities *(Note (ii))*	1,367	6	–	–
	101,794	106,140	55,689	72,221

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) Contract liabilities mainly relate to the deposits received from customers for sale of heat. Fuxin Guangzhou expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

(iii) All of the other payables of Fuxin Guangzhou are expected to be settled within one year or are repayable on demand.

26. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 30 June 2023, a final dividend of approximately RMB39,774,000 was declared and paid to shareholders for 2022. No dividend was paid or proposed during the years ended 31 December 2021 and 2023 and the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Fuxin Guangzhou's registered, fully paid up capital is tabled below.

	Registered and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and the end of reporting period	519,000	519,000	519,000	519,000

(c) Statutory surplus reserve

General reserve

According to Fuxin Guangzhou's Articles of Association, Fuxin Guangzhou is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Fuxin Guangzhou is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Fuxin Guangzhou's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

(e) Capital management

Fuxin Guangzhou's capital management objectives are:

- to ensure Fuxin Guangzhou's ability to continue as a going concern;

- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Fuxin Guangzhou may adjust the amount of dividends paid to shareholders.

27. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders, fellow subsidiaries that had material transactions with Fuxin Guangzhou are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited ("China Huadian")	Ultimate shareholder of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Property Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Engineering Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Finance Company Limited	Fellow subsidiary of the Company
Huadian Jiangsu Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Commercial Factoring (Tianjin) Company Limited	A fellow subsidiary of the Company

Note: Fuxin Guangzhou had the following material transactions with related parties during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Purchase of construction service and equipment from Fellow subsidiaries	8,012	49,003	131,956	31,063	37,963
Loans obtained from Fellow subsidiaries	85,000	665,000	2,903,000	1,028,000	890,000
Repayment of loans to Fellow subsidiaries	75,000	545,000	3,004,000	1,153,000	710,000
Payment of interest to Fellow subsidiaries	7,881	11,967	5,140	2,442	4,097
Interest income from Fellow subsidiaries	1,698	1,181	136	136	61

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Lease and property service expenses paid to Fellow subsidiaries	1,793	2,745	3,216	784	–
Other service expenses paid to Fellow subsidiaries	424	–	14,117	6,004	93

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments, deposits and other receivables				
Fellow subsidiaries	239	–	–	–
Cash and cash equivalents				
Fellow subsidiaries	111,661	126,764	14,202	63,102
Other loan				
Fellow subsidiaries	186,221	306,121	205,163	385,261
Trade payable				
Fellow subsidiaries	22,043	29,150	36,915	22,531
Other payables				
Fellow subsidiaries	6,480	4,646	1,887	1,843

(b) Transactions with key management personnel

Remuneration for key management personnel of Fuxin Guangzhou, including amounts paid to Fuxin Guangzhou's directors and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	1,249	1,350	1,514	685	714
Retirement benefits	262	413	460	209	270
Bonus	1,151	1,264	2,474	682	402
	2,662	3,027	4,448	1,576	1,386

Total remuneration is included in "personnel costs" (see note 7).

(c) Contributions to defined contribution retirement plans

Fuxin Guangzhou participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

28. RETIREMENT PLANS

Fuxin Guangzhou is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Fuxin Guangzhou participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Fuxin Guangzhou has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Fuxin Guangzhou to reduce the existing level of contribution.

Fuxin Guangzhou's contribution to these plans amounted to approximately RMB4,798,000, RMB5,969,000, RMB7,014,000, RMB3,101,000 (unaudited) and RMB2,894,000 during the relevant periods and six months ended 30 June 2023 which was charged to the statement of profit or loss and other comprehensive income (note 7).

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables	235,297	295,640	274,554	389,537
– Other receivables	325	2,920	–	–
– Cash and cash equivalents	111,661	126,764	14,202	63,102
	347,283	425,324	288,756	452,639
Financial liabilities				
At amortised cost	1,980,211	2,068,733	1,572,244	1,754,464

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Fuxin Guangzhou's business.

Fuxin Guangzhou's exposure to these risks and the financial risk management policies and practices used by Fuxin Guangzhou to manage these risks are described below.

(a) Interest rate risk

Fuxin Guangzhou is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 23). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 100%, 100%, 32% and 43% of total borrowings of Fuxin Guangzhou respectively. Fuxin Guangzhou historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Fuxin Guangzhou is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 22 and 23 for details).

Sensitivity analysis

The sensitivity analysis below indicates Fuxin Guangzhou's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by Fuxin Guangzhou at the end of the reporting period. The impact on Fuxin Guangzhou's profit after tax (and equity) and equity is estimated as an annualised impact on interest expense of such a change in interest rates.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Guangzhou's profit after tax and decreased Fuxin Guangzhou's total equity by approximately nil, nil, RMB7,527,000 and RMB7,246,000 respectively.

(b) Credit risk

Fuxin Guangzhou's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are banks and other financial institution with high credit ratings.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade receivables are due within 30 to 90 days from the date of billing. Normally, Fuxin Guangzhou does not obtain collateral from customers.

Fuxin Guangzhou's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Guangzhou has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 96%, 95%, 95% and 94% of the total trade receivables respectively were due from Fuxin Guangzhou's largest customer and 98%, 98% 98% and 98% of the total trade receivables respectively were due from Fuxin Guangzhou's five largest customers. The credit risk on the customers is limited because the largest customer is government owned company whose revenue accounted for more than 95% of total sales during the relevant periods.

Fuxin Guangzhou measures loss allowances for trade receivables at an amount equal to lifetime ECLs, ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Fuxin Guangzhou's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

In respect of deposits and other receivables, Fuxin Guangzhou adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

No significant collectability issues have been identified in the past. None of Fuxin Guangzhou's financial assets are secured by collateral or other credit enhancements.

Fuxin Guangzhou does not provide any guarantees which would expose Fuxin Guangzhou to credit risk.

Further quantitative disclosures in respect of Fuxin Guangzhou's exposure to credit risk arising from trade receivables are set out in note 20.

(c) Liquidity risk

In the management of liquidity risk, Fuxin Guangzhou monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Fuxin Guangzhou's board when the borrowings exceed certain predetermined levels of authority. Fuxin Guangzhou's policy is to regularly monitor its liquidity requirements 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 long-term.

At 31 December 2022, 2023 and the six months ended 2024, Fuxin Guangzhou had net current liabilities of approximately RMB72,095,000, RMB223,406,000, and RMB197,179,000. With regards to its future capital commitments and other financing requirements, Fuxin Guangzhou has unutilised banking facilities of approximately RMB3.3 billion, RMB2.5 billion, RMB3.3 billion and RMB3.6 billion as at 31 December 2021, 2022, 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Fuxin Guangzhou'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 Fuxin Guangzhou can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	449,131	113,108	324,582	616,466	1,503,287	1,296,363
Other loans	307,113	12,295	35,265	50,403	405,076	385,261
Trade payables	55,033	–	–	–	55,033	55,033
Other payables	17,807	–	–	–	17,807	17,807
	829,084	125,403	359,847	666,869	1,981,203	1,754,464

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	364,752	102,504	294,427	744,059	1,505,742	1,260,788
Other loans	118,293	12,430	35,670	56,676	223,069	205,163
Trade payables	86,785	–	–	–	86,785	86,785
Other payables	19,508	–	–	–	19,508	19,508
	589,338	114,934	330,097	800,735	1,835,104	1,572,244

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	365,225	176,222	501,549	997,420	2,040,415	1,658,756
Other loans	271,483	6,480	18,330	21,784	318,077	306,312
Trade payables	46,922	–	–	–	46,922	46,922
Other payables	56,743	–	–	–	56,743	56,743
	740,373	182,702	519,879	1,019,204	2,462,157	2,068,733

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	250,001	153,263	436,538	1,244,520	2,084,322	1,573,324
Other loans	51,638	105,537	19,373	28,552	205,111	186,221
Trade payables	152,898	–	–	–	152,898	152,898
Other payables	67,768	–	–	–	67,768	67,768
	522,305	258,810	455,911	1,273,072	2,510,099	1,980,211

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial information approximate their fair values.

	31 December						30 June	
	2021		2022		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	1,634,408	1,669,341	1,619,738	1,599,575	100,083	106,473	95,071	99,856

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Fuxin Guangzhou.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Fuxin Guangzhou's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans	**Dividend payables**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	1,618,588	–	1,618,588
Financing cash flows	140,875	–	140,875
Interest paid	(69,298)	–	(69,298)
Interest expense	69,380	–	69,380
As at 31 December 2021	1,759,545	–	1,759,545
Financing cash flows	205,542	–	205,542
Interest paid	(70,664)	–	(70,664)
Interest expense	70,645	–	70,645
As at 31 December 2022	1,965,068	–	1,965,068
Financing cash flows	(498,306)	(39,774)	(538,080)
Dividends recognised as distribution	–	39,774	39,774
Interest paid	(58,322)	–	(58,322)
Interest expense	57,511	–	57,511
As at 31 December 2023	1,465,951	–	1,465,951
Financing cash flows	215,680	–	215,680
Interest paid	(23,235)	–	(23,235)
Interest expense	23,228	–	23,228
As at 30 June 2024	1,681,624	–	1,681,624

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Fuxin Guangzhou in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUADIAN FUXIN JIANGMEN ENERGY CO., LTD.* (華電福新江門能源有限公司) TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Huadian Fuxin Jiangmen Energy Co., Ltd.* (華電福新江門能源有限公司) ("Fuxin Jiangmen") set out on pages II-255 to II-294, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods"), and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-255 to II-294 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the proposed major transactions and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Fuxin Jiangmen are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Fuxin Jiangmen determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Fuxin Jiangmen is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Fuxin Jiangmen, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Fuxin Jiangmen as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cash flows of Fuxin Jiangmen for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Fuxin Jiangmen which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Fuxin Jiangmen are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-255 have been made.

Dividends

We refer to note 29(a) to the Historical Financial Information which contains information about dividend declared or paid by Fuxin Jiangmen during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN JIANGMEN

Preparation of Historical Financial Information

The financial statements of Fuxin Jiangmen for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	*6*	630,183	784,967	1,095,064	566,724	464,062
Operating expenses						
Fuel costs		(490,605)	(733,070)	(914,010)	(478,186)	(396,154)
Depreciation and amortisation		(40,944)	(44,089)	(44,099)	(21,792)	(22,780)
Repairs, maintenance and inspection		(13,834)	(18,372)	(26,626)	(14,743)	(9,961)
Personnel costs	*7*	(19,231)	(22,000)	(30,434)	(9,847)	(11,278)
Taxes and surcharges	*8*	(2,644)	(3,404)	(8,371)	(4,030)	(3,110)
Other operating expenses	*11(b)*	(14,617)	(14,468)	(12,431)	(8,189)	(5,911)
		(581,875)	(835,403)	(1,035,971)	(536,787)	(449,194)
Operating profit/(loss)		48,308	(50,436)	59,093	29,937	14,868
Other revenue	*9*	12,026	1,733	11,995	5,090	6,829
Other net income/(loss)	*9*	174	103	1,206	(614)	167
Interest income from bank deposits		368	319	138	99	33
Finance costs	*10*	(25,754)	(26,703)	(24,209)	(12,788)	(10,498)
Profit/(loss) before taxation		35,122	(74,984)	48,223	21,724	11,399
Income tax (expenses)/credit	*14*	(5,337)	18,903	(12,534)	(3,494)	(3,139)
Profit/(loss) and total comprehensive income/(expense) for the year/period		29,785	(56,081)	35,689	18,230	8,260

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	820,418	767,824	742,575	727,106
Right-of-use assets	*17(a)*	29,350	28,497	27,644	27,217
Construction in progress	*18*	4,114	19,275	2,570	1,863
Intangible assets	*19*	188	458	323	257
Deferred tax assets	*28*	–	18,903	6,369	3,230
		854,070	834,957	779,481	759,673
Current assets					
Inventories	*20*	3,728	4,256	4,311	3,356
Trade debtors receivable	*21*	56,776	104,850	79,458	110,653
Deposits, other receivables and prepayments	*22*	40,749	52,947	70,047	65,367
Tax recoverable		1,189	–	–	–
Restricted deposits	*23*	–	–	6,975	6,975
Cash and cash equivalents	*24*	28,230	31,841	20,357	40,567
		130,672	193,894	181,148	226,918
Current liabilities					
Bank loans	*25(a)*	89,775	80,048	126,885	186,381
Other loans	*25(b)*	30,034	83,162	47,598	30,052
Lease liabilities	*17(b)*	48	55	62	58
Trade creditors payable	*26*	125,761	39,685	18,730	14,235
Other payables and contract liabilities	*27*	16,140	23,877	12,909	18,151
		261,758	226,827	206,184	248,877
Net current liabilities		(131,086)	(32,933)	(25,036)	(21,959)
Total assets less current liabilities		722,984	802,024	754,445	737,714

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*25(a)*	510,770	538,712	496,987	502,047
Other loans	*25(b)*	–	108,512	67,000	37,000
Lease liabilities	*17(b)*	632	578	547	496
		511,402	647,802	564,534	539,543
Net assets		211,582	154,222	189,911	198,171
Capital and reserves					
Share capital	*29(b)*	178,117	200,369	200,369	200,369
Reserves	*29(c)*	33,465	(46,147)	(10,458)	(2,198)
Total equity		211,582	154,222	189,911	198,171

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 29(b))*	Statutory reserves *RMB'000*	Retained earnings/ (accumulated loss) *RMB'000*	Total *RMB'000*
At 1 January 2021	154,085	3,680	24,032	181,797
Profit and total comprehensive income for the year	–	–	29,785	29,785
Capitalisation of retained earnings	24,032	–	(24,032)	–
Appropriation of general reserve	–	26,646	(26,646)	–
At 31 December 2021 and 1 January 2022	178,117	30,326	3,139	211,582
Loss and total comprehensive expenses for the year	–	–	(56,081)	(56,081)
Capitalisation of retained earnings	22,252	–	(22,252)	–
Appropriation of specific reserve	–	580	(580)	–
Dividend distributions	–	–	(1,279)	(1,279)
At 31 December 2022 and 1 January 2023	200,369	30,906	(77,053)	154,222
Profit and total comprehensive income for the year	–	–	35,689	35,689
Appropriation of specific reserve	–	8,483	(8,483)	–
Utilisation of specific reserve	–	(5,097)	5,097	–
At 31 December 2023 and 1 January 2024	200,369	34,292	(44,750)	189,911
Profit and total comprehensive income for the period	–	–	8,260	8,260
Appropriation of specific reserve	–	5,721	(5,721)	–
Utilisation of specific reserve	–	(5,970)	5,970	–
At 30 June 2024	200,369	34,043	(36,241)	198,171
At 1 January 2023	200,369	30,906	(77,053)	154,222
Profit and total comprehensive income for the period (Unaudited)	–	–	18,230	18,230
Appropriation of specific reserve (Unaudited)	–	4,242	(4,242)	–
Utilisation of specific reserve (Unaudited)	–	(2,683)	2,683	–
At 30 June 2023 (Unaudited)	200,369	32,465	(60,382)	172,452

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and others	706,936	835,338	1,271,672	636,779	497,628
Cash paid to suppliers, employees and others	(606,154)	(922,050)	(1,164,566)	(579,332)	(477,795)
CASH GENERATED FROM/ (USED IN) OPERATIONS	100,782	(86,712)	107,106	57,447	19,833
Interest paid	(25,506)	(26,586)	(24,314)	(12,910)	(10,584)
PRC enterprise income tax (paid)/refunded	(3,223)	1,189	–	–	–
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	72,053	(112,109)	82,792	44,537	9,249
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of purchase of property, plant and equipment, construction in progress	(61,580)	(63,119)	(15,620)	(4,904)	(6,136)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets	–	42	60	–	–
Interest received	368	319	138	99	33
Placement of restricted deposits	–	–	(6,975)	–	–
NET CASH (USED IN) INVESTING ACTIVITIES	(61,212)	(62,758)	(22,397)	(4,805)	(6,103)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans	150,000	375,400	249,861	83,000	103,000
Repayment of loans	(159,840)	(195,589)	(321,681)	(122,394)	(85,902)
Lease liabilities – Payment of principal portion of the lease liabilities	(189)	(54)	(59)	(28)	(34)
Dividends paid	–	(1,279)	–	–	–
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(10,029)	178,478	(71,879)	(39,422)	17,064
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	812	3,611	(11,484)	310	20,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	27,418	28,230	31,841	31,841	20,357
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	28,230	31,841	20,357	32,151	40,567

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN JIANGMEN

1. GENERAL INFORMATION

Huadian Fuxin Jiangmen Energy Co., Ltd.* (華電福新江門能源有限公司) ("Fuxin Jiangmen") was established in Guangdong province of the People's Republic of China (the "PRC") on 27 April 2013 as a limited company. The registered office and the principal place of business of Fuxin Jiangmen is at A-03-b02, Baotang Road Section, Jiangsha Demonstration Park, Jiangmen Advanced Manufacturing Industry.

Fuxin Jiangmen are principally engaged in the generation and sale of electricity and heat in the PRC. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

Its immediate and ultimate holding company of Fuxin Jiangmen are Fujian Huadian Furui Energy Development Co., Ltd.* (福建華電福瑞能源發展有限公司) ("Huadian Furui") and China Huadian Corporation Limited* (中國華電集團有限公司) ("China Huadian") respectively. Both are incorporated in the PRC with limited liability.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Fuxin Jiangmen.

Statutory financial statements of Fuxin Jiangmen have been audited by WUYIGE Certified Public Accountants (LLP) for each of the years ended 31 December 2021 and 2022. Statutory financial statements of Fuxin Jiangmen have been audited by Pan-China Certified Public Accountants for the year ended 31 December 2023.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going concern

At 30 June 2024, Fuxin Jiangmen had net current liabilities of approximately RMB21,959,000. The directors of Fuxin Jiangmen are of the opinion that, taking into account the current operation of Fuxin Jiangmen and the unutilised banking facilities available to Fuxin Jiangmen, Fuxin Jiangmen has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Fuxin Jiangmen has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Fuxin Jiangmen has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standard – volume 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

* *For identification purpose only*

The directors of Fuxin Jiangmen anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Fuxin Jiangmen.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Fuxin Jiangmen takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 5.

The material accounting policies information are set out below.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(d)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Fuxin Jiangmen's accounting policy.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Fuxin Jiangmen and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Buildings	25 – 45 years
Generators, machinery and equipment	5 – 30 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(d)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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 licenses	10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(d) Impairment of assets

(i) Impairment of financial assets

Fuxin Jiangmen recognises loss allowances for expected credit loss (the "ECL") on trade debtors receivable related to sales of electricity and heat, other receivables, restricted deposits, cash and cash equivalents and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Fuxin Jiangmen in accordance with the contract and all the cash flows that Fuxin Jiangmen expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade debtors receivable related to sale of electricity and heat, Fuxin Jiangmen applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Fuxin Jiangmen performs impairment assessment based on Fuxin Jiangmen's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Fuxin Jiangmen considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Fuxin Jiangmen's historical experience and informed credit assessment and including forward-looking information.

Fuxin Jiangmen assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Fuxin Jiangmen has reasonable and supportable information that demonstrates otherwise.

Fuxin Jiangmen considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Fuxin Jiangmen in full, without recourse by Fuxin Jiangmen to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Fuxin Jiangmen has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit- impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– construction in progress; and

– intangible assets.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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.

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.

(e) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(f) Trade debtors receivable, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Fuxin Jiangmen holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(d)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(g) Cash and cash equivalents

Cash and cash equivalents comprise demand deposits with financial institutions, and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(d)(i).

(h) Financial liabilities and equity instruments

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Fuxin Jiangmen are recognised at the proceeds received, net of direct issue costs.

(ii) Financial liabilities

Financial liabilities including bank loans, other loans, trade creditors payable and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(i) Derecognition of financial assets or financial liabilities

Fuxin Jiangmen derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Fuxin Jiangmen retains substantially all the risks and rewards of ownership of a transferred financial asset, Fuxin Jiangmen continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Fuxin Jiangmen derecognises financial liabilities when, and only when, Fuxin Jiangmen's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Fuxin Jiangmen expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Fuxin Jiangmen's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Fuxin Jiangmen performs; or
- does not create an asset with an alternative use to Fuxin Jiangmen and Fuxin Jiangmen has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that Fuxin Jiangmen will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Fuxin Jiangmen recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Fuxin Jiangmen should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Fuxin Jiangmen with no future related costs are recognised in profit or loss in which they become receivable.

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Fuxin Jiangmen's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Fuxin Jiangmen expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Fuxin Jiangmen intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(l) Borrowing costs

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

(m) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Fuxin Jiangmen in respect of services provided by employees up to the reporting date.

(n) Related parties

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

(i) has control or joint control over Fuxin Jiangmen;

(ii) has signification influence over Fuxin Jiangmen; or

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

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

(i) The entity and Fuxin Jiangmen 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 Fuxin Jiangmen or an entity related to Fuxin Jiangmen.

(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 part, provides key management personnel services to Fuxin Jiangmen or to Fuxin Jiangmen'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.

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgment

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Fuxin Jiangmen have made in the process of applying Fuxin Jiangmen's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Critical judgement in applying the accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Fuxin Jiangmen has made in the process of applying Fuxin Jiangmen's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the Historical Financial Information.

(a) Going concern basis

These Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable Fuxin Jiangmen to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

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.

(a) Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets and construction in progress

In determining whether an asset is impaired, Fuxin Jiangmen has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No Impairment loss of property, plant and equipment, right-of-use assets, intangible assets, and construction in progress were recognised during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Fuxin Jiangmen's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Jiangmen's trade and other receivables are disclosed in notes 21, 22 and 32(b).

(c) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. Fuxin Jiangmen reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on Fuxin Jiangmen's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Deferred tax assets

As disclosed in note 28(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Fuxin Jiangmen uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise tax loss and deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future periods.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity and heat. Major components of Fuxin Jiangmen's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
– Sale of electricity	513,427	641,300	960,921	502,665	398,933
– Sale of heat	116,756	143,667	134,143	64,059	65,129
	630,183	784,967	1,095,064	566,724	464,062

The revenue from sale of electricity and heat is recognised at a point in time.

Transaction price allocated to the remaining performance obligations for contracts

The contracts for sales of electricity and heat are with an original expected duration of one year or less. Accordingly, Fuxin Jiangmen has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

The chief operating decision makers review Fuxin Jiangmen's revenue and profit as a whole, which are determined in accordance with Fuxin Jiangmen's accounting policies, for resources allocation and performance assessment. Therefore, Fuxin Jiangmen has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

Fuxin Jiangmen's non-current assets are mainly located in the PRC. Fuxin Jiangmen's all customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of Fuxin Jiangmen is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	513,427	641,300	960,921	502,665	398,933
Customer B^	N/A[#]	104,255	N/A[#]	N/A[#]	N/A[#]

* Revenue from sale of electricity

^ Revenue from sale of heat

Less than 10% of the total sales

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits	12,915	14,866	21,359	6,277	7,050
Retirement benefits *(note 31)*	3,704	4,031	5,633	1,863	2,172
Other staff costs	2,612	3,103	3,442	1,707	2,056
	19,231	22,000	30,434	9,847	11,278

The above amounts included the directors' and superiors' emoluments as disclosed in note 12.

8. TAXES AND SURCHARGES

During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other revenue					
Government grants *(Note)*	6,996	1,711	11,927	5,090	6,729
Others	5,030	22	68	–	100
	12,026	1,733	11,995	5,090	6,829
Other net income/(loss)					
Gain on disposal of property, plant and equipment, and intangible assets	–	25	36	–	–
Net income from sale of materials	292	244	1,959	174	196
Others	(118)	(166)	(789)	(788)	(29)
	174	103	1,206	(614)	167

Note: Government grants mainly represent refund of value added tax. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on loans	25,679	26,571	24,116	12,735	10,471
Interest on lease liabilities	63	59	55	28	25
Other finance costs	12	73	38	25	2
	25,754	26,703	24,209	12,788	10,498

11. PROFIT/(LOSS) FOR THE YEAR/PERIOD

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Amortisation					
– Intangible assets	10	55	104	52	66
Depreciation					
– Property, plant and equipment	40,081	43,181	43,142	21,313	22,287
– Right-of-use assets	853	853	853	427	427

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Total depreciation and amortisation	40,944	44,089	44,099	21,792	22,780
Auditor's remuneration					
– Audit services	184	256	130	65	260
Cost of inventories recognised	490,605	733,070	914,010	478,186	396,154

(b) Other operating expense:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Power charges	4,565	5,297	2,954	1,301	1,641
Water charges	1,424	747	1,114	533	532
Others	8,628	8,424	8,363	6,355	3,738
Total other operating expenses	14,617	14,468	12,431	8,189	5,911

12. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

30 June 2024

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
CHU Xubo	–	233	58	–	291
YE Zhifei	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
WANG Lu	–	–	–	–	–
CHI Yufei	–	–	–	–	–
Supervisors					
LIN Huijian	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	99	22	–	121
	–	332	80	–	412

30 June 2023 (Unaudited)

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
CHU Xubo	–	241	48	–	289
YE Zhifei	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
WANG Lu	–	–	–	–	–
CHI Yufei	–	–	–	–	–
Supervisors					
LIN Huijian	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	85	18	–	103
	–	326	66	–	392

31 December 2023

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors					
CHU Xubo	–	914	98	–	1,012
YE Zhifei	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
WANG Lu	–	–	–	–	–
CHI Yufei	–	–	–	–	–
Supervisors					
LIN Huijian	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	258	38	–	296
	–	1,172	136	–	1,308

31 December 2022

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
CHU Xubo	–	723	80	–	803
YE Zhifei	–	–	–	–	–
SUN Peng[9]	–	–	–	–	–
CHI Yufei[11]	–	–	–	–	–
CHEN Zhiyong	–	9	–	–	9
WANG Lu	–	–	–	–	–
Supervisors					
LI Fubing[10]	–	–	–	–	–
LIN Huijian[12]	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	206	35	–	241
	–	938	115	–	1,053

31 December 2021

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
HUANG Yanzhang[2]	–	138	–	–	138
CHU Xubo[1]	–	382	68	–	450
YE Zhifei	–	–	–	–	–
WANG Feng[7]	–	–	–	–	–
LI Shijun[8]	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
SUN Peng[9]	–	–	–	–	–
WANG Lu[3]	–	–	–	–	–
Supervisors					
ZHU Deyuan[6]	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
SI Liang[5]	–	149	26	–	175
LI Fubing[10]	–	–	–	–	–
ZHOU Zhiyang[4]	–	185	22	–	207
	–	854	116	–	970

(1) Appointed as director in August 2021.

(2) Resigned as director in August 2021.

(3) Appointed as director in December 2021.

(4) Appointed as supervisor in December 2021.

(5) Resigned as supervisor in December 2021.

(6) Resigned as supervisor in December 2021.

(7) Resigned as director in December 2021.

(8) Resigned as director in December 2021.

(9) Appointed as director in August 2021 and resigned in June 2022.

(10) Appointed as supervisor in August 2021 and resigned in June 2022.

(11) Appointed as director in June 2022.

(12) Appointed as supervisor in June 2022.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Fuxin Jiangmen during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included 3, 1, 2, 1 (unaudited) and 2 directors and supervisors respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining 2, 4, 3, 4 (unaudited) and 3 highest paid employees who are not a director and supervisor of Fuxin Jiangmen are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries and other emoluments	835	1,575	1,491	854	567
Retirement benefits	132	213	149	110	136
	967	1,788	1,640	964	703

The number of the highest paid employees who are not the directors or supervisors of Fuxin Jiangmen whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals (Unaudited)*	*Number of Individuals*
Nil-Hong Kong Dollars ("HK$") 1,000,000	2	4	3	4	3

14. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax – PRC Enterprise Income Tax					
Charge for the year	5,337	–	–	–	–
Deferred tax					
Origination and reversal of temporary differences and tax losses *(note 28(a))*	–	(18,903)	12,534	3,494	3,139
Income tax expenses/(credit) for the year/period	5,337	(18,903)	12,534	3,494	3,139

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit/(loss) before taxation	35,122	(74,984)	48,223	21,724	11,399
Notional PRC enterprise income tax at statutory tax rate of 25%	8,781	(18,746)	12,056	5,431	2,850
Income tax on concessionary *(Note (i))*	(3,513)	–	–	–	–
Tax effect of non-deductible expenses	195	–	478	–	289
Tax effect of non-taxable income	(126)	(157)	–	(1,937)	–
	5,337	(18,903)	12,534	3,494	3,139

Note:

(i) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25%. However, Fuxin Jiangmen operating is eligible for tax concessions of "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for the year ended 31 December 2021. For the years ended December 2022 and 2023 and the six months ended 2023 and 2024, tax rate of 25% is applied.

15. EARNINGS (LOSS) PER SHARE

No earnings (loss) per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	**Generators machinery and equipment** *RMB'000*	**Motor vehicles furniture, fixtures, equipment and others** *RMB'000*	**Total** *RMB'000*
Cost				
At 1 January 2021	201,201	666,644	3,033	870,878
Additions	–	2,599	545	3,144
Transferred from construction in progress *(note 18)*	–	62,142	–	62,142
At 31 December 2021 and 1 January 2022	201,201	731,385	3,578	936,164
Additions	–	–	740	740
Transferred from construction in progress *(note 18)*	222	361	469	1,052
Disposals/write-offs	(3,858)	(7,062)	(507)	(11,427)
At 31 December 2022 and 1 January 2023	197,565	724,684	4,280	926,529
Transferred from construction in progress *(note 18)*	9,205	8,712	–	17,917
Disposals/write-offs	–	–	(337)	(337)
At 31 December 2023 and 1 January 2024	206,770	733,396	3,943	944,109
Additions	–	5,668	308	5,976
Transferred from construction in progress *(note 18)*	681	125	36	842
At 30 June 2024	207,451	739,189	4,287	950,927

	Buildings *RMB'000*	Generators machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment				
At 1 January 2021	9,516	64,322	1,827	75,665
Charge for the year	6,457	33,313	311	40,081
At 31 December 2021 and 1 January 2022	15,973	97,635	2,138	115,746
Charge for the year	6,050	36,700	431	43,181
Written back on disposals	–	–	(222)	(222)
At 31 December 2022 and 1 January 2023	22,023	134,335	2,347	158,705
Charge for the year	6,601	36,393	148	43,142
Written back on disposals	–	–	(313)	(313)
At 31 December 2023 and 1 January 2024	28,624	170,728	2,182	201,534
Charge for the period	3,337	18,864	86	22,287
At 30 June 2024	31,961	189,592	2,268	223,821
Net book value				
At 30 June 2024	175,490	549,597	2,019	727,106
At 31 December 2023	178,146	562,668	1,761	742,575
At 31 December 2022	175,542	590,349	1,933	767,824
At 31 December 2021	185,228	633,750	1,440	820,418

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen was in the process of obtaining the certificates of ownership for buildings with carrying values of approximately RMB8,817,000, RMB8,589,000, RMB8,361,000 and RMB8,256,000 respectively from the relevant PRC government authorities. In the opinion of the directors, the absence of formal title to these properties does not impair their values, as Fuxin Jiangmen has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

17. LEASE

Fuxin Jiangmen as a lessee

Fuxin Jiangmen has lease contracts for land use rights that were used in its operations. During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of land use rights generally have lease terms 10 to 40 years.

(a) Right-of-use assets

(i) The carrying amounts of Fuxin Jiangmen's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	29,350	28,497	27,644	27,217

(ii) Depreciation charge of right-of-use assets is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Land use rights	853	853	853	427	427

(b) Lease liabilities

Amounts payable under lease liabilities

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	48	55	62	58
After one year and within two years	54	65	79	77
After than two years and within five years	223	253	309	310
After five years	355	260	159	109
	680	633	609	554
Analysed into:				
Current portion	48	55	62	58
Non-current portion	632	578	547	496

The weighted average incremental borrowing rates applied to lease liabilities at 4.65% as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. The total cash outflow for leases for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 were approximately RMB252,000, RMB113,000, RMB114,000, RMB57,000 (unaudited) and RMB59,000 respectively.

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	8,173	4,114	19,275	2,570
Additions	58,083	16,213	1,212	135
Transferred to property, plant and equipment *(note 16)*	(62,142)	(1,052)	(17,917)	(842)
At 31 December/30 June	4,114	19,275	2,570	1,863

19. INTANGIBLE ASSETS

	Software licenses
	RMB'000
Cost	
At 1 January 2021	92
Additions	191
At 31 December 2021 and 1 January 2022	283
Additions	325
At 31 December 2022 and 1 January 2023	608
Write-offs	(52)
At 31 December 2023, 1 January 2024 and 30 June 2024	556
Accumulated amortisation	
At 1 January 2021	85
Charge for the year	10
At 31 December 2021 and 1 January 2022	95
Charge for the year	55
At 31 December 2022 and 1 January 2023	150
Charge for the year	104
Written back on write-offs	(21)
At 31 December 2023 and 1 January 2024	233
Charge for the period	66
At 30 June 2024	299
Net book value	
At 30 June 2024	257
At 31 December 2023	323
At 31 December 2022	458
At 31 December 2021	188

The amortisation recognised for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB10,000, RMB55,000, RMB104,000, RMB52,000 (unaudited) and RMB66,000 respectively are included in "Depreciation and amortisation" in the statements of profit or loss and other comprehensive income.

20. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	3,728	4,256	4,311	3,356

All of the inventories for future usage and sales are expected to be utilised within one year.

21. TRADE DEBTORS RECEIVABLE

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade debtors for the sale of electricity	38,245	89,607	66,438	97,635
Trade debtors for the sale of heat	18,531	15,243	13,020	13,018
Less: allowance for impairment	–	–	–	–
	56,776	104,850	79,458	110,653

(a) Ageing analysis

Fuxin Jiangmen allows a general credit period of 30 to 90 days to its customers. Fuxin Jiangmen does not hold any collateral over these balances. At the end of each reporting period, the ageing analysis of trade debtors receivable (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	56,776	104,850	79,458	110,653

(b) Impairment of trade debtors receivable

Impairment loss in respect of trade debtors receivable is recorded using an allowance account unless Fuxin Jiangmen is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors receivable directly. Fuxin Jiangmen has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Fuxin Jiangmen determines the ECL on these items on a collective basis.

No impairment loss has been recognised during the Relevant Periods as the amounts are insignificant.

The information about the ECLs on Fuxin Jiangmen's trade debtors receivable is disclosed in note 32(b).

22. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	4,447	4,522	973	965
– Other receivables	104	62	659	659
	4,551	4,584	1,632	1,624
Other tax receivables	5,325	–	–	–
Prepayments	30,873	48,363	68,415	63,743
	36,198	48,363	68,415	63,743
	40,749	52,947	70,047	65,367

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Fuxin Jiangmen. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs of deposits and other receivables of Fuxin Jiangmen have been recognised. The information about the ECLs on Fuxin Jiangmen's deposits and other receivables are disclosed in note 32(b).

23. RESTRICTED DEPOSITS

Restricted deposits mainly represent other financial institutions with maturity of over three months.

24. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at financial institutions	28,230	31,841	20,357	40,567

25. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	20,022	–	50,036	86,058
– current portion of long-term bank loans	69,753	80,048	76,849	100,323
	89,775	80,048	126,885	186,381
After 1 year but within 2 years	29,000	64,727	82,221	87,833
After 2 years but within 5 years	6,000	74,681	54,655	73,038
After 5 years	475,770	399,304	360,111	341,176
	510,770	538,712	496,987	502,047
	600,545	618,760	623,872	688,428

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured.

Details of interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates ranging from				
2021: 3.70% to 3.90% per annum with maturities up to 2030				
2022: 2.75% to 3.30% per annum with maturities up to 2037				
2023: 2.60% to 3.10% per annum with maturities up to 2037				
2024: 2.60% to 2.75% per annum with maturities up to 2037	580,523	618,760	573,836	602,370
Fixed interest rates ranging from				
2021: 3.60% to 3.75% per annum with maturities up to 2022				
2022: Nil				
2023: 2.30% to 2.40% per annum with maturities up to 2024				
2024: 2.28% to 3.20% per annum with maturities up to 2025	20,022	–	50,036	86,058
	600,545	618,760	623,872	688,428

(b) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term other loans	30,034	50,044	–	–
– current portion of long-term other loans	–	33,118	47,598	30,052
	30,034	83,162	47,598	30,052
After 1 year but within 2 years	–	66,500	45,000	30,000
After 2 years but within 5 years	–	42,012	22,000	7,000
	–	108,512	67,000	37,000
	30,034	191,674	114,598	67,052

Other loans are mainly borrowed from China Huadian Finance Corporation Limited (中國華電集團財務有限公司) ("China Huadian Finance").

Other loans bear interest rates at or ranging from 3.75%, 2.80% to 3.00%, 2.80% and 2.80% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities from 2022, 2023 to 2025, 2025 to 2026 and 2026 respectively.

All of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance				
Floating interest rates ranging from				
2022: 3.00% per annum, with maturities up to 2025				
2023: 2.80% per annum, with maturities up to 2026				
2024: 2.80% per annum, with maturities up to 2026	–	141,630	114,598	67,052
Fixed interest rates ranging from				
2021: 3.75% per annum, with maturities up to 2022				
2022: 2.90% per annum, with maturities up to 2023	30,034	50,044	–	–
	30,034	191,674	114,598	67,052

26. TRADE CREDITORS PAYABLE

As at the end of each reporting period, the ageing analysis of trade creditors payable, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	61,328	34,486	13,320	9,444
1 to 2 years	39,213	1,210	1,721	1,286
Over 2 years	25,220	3,989	3,689	3,505
	125,761	39,685	18,730	14,235

The average credit period on purchase of goods is 30 days. Fuxin Jiangmen has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

27. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	10,656	9,310	1,653	1,547
– Wages payable	264	618	303	161
– Others *(Note (i))*	398	336	243	204
	11,318	10,264	2,199	1,912
Other tax payables	4,822	13,613	10,710	16,239
	16,140	23,877	12,909	18,151

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) All of the other payables of Fuxin Jiangmen are expected to be settled within one year or are repayable on demand.

28. DEFERRED TAXATION

Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	Credited to profit or loss	At 31 December 2021 and 1 January 2022	Credited to profit or loss	At 31 December 2022 and 1 January 2023	(Charged)/ credited to profit or loss	At 31 December 2023 and 1 January 2024	(Charged)/ credited to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	–	–	–	18,903	18,903	(12,567)	6,336	(3,134)	3,202
Right-of-use assets	–	–	–	–	–	(119)	(119)	9	(110)
Lease liabilities	–	–	–	–	–	152	152	(14)	138
	–	–	–	18,903	18,903	(12,534)	6,369	(3,139)	3,230

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen has unused estimated tax losses of approximately Nil, RMB75,612,000, RMB25,344,000 and RMB12,808,000 respectively. Deferred tax has been recognised for such losses. The tax losses incurred by Fuxin Jiangmen will expire in five years from the year in which the loss originated.

29. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to resolutions passed at the directors' meetings held on 30 June 2022, a interim dividend of RMB1,279,000, is declared and paid to shareholders for 2022. No dividend was paid or proposed for the years end 31 December 2021 and 2023 and during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Fuxin Jiangmen's registered, and fully paid up capital is tabled below.

	Registered and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	154,085	178,117	200,369	200,369
Capitalisation of retained earnings	24,032	22,252	–	–
At end of year/period	178,117	200,369	200,369	200,369

(c) Reserves

(i) Statutory surplus reserve

General reserve

According to Fuxin Jiangmen's Articles of Association, Fuxin Jiangmen is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies, Fuxin Jiangmen is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Fuxin Jiangmen's Articles of Association, the retained profits available for distribution are the amount as determined under PRC accounting rules and regulations.

(e) Capital management

Fuxin Jiangmen's capital management objectives are:

- to ensure Fuxin Jiangmen's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Fuxin Jiangmen may adjust the amount of dividends paid to shareholders.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Fuxin Jiangmen are as follows:

Name of related parties	Nature of relationship
China Huadian	Ultimate shareholder of Fuxin Jiangmen
Huadian Power International Corporation Limited	Fellow subsidiaries of Fuxin Jiangmen
Huadian Furui	Immediate holding company of Fuxin Jiangmen
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen
Huadian Property Company Limited	Fellow subsidiaries of Fuxin Jiangmen
China Huadian Finance	Fellow subsidiaries of Fuxin Jiangmen
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen

Note: Fuxin Jiangmen had the following material transactions with related parties during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024:

(b) Transactions with shareholders and fellow subsidiaries

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchases of fuel from a fellow subsidiary	5,584	6,097	–	–	–
Purchase of construction services and equipment from fellow subsidiaries	55,039	9,713	13,764	6,282	3,517
Loans proceeds obtained from a fellow subsidiary	–	200,000	77,000	–	–
Loans repaid to a fellow subsidiary	30,000	38,500	191,500	52,500	10,000

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest paid and payable to a fellow subsidiary	844	5,449	5,213	3,070	1,356
Interest income from a fellow subsidiary	362	309	136	98	32
Management service expenses paid to fellow subsidiaries	1,829	2,741	2,667	1,255	970
Other service expenses paid to Fellow subsidiaries	1,474	1,888	1,656	–	326

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits, other receivables and prepayments				
Fellow subsidiaries	7,752	6,491	–	18
Cash and cash equivalents and restricted deposits				
Fellow subsidiary	28,230	31,841	27,332	47,542
Other loans				
Fellow subsidiary	(30,034)	(191,674)	(114,598)	(67,052)
Trade creditors payable				
Fellow subsidiaries	(6,293)	(3,156)	(3,992)	(1,213)

(c) Transactions with key management personnel

Remuneration for key management personnel of Fuxin Jiangmen, including amounts paid to Fuxin Jiangmen's directors and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other remunerations	1,689	2,513	2,663	1,180	899
Retirement benefits	248	328	285	176	216
	1,937	2,841	2,948	1,356	1,115

Total remuneration is included in "personnel costs" (see note 7).

(d) Contributions to defined contribution retirement plans

Fuxin Jiangmen participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

(e) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Fuxin Jiangmen ("other government-related entities"). The majority of the business activities of Fuxin Jiangmen are conducted with other government-related entities.

The transactions between Fuxin Jiangmen and other government-related entities are conducted in the ordinary course of Fuxin Jiangmen's business within normal business operations. Fuxin Jiangmen has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Fuxin Jiangmen's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the Historical Financial Information, the directors believe that the following transactions are collectively significant for disclosure purpose:

- ***sale of electricity to the grid***

  Fuxin Jiangmen sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government.

- ***depositing and borrowing***

  Fuxin Jiangmen deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- ***other transactions***

  Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

31. RETIREMENT PLANS

For the Relevant Periods, Fuxin Jiangmen is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Fuxin Jiangmen participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Fuxin Jiangmen has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Fuxin Jiangmen to reduce the existing level of contribution.

Fuxin Jiangmen's contribution to these plans amounted to approximately RMB3,704,000, RMB4,031,000, RMB5,633,000, RMB1,863,000 (unaudited) and RMB2,172,000 during the three years ended 31 December 2021, 2022 ad 2023 and six months ended 30 June 2023 and 2024 which was charged to the statements of profit or loss and other comprehensive income (note 7).

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade debtors receivable	56,776	104,850	79,458	110,653
– Other receivables	4,551	4,584	1,632	1,624
– Restricted deposits	–	–	6,975	6,975
– Cash and cash equivalents	28,230	31,841	20,357	40,567
	89,557	141,275	108,422	159,819
Financial liabilities				
At amortised cost	767,658	860,383	759,399	771,627

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Fuxin Jiangmen's business.

Fuxin Jiangmen's exposure to these risks and the financial risk management policies and practices used by Fuxin Jiangmen to manage these risks are described below.

(a) Interest rate risk

Fuxin Jiangmen is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 25). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 7.94%, 6.17%, 6.78% and 11.39% of total borrowings of Fuxin Jiangmen respectively. Fuxin Jiangmen historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Fuxin Jiangmen is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 25 and 24 for details).

Sensitivity analysis

The sensitivity analysis indicates Fuxin Jiangmen's exposure to cash flow interest rate risk arising from floating rate instruments held by Fuxin Jiangmen at the end of each reporting period. The impact on Fuxin Jiangmen's profit (loss) after tax and equity is estimated as an annualised impact on interest expense of such a change in interest rates.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Jiangmen's profit/loss after tax and decreased/increase Fuxin Jiangmen's total equity by approximately RMB4,354,000, RMB5,703,000, RMB5,163,000 and RMB5,021,000 respectively.

(b) Credit risk

Fuxin Jiangmen's credit risk is primarily attributable to trade debtors receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors receivable, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade debtors are due within 30 to 90 days from the date of billing.

Fuxin Jiangmen's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Jiangmen has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 67%, 85%, 83% and 88% of the total trade debtors receivable respectively were due from Fuxin Jiangmen's largest customer and 99%, 100%, 98% and 98% from the five largest customers respectively.

For restricted deposits and cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the Relevant Periods was limited to 12-month ECLs.

(c) Liquidity risk

In the management of liquidity risk, Fuxin Jiangmen monitors and maintained the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Fuxin Jiangmen's board when the borrowings exceed certain predetermined levels of authority. Fuxin Jiangmen's policy is to regularly monitor its liquidity requirements 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 long-term.

At 30 June 2024, Fuxin Jiangmen had net current liabilities of approximately RMB21,959,000. With regards to its future capital commitments and other financing requirements, Fuxin Jiangmen has unutilised banking facilities of approximately RMB1,568 million as at 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Fuxin Jiangmen'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 Fuxin Jiangmen can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	203,647	100,777	102,152	353,349	759,925	688,428
Other loans	31,876	31,036	7,085	–	69,997	67,052
Trade creditors payable	14,235	–	–	–	14,235	14,235
Lease liabilities	104	116	376	115	711	554
Other payables	1,912	–	–	–	1,912	1,912
	251,774	131,929	109,613	353,464	846,780	772,181

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	144,515	96,650	88,071	379,779	709,015	623,872
Other loans	50,804	46,637	22,575	–	120,016	114,598
Trade creditors payable	18,730	–	–	–	18,730	18,730
Lease liabilities	111	122	389	171	793	609
Other payables	2,199	–	–	–	2,199	2,199
	216,359	143,409	111,035	379,950	850,753	760,008

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	99,900	82,010	115,742	436,064	733,716	618,760
Other loans	88,786	69,755	42,443	–	200,984	191,674
Trade creditors payable	39,685	–	–	–	39,685	39,685
Lease liabilities	109	114	358	290	871	633
Other payables	10,264	–	–	–	10,264	10,264
	238,744	151,879	158,543	436,354	985,520	861,016

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	112,354	48,207	60,664	539,877	761,102	600,545
Other loans	30,327	–	–	–	30,327	30,034
Trade creditors payable	125,761	–	–	–	125,761	125,761
Lease liabilities	107	108	350	412	977	680
Other payables	11,318	–	–	–	11,318	11,318
	279,867	48,315	61,014	540,289	929,485	768,338

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

	31 December						30 June	
	2021		2022		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	50,056	50,056	50,044	50,044	50,036	50,036	86,058	86,058

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Fuxin Jiangmen.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Fuxin Jiangmen's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans *RMB'000*	**Lease liabilities** *RMB'000*	**Dividend payables** *RMB'000*	**Total** *RMB'000*
As at 1 January 2021	640,451	720	–	641,171
Financing cash flows	(9,840)	(189)	–	(10,029)
Other non-cash adjustments	(268)	149	–	(119)
Interest paid	(25,443)	(63)	–	(25,506)
Interest expense	25,679	63	–	25,742
As at 31 December 2021	630,579	680	–	631,259
Financing cash flows	179,811	(54)	(1,279)	178,478
Other non-cash adjustments	–	7	–	7
Dividends recognised as distribution	–	–	1,279	1,279
Interest paid	(26,527)	(59)	–	(26,586)
Interest expense	26,571	59	–	26,630
As at 31 December 2022	810,434	633	–	811,067
Financing cash flows	(71,820)	(59)	–	(71,879)
Other non-cash adjustments	(1)	35	–	34
Interest paid	(24,259)	(55)	–	(24,314)
Interest expense	24,116	55	–	24,171
As at 31 December 2023	738,470	609	–	739,079
Financing cash flows	17,098	(34)	–	17,064
Other non-cash adjustments	–	(21)	–	(21)
Interest paid	(10,559)	(25)	–	(10,584)
Interest expense	10,471	25	–	10,496
As at 30 June 2024	755,480	554	–	756,034

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Fuxin Jiangmen in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUADIAN FUXIN QINGYUAN ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Huadian Fuxin Qingyuan Energy Company Limited* 華電福新清遠能源有限公司 ("Fuxin Qingyuan") set out on pages II-298 to II-329, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-298 to II-329 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Fuxin Qingyuan are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Fuxin Qingyuan determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of Fuxin Qingyuan is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Fuxin Qingyuan, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Fuxin Qingyuan's as at 31 December 2021, 2022 and 2023 and 30 June 2024, and of the financial performance and cash flows of Fuxin Qingyuan for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Fuxin Qingyuan which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Fuxin Qingyuan are responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-298 have been made.

Dividends

We refer to note 24(a) to the Historical Financial Information which states that no dividends have been paid or declared by Fuxin Qingyuan in respect of the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN QINGYUAN

Preparation of Historical Financial Information

The financial information of Fuxin Qingyuan for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Turnover	*6*	–	–	6,562	4,545	30,902
Operating expenses						
Fuel costs		–	–	(16,869)	(13,796)	(33,306)
Depreciation		–	–	(12,912)	(4,785)	(8,678)
Repairs, maintenance and inspection		–	–	(3,777)	–	(4,042)
Taxes and surcharges	*7*	–	–	(527)	–	(338)
Other operating expenses	*9(b)*	–	–	(3,063)	(1,530)	(1,721)
		–	–	(37,148)	(20,111)	(48,085)
Operating loss		–	–	(30,586)	(15,566)	(17,183)
Interest income from bank deposits		–	88	8	–	10
Finance costs	*8*	–	(289)	(4,947)	(2,293)	(3,270)
Loss and total comprehensive expense for the year/period	*9(a)*	–	(201)	(35,525)	(17,859)	(20,443)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at 30 June 2024 RMB'000
Non-current assets					
Property, plant and equipment	*13*	23	209	346,137	337,587
Construction in progress	*14*	63,382	430,165	170,086	176,393
Right-of-use assets	*15*	9,265	12,289	12,005	12,172
Other non-current assets	*16*	145	30,260	58,336	58,534
		72,815	472,923	586,564	584,686
Current assets					
Inventories	*17*	–	–	80	22
Trade receivables	*18*	–	–	2,159	1,546
Deposits, other receivables and prepayments	*19*	48	1,150	16,065	35,074
Cash and cash equivalents	*20*	9,518	6,253	894	2,645
		9,566	7,403	19,198	39,287
Current liabilities					
Bank loans	*21(a)*	–	246	21,053	22,164
Other loans	*21(b)*	–	84	5,073	57
Trade payables	*22*	31,352	77,806	97,803	87,617
Other payables	*23*	16,599	2,241	3,888	4,279
		47,951	80,377	127,817	114,117
Net current liabilities		(38,385)	(72,974)	(108,619)	(74,830)
Total assets less current liabilities		34,430	399,949	477,945	509,856
Non-current liabilities					
Bank loans	*21(a)*	–	193,510	285,031	334,885
Other loans	*21(b)*	–	80,000	75,000	77,500
		–	273,510	360,031	412,385
Net assets		34,430	126,439	117,914	97,471
Capital and reserves					
Share capital	*24(b)*	34,450	126,660	153,660	153,660
Reserves	*24(c)*	(20)	(221)	(35,746)	(56,189)
Total equity		34,430	126,439	117,914	97,471

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 24(b))*	Statutory reserves *RMB'000 (note 24(c))*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2021	25,000	–	(20)	24,980
Capital injection	9,450	–	–	9,450
At 31 December 2021 and 1 January 2022	34,450	–	(20)	34,430
Loss and total comprehensive income for the year	–	–	(201)	(201)
Capital injection	92,210	–	–	92,210
At 31 December 2022 and 1 January 2023	126,660	–	(221)	126,439
Loss and total comprehensive income for the year	–	–	(35,525)	(35,525)
Appropriation of specific reserve	–	204	(204)	–
Utilisation of specific reserve	–	(204)	204	–
Capital injection	27,000	–	–	27,000
At 31 December 2023 and 1 January 2024	153,660	–	(35,746)	117,914
Loss and total comprehensive income for the period	–	–	(20,443)	(20,443)
Appropriation of specific reserve	–	97	(97)	–
Utilisation of specific reserve	–	(61)	61	–
At 30 June 2024	153,660	36	(56,225)	97,471

	Share capital *RMB'000 (note 24(b))*	Retained earnings *RMB'000 (note 24(c))*	Total *RMB'000*
At 1 January 2023	126,660	(221)	126,439
Loss and total comprehensive income for the period (Unaudited)	–	(17,859)	(17,859)
Capital injection	27,000	–	27,000
At 30 June 2023 (Unaudited)	153,660	(18,080)	135,580

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	–	–	5,255	–	35,680
Cash paid to suppliers, employees and others	–	–	(15,990)	(4)	(61,511)
Cash used in operations	–	–	(10,735)	(4)	(25,831)
Interest paid	–	(4,374)	(11,067)	(5,351)	(6,030)
Prepaid PRC enterprise income tax	–	–	(17)	–	–
Net cash used in operating activities	–	(4,374)	(21,819)	(5,355)	(31,861)
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and right-of-use assets	(667)	(364,727)	(122,537)	(110,308)	(14,890)
Interest received	3	65	24	16	10
Net cash used in investing activities	(664)	(364,662)	(122,513)	(110,292)	(14,880)
Cash flows from financing activities					
Loans					
– Proceeds from loans	–	273,561	112,304	95,670	225,237
– Repayment of loans	–	–	(61)	(26)	(176,745)
Capital injection	9,450	92,210	27,000	27,000	–
Other financing activities	–	–	(270)	–	–
Net cash generated from financing activities	9,450	365,771	138,973	122,644	48,492
Net increase (decrease) in cash and cash equivalents	8,786	(3,265)	(5,359)	6,997	1,751
Cash and cash equivalents at beginning of the year/period	732	9,518	6,253	6,253	894
Cash and cash equivalents at end of the year/period	9,518	6,253	894	13,250	2,645

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN QINGYUAN

1. GENERAL INFORMATION

Huadian Fuxin Qingyuan Energy Company Limited ("Fuxin Qingyuan") was established in Guangdong province of the People's Republic of China (the "PRC") on 15 July 2013 as a limited company and the office address is the north side of the Dongsheng Village Section of Line S347 in Qingyuan Overseas Chinese Industrial Park, Donghua Town, Yingde City Guangdong, the PRC.

Fuxin Qingyuan is primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate holding company and ultimate holding company of Fuxin Qingyuan are Fujian Huadian Furui Energy Development Company Limited* (福建華電福瑞能源發展有限公司) and China Huadian Corporation Limited* (中國華電集團有限公司), both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Fuxin Qingyuan.

Statutory financial statements of Fuxin Qingyuan has been prepared and audited by WUYIGE Certified Public Accounts LLP for the years ended 31 December 2021 and 2022 and Pan-China Certified Public Accounts LLP for the year ended 31 December 2023 respectively.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Going concern assumption

At 30 June 2024, Fuxin Qingyuan had net current liabilities and loss for the period of approximately RMB74,830,000 and RMB20,443,000 respectively. The directors of Fuxin Qingyuan are of the opinion that, taking into account the current operation of the Fuxin Qingyuan and the unutilised banking facilities available to Fuxin Qingyuan, the Fuxin Qingyuan has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Fuxin Qingyuan has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Fuxin Qingyuan has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]

* *For identification purpose only*

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors of Fuxin Qingyuan anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Fuxin Qingyuan.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Fuxin Qingyuan takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(d)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Fuxin Qingyuan's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Fuxin Qingyuan and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Building	20 – 45 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(a) above when the relevant assets are completed and ready for their intended use.

(c) Leases

As a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Fuxin Qingyuan has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Fuxin Qingyuan measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Land use rights	50 years

The estimated useful lives and method for amortisation are reviewed annually.

(d) Impairment of assets

(i) Impairment of financial assets

Fuxin Qingyuan recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity, other receivables, and cash and cash equivalents and other financial assets measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Fuxin Qingyuan in accordance with the contract and all the cash flows that Fuxin Qingyuan expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables related to sale of electricity, Fuxin Qingyuan applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Fuxin Qingyuan performs impairment assessment based on Fuxin Qingyuan's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Fuxin Qingyuan considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Fuxin Qingyuan's historical experience and informed credit assessment and including forward-looking information.

Fuxin Qingyuan assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Fuxin Qingyuan has reasonable and supportable information that demonstrates otherwise.

Fuxin Qingyuan considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Fuxin Qingyuan in full, without recourse by Fuxin Qingyuan to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Fuxin Qingyuan has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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;

– right-of-use assets;

– construction in progress; and

– other non-current assets (other than financial assets).

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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*

In respect of assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(e) Inventories

Inventories, comprising materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost 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, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(f) Trade receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Fuxin Qingyuan holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(d)(i)).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institution and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(d)(i).

(h) Financial liabilities

Other financial liabilities

Other financial liabilities including bank loans, other loans, trade payable and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(i) Derecognition of financial assets or financial liabilities

Fuxin Qingyuan derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Fuxin Qingyuan retains substantially all the risks and rewards of ownership of a transferred financial asset, Fuxin Qingyuan continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Fuxin Qingyuan derecognises financial liabilities when, and only when, Fuxin Qingyuan's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Fuxin Qingyuan expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Fuxin Qingyuan's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Fuxin Qingyuan performs; or
- does not create an asset with an alternative use to Fuxin Qingyuan and Fuxin Qingyuan has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Other income

Interest income

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

(k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fuxin Qingyuan's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such 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.

Current tax is recognised in profit or loss. No deferred tax assets and liabilities recognise during the Relevant Periods.

(l) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

(m) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Fuxin Qingyuan in respect of services provided by employees up to the reporting date.

(n) Related parties

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

(i) has control or joint control over Fuxin Qingyuan;

(ii) has signification influence over Fuxin Qingyuan; or

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

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

(i) The entity and Fuxin Qingyuan are members of the same Company (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 Company 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 Fuxin Qingyuan or an entity related to Fuxin Qingyuan.

(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 Company of which it is part, provides key management personnel services to Fuxin Qingyuan or to Fuxin Qingyuan's parent.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgement

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Fuxin Qingyuan have made in the process of applying the Fuxin Qingyuan's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Going concern basis

These financial information have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable Fuxin Qingyuan to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

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.

(a) Estimated impairment of property, plant and equipment, right-of-use assets and construction in progress

In determining whether an asset is impaired, Fuxin Qingyuan has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) adoption of key assumptions and input data to assess the recoverable amounts. Changing the assumptions selected by management to determine the level of impairment could materially affect net present value used in the impairment test. No impairment loss of property, plant and equipment, right-of-use assets and construction in progress were recognised in the Historical Financial Information during the Relevant Periods.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Fuxin Qingyuan's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Qingyuan's trade and other receivables are disclosed in notes 18, 19 and 27(b).

(c) Depreciation

Property, plant and equipment and right-of-use assets are depreciated over their estimated useful lives, after taking into account the estimated residual value. Fuxin Qingyuan reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on Fuxin Qingyuan's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation, the rate of depreciation is revised prospectively.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sale of electricity	–	–	6,562	4,545	30,902

The revenue from sale of electricity is recognised at a point in time.

(b) Segment information

The chief operating decision makers review Fuxin Qingyuan's revenue and profit as a whole, which are determined in accordance with Fuxin Qingyuan's accounting policies, for resources allocation and performance assessment. Therefore, Fuxin Qingyuan has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

The Fuxin Qingyuan's non-current assets are mainly located in the PRC. The Fuxin Qingyuan's major customer is based in the PRC.

Information about major customers

During the years ended 31 December 2023 and six months ended 30 June 2023 and 2024, the revenue is arising from one regional and provincial power grid operator which accounted for 100% of external revenue.

7. TAXES AND SURCHARGES

During the year ended 31 December 2023 and six months ended 30 June 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on loans	–	4,938	11,140	5,518	5,989
Other finance costs	–	8	257	–	–
Less: interest capitalised	–	(4,657)	(6,450)	(3,225)	(2,719)
	–	289	4,947	2,293	3,270

The borrowing costs have been capitalised at an average rate of 1%, 1%, 2% (unaudited) and 1% per annum for construction in progress during the years ended 31 December 2022 and 2023 and six months ended 30 June 2023 and 2024 respectively.

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD

(a) Loss and total comprehensive expenses for the years/periods are arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Depreciation					
– Property, plant and equipment	–	–	12,629	4,643	8,535
– Right-of-use assets	–	–	283	142	143
Total depreciation	–	–	12,912	4,785	8,678
Auditor's remuneration					
– Audit services	9	164	398	217	–

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Power charges	–	–	1,773	885	893
Others	–	–	1,290	645	828
Total other operating expenses	–	–	3,063	1,530	1,721

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

During the Relevant Periods, the directors' and supervisors' salary and retirement benefits are borne by the parent company of Fuxin Qingyuan.

11. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the statement of profit and other comprehensive income represents:

No provision for PRC Profits Tax has been made for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 as there are no assessable profits generated.

(b) Reconciliation between income tax and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Loss before taxation	–	(201)	(35,525)	(17,859)	(20,443)
Notional PRC enterprise income tax at statutory tax rate of 25%	–	(50)	(8,881)	(4,465)	(5,111)
Tax effect of tax losses and deductible temporary differences not recognised	–	50	8,881	4,465	5,111
	–	–	–	–	–

Notes:

(i) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 on the estimated assessable profit for the years/periods determined in accordance with relevant enterprise income tax rules and regulations.

(ii) At the end of the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, Fuxin Qingyuan has unused tax losses of RMB201,000, RMB35,726,000, RMB18,060,000 (unaudited) and RMB56,169,000. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

12. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2021	–	–	556	556
At 31 December 2021 and 1 January 2022	–	–	556	556
Transferred from construction in progress *(note 14)*	–	–	201	201
At 31 December 2022 and 1 January 2023	–	–	757	757
Additions	–	–	129	129
Transferred from construction in progress *(note 14)*	145,766	212,867	–	358,633
At 31 December 2023 and 1 January 2024 and 30 June 2024	145,766	212,867	886	359,519
Accumulated depreciation				
At 1 January 2021	–	–	530	530
Charge for the year	–	–	3	3
At 31 December 2021 and 1 January 2022	–	–	533	533
Charge for the year	–	–	15	15
At 31 December 2022 and 1 January 2023	–	–	548	548
Charge for the year	5,193	7,585	56	12,834
At 31 December 2023 and 1 January 2024	5,193	7,585	604	13,382
Charge for the year	3,462	5,056	32	8,550
At 30 June 2024	8,655	12,641	636	21,932

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Net book value				
At 30 June 2024	137,111	200,226	250	337,587
At 31 December 2023	140,573	205,282	282	346,137
At 31 December 2022	–	–	209	209
At 31 December 2021	–	–	23	23

Note: As at 31 December 2023 and 30 June 2024, Fuxin Qingyuan was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB57,736,000 and RMB59,193,000 respectively from the relevant PRC government authorities. Subsequent to 30 June 2024, the relevant property certificates have been obtained.

14. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021 *RMB'000*	2022 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*
At the beginning of the reporting period	30,048	63,382	430,165	170,086
Additions	33,334	366,984	98,554	6,307
Transferred to property, plant and equipment *(note 13)*	–	(201)	(358,633)	–
At the end of the reporting period	63,382	430,165	170,086	176,393

15. LEASE

Fuxin Qingyuan as a lessee

Fuxin Qingyuan has lease contracts for land use rights that were used in its operations. Leases of land use rights generally have lease terms 50 years. Generally, Fuxin Qingyuan is restricted from assigning and subleasing the leased assets outside Fuxin Qingyuan.

Right-of-use assets

(i) The carrying amounts of the Fuxin Qingyuan's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	9,265	12,289	12,005	12,172

During the year ended 31 December 2022 and six months ended 30 June 2024, additions to new land use rights are amounted to RMB3,296,000 and RMB309,000 respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	–	–	283	142	143

As at 30 June 2024, Fuxin Qingyuan was in the process of obtaining the certificates of ownership for land use right which carrying values of approximately RMB308,000 from the relevant PRC government authorities.

16. OTHER NON-CURRENT ASSETS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible Value Added Tax and other tax	145	30,260	444,46	44,629
Others	–	–	13,890	13,905
	145	30,260	58,336	58,534

17. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Materials, components and spare parts	–	–	80	22

Inventories represented materials, components and spare parts and are expected to be utilised within one year.

18. TRADE RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables for the sale of electricity	–	–	2,159	1,546

(a) Ageing analysis

Fuxin Qingyuan allows a general credit of 30 to 90 days to its customers. Fuxin Qingyuan does not hold any collateral over these balances, as at the end of each reporting period, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	–	–	2,159	1,546

(b) Impairment of trade receivables

Fuxin Qingyuan has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Fuxin Qingyuan determines the ECL on these items on a collective basis.

The information about the ECLs on Fuxin Qingyuan's trade receivables are disclosed in note 27(b). For the Relevant Periods, no ECL was recognised as the directors of Fuxin Qingyuan considered that the amount involved was immaterial.

19. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	8	8	8	8
– Other receivables	–	–	680	637
	8	8	688	645
Deductible Value Added Tax	–	844	8,015	8,015
Prepayments	40	298	7,362	26,414
	48	1,150	16,065	35,074

Notes: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Fuxin Qingyuan. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs was recognised as the directors of Fuxin Qingyuan considered that the amount involved was immaterial. The information about the ECLs on Fuxin Qingyuan's deposits and other receivables are disclosed in note 27(b).

20. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at other financial institution	9,518	6,253	894	2,645

21. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– current portion of long-term bank loans	–	246	21,053	22,164
	–	246	21,053	22,164
After 1 year but within 2 years	–	–	8,749	46,887
After 5 years	–	193,510	276,282	287,998
	–	193,510	285,031	334,885
	–	193,756	306,084	357,049

As at 31 December 2022,2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB. In each of the reporting period, Fuxin Qingyuan negotiated with banks and revised the repayment schedule.

Details of interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates:				
2022: ranging from 3.25% to 3.45% per annum with maturities up to 2038				
2023: ranging from 2.60% to 3.15% per annum with maturities up to 2038				
2024: ranging from 2.55% to 2.60% per annum with maturities up to 2038	–	193,756	306,084	357,049

(b) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– current portion of long-term other loans	–	84	5,073	57
After 5 years	–	80,000	75,000	77,500
	–	80,084	80,073	77,557

Other loans are mainly borrowed from China Huadian Finance Corporation Limited ("China Huadian Finance"), a fellow subsidiary of Fuxin Qingyuan and denominated in RMB. Other loans bear interest rates 3.7%, 3.0% and 2.65% as at 31 December 2022, 2023 and 30 June 2024 respectively, with maturities year in 2032 for all.

All of the other loans are denominated in RMB and are unsecured. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans from China Huadian Finance				
Floating interest rate of:				
2022: 3.70% per annum with maturities up to 2032				
2023: 3.00% per annum with maturities up to 2032				
2024: 2.65% per annum with maturities up to 2032	–	80,084	80,073	77,557

22. TRADE PAYABLE

As at the end of each reporting period, the ageing analysis of trade payable, presented based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	31,122	77,806	97,767	14,829
1 to 2 years	30	–	36	72,788
Over 2 years	200	–	–	–
	31,352	77,806	97,803	87,617

23. OTHER PAYABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	–	–	1,649	1,711
– Others *(Note (i))*	16,571	2,213	2,211	2,211
	16,571	2,213	3,860	3,922
Other tax payables	28	28	28	357
	16,599	2,241	3,888	4,279

Notes:

(i) Others mainly include payables on service fees and other miscellaneous items.

(ii) All of the other payables of Fuxin Qingyuan are expected to be settled or are repayable on demand.

24. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since the 30 June 2024.

(b) Share capital

Movement of Fuxin Qingyuan's registered, issued and fully paid up capital is tabled below:

	Registered, issued and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	25,000	34,450	126,660	153,660
Issues of shares	9,450	92,210	27,000	–
At end of the year/period	34,450	126,660	153,660	153,660

(c) Statutory surplus reserve

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies, Fuxin Qingyuan is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Fuxin Qingyuan's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

(e) Capital management

Fuxin Qingyuan's capital management objectives are:

- to ensure Fuxin Qingyuan's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Fuxin Qingyuan may adjust the amount of dividends paid to shareholders.

25. MATERIAL RELATED PARTY TRANSACTIONS

Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Fuxin Qingyuan are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited ("China Huadian")	Ultimate shareholder of the Company
Huadian power International Corporation Limited and its subsidiaries	Fellow subsidiaries of the Company
Fujian Huadian Furui Energy Development Company Limited ("Fujian Huadian Furui") and its subsidiaries	Shareholder of the Company and fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Property Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Finance Corporation Limited	A fellow subsidiary of the Company
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company

Note:

Fuxin Qingyuan had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Purchase of construction service and equipment from					
China Huadian	–	–	283	–	–
Fellow subsidiaries	–	1,041	351	238	–
Loans obtained from					
A fellow subsidiary	–	80,000	–	–	–
Loans repaid to					
A fellow subsidiary	10,000	–	–	–	2,500
Interest paid to					
A fellow subsidiary	–	1,844	252	112	1,161
Interest income from					
A fellow subsidiary	–	9	–	–	8

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental and property management service expenses paid to					
A fellow subsidiary	–	679	599	135	243
Other service expenses paid to					
Fellow subsidiaries	–	1,378	4,611	1,075	2,150

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits, other receivables and prepayments				
A fellow subsidiary	–	–	663	620
Cash and cash equivalents				
A fellow subsidiary	9,518	6,253	894	2,645
Other loans				
A fellow subsidiary	–	(80,084)	(80,073)	(77,557)
Trade payable				
Fellow subsidiaries	(200)	(512)	(583)	(660)
Other payables				
Fujian Huadian Furui	(2,010)	(2,010)	(2,010)	(2,010)
Fellow subsidiaries	(14,360)	–	(156)	–

26. COMMITMENTS

Capital commitments

The Target Company had capital commitments as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for but not provided in the financial statements				
– Development of power plants	18,900	18,900	82,500	82,500

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables	–	–	2,159	1,546
– Other receivables	8	8	688	645
– Cash and cash equivalents	9,518	6,253	894	2,645
	9,526	6,261	3,741	4,836
Financial liabilities				
At amortised cost	47,923	353,859	487,820	526,145

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Fuxin Qingyuan's business.

The Fuxin Qingyuan's exposure to these risks and the financial risk management policies and practices used by Fuxin Qingyuan to manage these risks are described below.

(a) Interest rate risk

Fuxin Qingyuan is exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 20 and 21 for details).

Sensitivity analysis

The sensitivity analysis below indicates Fuxin Qingyuan's exposure to cash flow interest rate risk arising from floating rate instruments held by Fuxin Qingyuan at the end of the reporting period. The impact on Fuxin Qingyuan's loss after tax and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

As at 31 December 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Qingyuan's loss after tax and decreased Fuxin Qingyuan's total equity by approximately RMB2 million, RMB3 million and RMB2 million respectively.

(b) Credit risk

Fuxin Qingyuan's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are banks and other financial institution with high credit ratings.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade receivables are due within 30 to 90 days from the date of billing. Normally, Fuxin Qingyuan does not obtain collateral from customers.

Fuxin Qingyuan's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Qingyuan has significant exposure to individual customers. As at 31 December 2023 and 30 June 2024, all trade receivables were due from Fuxin Qingyuan's largest customer. The credit risk on the customer is limited because it is a government owned company.

Fuxin Qingyuan measures loss allowances for trade receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Fuxin Qingyuan's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

In respect of other receivables, Fuxin Qingyuan adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

No significant collectability issues have been identified in the past. None of Fuxin Qingyuan's financial assets are secured by collateral or other credit enhancements.

Fuxin Qingyuan does not provide any guarantees which would expose Fuxin Qingyuan to credit risk.

Further quantitative disclosures in respect of Fuxin Qingyuan's exposure to credit risk arising from trade receivables are set out in note 18.

(c) Liquidity risk

The Fuxin Qingyuan's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

At 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, Fuxin Qingyuan had net current liabilities of approximately RMB38,385,000, RMB72,974,000, RMB108,619,000 and RMB74,830,000. With regards to its future capital commitments and other financing requirements, Fuxin Qingyuan has unutilised banking facilities of approximately: RMB780,000,000, RMB1,204,439,000 and RMB710,699,000 and RMB493,204,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of the reporting period of Fuxin Qingyuan'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 Fuxin Qingyuan can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	31,290	54,788	22,032	351,278	459,388	357,049
Other loans	2,111	2,054	6,161	83,331	93,657	77,557
Trade payable	87,617	–	–	–	87,617	87,617
Other payables	3,922	–	–	–	3,922	3,922
	124,940	56,842	28,193	434,609	644,584	526,145

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying Amount** *RMB'000*
Bank loans	183,652	12,355	10,320	154,216	360,543	306,084
Other loans	4,973	2,325	6,975	85,261	99,534	80,073
Trade payable	97,803	–	–	–	97,803	97,803
Other payables	3,860	–	–	–	3,860	3,860
	290,288	14,680	17,295	239,477	561,740	487,820

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	6,626	6,378	19,133	255,129	287,266	193,756
Other loans	3,044	2,960	8,880	92,850	107,734	80,084
Trade payable	77,806	–	–	–	77,806	77,806
Other payables	2,213	–	–	–	2,213	2,213
	89,689	9,338	28,013	347,979	475,019	353,859

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payable	31,352	–	–	–	31,352	31,352
Other payables	16,571	–	–	–	16,571	16,571
	47,923	–	–	–	47,923	47,923

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Fuxin Qingyuan's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans
	RMB'000
As at 1 January 2021 and 31 December 2021	–
Financing cash flows	273,561
Other non-cash adjustments	(285)
Interest paid	(4,374)
Interest expense	4,938

	Loans
	RMB'000
As at 31 December 2022	273,840
Financing cash flows	112,243
Interest paid	(11,066)
Interest expense	11,140
As at 31 December 2023	386,157
Financing cash flows	48,492
Interest paid	(6,032)
Interest expense	5,989
As at 30 June 2024	434,606

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Fuxin Qingyuan in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of CHD Guigang Electric Power Company Limited* 中國華電集團貴港發電有限公司 ("Guigang Electric Power"), Huadian Nanning New Energy Company Limited* 華電南寧新能源有限公司 ("Nanning New Energy") and Hubei Huadian Creative World New Energy Company Limited* 湖北華電創意天地新能源有限公司 ("Hubei Huadian") (collectively, "Guigang Electric Power Group") set out on pages II-333 to II-380, which comprises the combined statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-333 to II-380 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

The directors of Guigang Electric Power are responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information and for such internal control as the directors of Guigang Electric Power determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Guigang Electric Power are responsible for the contents of the Circular in which the Historical Financial Information of Guigang Electric Power Group is included, and such information is prepared based on accounting policies materially consistent with those of the Guigang Electric Power.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* *For identification purpose only*

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Guigang Electric Power, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Guigang Electric Power Group as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the financial performance and cashflows of Guigang Electric Power Group for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Guigang Electric Power Group which comprises the statement of combined profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Guigang Electric Power is responsible for the preparation of the Relevant Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Relevant Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the "Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Relevant Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 respectively to the Historical Financial Information.

Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-333 have been made.

Dividends

We refer to note 31(a) to the Historical Financial Information which contains information about dividend declared or paid by Guigang Electric Power Group during the Relevant Periods.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER GROUP

Preparation of Historical Financial Information

The combined financial information of Guigang Electric Power Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Turnover	*6*	2,388,169	2,265,104	2,993,901	1,387,537	1,098,998
Operating expenses						
Fuel costs		(2,221,267)	(2,186,356)	(2,332,470)	(1,166,607)	(805,590)
Depreciation and amortisation		(238,271)	(239,853)	(233,325)	(128,225)	(120,316)
Repairs, maintenance and inspection		(72,087)	(109,838)	(104,773)	(35,757)	(49,810)
Personnel costs	*7*	(112,871)	(124,860)	(125,627)	(50,802)	(60,338)
Taxes and surcharges	*8*	(13,111)	(11,906)	(13,950)	(5,868)	(5,806)
Other operating expenses	*11(b)*	(28,689)	(37,929)	(41,140)	(16,008)	(17,601)
		(2,686,296)	(2,710,742)	(2,851,285)	(1,403,267)	(1,059,461)
Operating (loss) profit		(298,127)	(445,638)	142,616	(15,730)	39,537
Other revenue	*9*	42,947	60,870	18,091	7,065	5,934
Other net income	*9*	31,787	25,628	20,125	8,986	5,235
Interest income from bank deposits		2,813	3,322	2,463	2,237	398
Finance costs	*10*	(116,944)	(94,194)	(70,447)	(41,336)	(22,204)
(Loss) profit before taxation	*11(a)*	(337,524)	(450,012)	112,848	(38,778)	28,900
Income tax credit (expense)	*14*	33,318	58,462	(25,265)	3,290	(9,703)
(Loss) profit and total comprehensive (expense) income for the year/period		(304,206)	(391,550)	87,583	(35,488)	19,197
(Loss) profit and total comprehensive (expense) income for the year/period attributable to:						
Owners of Guigang Electric Power		(306,938)	(393,029)	87,553	(34,275)	16,560
Non-controlling interests		2,732	1,479	30	(1,213)	2,637
		(304,206)	(391,550)	87,583	(35,488)	19,197

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	2,317,009	2,088,344	1,871,041	1,754,379
Right-of-use assets	*17*	117,223	117,117	113,722	112,025
Construction in progress	*18*	9,701	24,048	55,390	53,785
Intangible assets	*19*	9,812	9,244	10,687	10,005
Other non-current assets	*20*	1,280	–	447	2,358
Deferred tax assets	*29*	120,650	179,112	153,862	143,569
		2,575,675	2,417,865	2,205,149	2,076,121
Current assets					
Inventories	*21*	288,944	145,338	194,438	185,013
Trade receivables and bills receivables	*22*	351,369	302,648	307,460	150,401
Deposits, other receivables and prepayments	*23*	42,822	78,033	27,617	145,494
Tax recoverable		–	89	–	–
Cash and cash equivalents	*24*	189,969	827,969	402,024	142,723
		873,104	1,354,077	931,539	623,631
Current liabilities					
Bank loans	*25(a)*	1,175,927	984,926	449,737	99,064
Loans from a shareholder	*25(b)*	6,865	70,385	57,171	129,266
Other loans	*25(c)*	360,264	476,820	168,105	139,983
Amount due to parent company	*26*	291,896	27,625	153,170	–
Trade and bills payables	*27*	169,430	261,589	63,660	61,039
Other payables and contract liabilities	*28*	32,338	36,515	44,996	34,822
Tax payable		–	–	15	–
		2,036,720	1,857,860	936,854	464,174
Net current (liabilities) assets		(1,163,616)	(503,783)	(5,315)	159,457
Total assets less current liabilities		1,412,059	1,914,082	2,199,834	2,235,578

	Notes	As at 31 December 2021	2022	2023	As at 30 June 2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank loans	*25(a)*	444,044	269,931	419,800	598,549
Loans from a shareholder	*25(b)*	122,120	128,029	119,909	50,300
Other loans	*25(c)*	690,756	477,340	234,336	144,956
Deferred government grant		9,662	7,992	6,308	5,467
Deferred income	*30*	12,739	9,602	6,174	4,377
Deferred tax liabilities	*29*	2,131	2,131	2,131	1,556
		1,281,452	895,025	788,658	805,205
Net assets		130,607	1,019,057	1,411,176	1,430,373
Capital and reserves					
Share capital	*31(b)*	981,203	2,261,203	2,588,159	2,588,159
Reserves	*31(c)*	(831,103)	(1,222,949)	(1,157,792)	(1,139,123)
		150,100	1,038,254	1,430,367	1,449,036
Non-controlling interests		(19,493)	(19,197)	(19,191)	(18,663)
Total equity		130,607	1,019,057	1,411,176	1,430,373

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000 (note 31(b))*	Capital reserve *RMB'000 (note 31(c))*	Statutory reserves *RMB'000 (note 31(c))*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-Controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2021	912,773	8,983	47,369	(582,703)	386,422	(20,039)	366,383
(Loss) profit and total comprehensive (expenses) income for the year	–	–	–	(304,752)	(304,752)	546	(304,206)
Capital injection	68,430	–	–	–	68,430	–	68,430
At 31 December 2021 and 1 January 2022	981,203	8,983	47,369	(887,455)	150,100	(19,493)	130,607
(Loss) profit and total comprehensive (expenses) income for the year	–	–	–	(391,846)	(391,846)	296	(391,550)
Capital injection	1,280,000	–	–	–	1,280,000	–	1,280,000
Appropriation of specific reserve	–	–	2,072	(2,072)	–	–	–
Utilisation of specific reserve	–	–	(91)	91	–	–	–
At 31 December 2022 and 1 January 2023	2,261,203	8,983	49,350	(1,281,282)	1,038,254	(19,197)	1,019,057
Profit and total comprehensive income for the year	–	–	–	87,577	87,577	6	87,583
Capital injection	326,956	–	–	–	326,956	–	326,956
Appropriation of specific reserve	–	–	22,594	(22,594)	–	–	–
Utilisation of specific reserve	–	–	(23,710)	23,710	–	–	–
Dividend paid	–	–	–	(22,420)	(22,420)	–	(22,420)
At 31 December 2023 and 1 January 2024	2,588,159	8,983	48,234	(1,215,009)	1,430,367	(19,191)	1,411,176
Profit and total comprehensive income for the period	–	–	–	18,669	18,669	528	19,197
Appropriation of specific reserve	–	–	14,547	(14,547)	–	–	–
Utilisation of specific reserve	–	–	(7,944)	7,944	–	–	–
At 30 June 2024	2,588,159	8,983	54,837	(1,202,943)	1,449,036	(18,663)	1,430,373
At 1 January 2023	2,261,203	8,983	49,350	(1,281,282)	1,038,254	(19,197)	1,019,057
Loss and total comprehensive expenses for the period (Unaudited)	–	–	–	(35,246)	(35,246)	(242)	(35,488)
Appropriation of specific reserve	–	–	11,297	(11,297)	–	–	–
Utilisation of specific reserve	–	–	(1,682)	1,682	–	–	–
Dividend paid	–	–	–	(22,420)	(22,420)	–	(22,420)
At 30 June 2023 (Unaudited)	2,261,203	8,983	58,965	(1,348,563)	980,588	(19,439)	961,149

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Cash received from customers and others	2,576,856	2,751,320	3,473,061	1,677,326	1,442,608
Cash paid to suppliers, employees and others	(2,665,483)	(2,834,577)	(3,079,607)	(1,548,356)	(1,378,174)
Cash (used in) generated from operations	(88,627)	(83,257)	393,454	128,970	64,434
Interest paid	(101,303)	(114,621)	(71,068)	(42,192)	(22,256)
Net cash (used in) from operating activities	(189,930)	(197,878)	322,386	86,778	42,178
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(63,949)	(55,570)	(47,835)	(14,643)	(15,122)
Proceeds from disposal of property, plant and equipment	23	9	3	–	–
Interest received	2,813	3,322	2,463	2,237	398
Net cash used in investing activities	(61,113)	(52,239)	(45,369)	(12,406)	(14,724)
Cash flows from financing activities					
Loans					
– Proceeds from loans	2,011,230	1,698,660	853,100	630,556	250,300
– Repayment of loans	(1,740,140)	(2,119,390)	(1,687,729)	(1,323,695)	(537,055)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bill financing					
– Proceeds from bank acceptance bills discounted	29,324	49,847	–	–	–
– Repayment of bank acceptance bills	–	(20,000)	(49,847)	–	–
Capital injection	68,430	1,280,000	192,030	–	–
Dividends paid	–	–	(10,089)	–	–
Other financing activities	–	(1,000)	(427)	–	–
Net cash from (used in) financing activities	368,844	888,117	(702,962)	(693,139)	(286,755)
Net increase (decrease) in cash and cash equivalents	117,801	638,000	(425,945)	(618,767)	(259,301)
Cash and cash equivalents at beginning of the year/period	72,168	189,969	827,969	827,969	402,024
Cash and cash equivalents at end of the year/period	189,969	827,969	402,024	209,202	142,723

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER GROUP

1. GENERAL INFORMATION AND GROUP REORGANISATION

CHD Guigang Electric Power Company Limited ("Guigang Electric Power") established in the People's Republic of China (the "PRC") on 18 September 2003 with limited liability. The share capital of Guigang Electric Power is RMB2,088 million. The principal activities of Guigang Electric Power are investment, development, operation and management of thermal power plant projects. The registered office and the principal place of business of Guigang Electric Power is at Wule, Guigang City, Guangxi, the PRC.

Guigang Electric Power, Huadian Nanning New Energy Company Limited* 華電南寧新能源有限公司 ("Nanning New Energy") and Hubei Huadian Creative World New Energy Company Limited* 湖北華電創意天地新能源有限公司 ("Hubei Huadian") (collectively, "Guigang Electric Power Group") are principally engaged in the investment, development, operation and management of thermal power plant projects. It main product is electric power.

Its immediate and ultimate holding company of Guigang Electric Power are CPD Power Plant Operation Co., Ltd.* 中國華電集團發電運營有限公司 ("Operation Company") and China Huadian Corporation Limited* 中國華電集團有限公司 ("China Huadian") respectively, both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi ("RMB"), which is also the function currency of Guigang Electric Power.

As at the date of this report, Guigang Electric Power had direct interests in its subsidiaries, which are private limited liability companies established in PRC, the particulars of which are set out below:

Name	Place and date of incorporation	Registered and fully paid up capital *RMB*	Proportion of ownership interest and voting rights Direct	Indirect	Principal activities
Nanning New Energy	The PRC 26 April 2011	467,178,800	100%	–	Generation and sale of electricity, heat in PRC
Hubei Huadian	The PRC 20 May 2013	32,550,000	80%	–	Generation and sale of electricity, heat in PRC

None of the subsidiaries have non-controlling interest that are material to Guigang Electric Power Group.

Group reorganisation

Pursuant to the completion of the acquisition of 100% and 80% equity interests in Nanning New Energy and Hubei Huadian respectively on 28 October 2024, (the "Acquisition"), Guigang Electric Power became the immediate holding company of the Nanning New Energy and Hubei Huadian and hence Guigang Electric Power, Nanning New Energy and Hubei Huadian now comprising Guigang Electric Power Group. The companies now comprising Guigang Electric Power Group were under the common control of the controlling shareholder before and after the Acquisition. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Acquisition had been completed at the beginning of the Relevant Periods.

* *For identification purposes only*

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Guigang Electric Power Group for the Relevant Periods and the period covered by the Relevant Period Comparative Financial Information include the results and cash flows of all companies now comprising Guigang Electric Power Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of Guigang Electric Power Group as at 31 December 2021, 2022 and 2023 and 30 June 2024 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholder prior to the Acquisition are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated in full on consolidation.

Non-controlling interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

Statutory financial statements of Guigang Electric Power Group for each of the three years ended 31 December 2023 have been audited by Baker Tilly China Certified Public Accountants.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with International Accounting Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information included the applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(s)")

For the purpose of preparing the Historical Financial Information for the Relevant Periods, Guigang Electric Power Group has adopted all applicable new and amendments to IFRSs that are effective for accounting periods commencing on 1 January 2024 throughout the Relevant Periods.

New and amendments to IFRSs issued but not yet effective

Guigang Electric Power Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IAS 21	The effect of change in foreign exchange rates: Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – volume 11[2]

[1] Effective for annual periods beginning on or after 1 January 2025.

[2] Effective for annual periods beginning on or after 1 January 2026.

[3] Effective for annual periods beginning on or after 1 January 2027.

[4] Effective for annual periods beginning on or after a date to be determined.

The directors of Guigang Electric Power anticipate that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Guigang Electric Power Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Guigang Electric Power Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the combined financial information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories ("IAS 2"), or value in use in IAS 36 Impairment of Assets ("IAS 36").

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Judgement made by management in the application of IFRSs that have significant effects on the combined financial information and major sources of estimation uncertainty are discussed in note 5.

(a) Subsidiaries and non-controlling interests

Subsidiaries are entitles controlled by Guigang Electric Power Group. Control is achieved when Guigang Electric Power Group:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

Guigang Electric Power Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When Guigang Electric Power Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. Guigang Electric Power Group considers all relevant facts and circumstances in assessing whether or not Guigang Electric Power Group's voting rights in an investee are sufficient to give it power, including:

- the size of Guigang Electric Power Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Guigang Electric Power Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that Guigang Electric Power Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

The financial information of the subsidiaries are prepared for the same reporting period as Guigang Electric Power, using consistent accounting policies. The results of the subsidiaries are combined from the date on which Guigang Electric Power Group obtains control, and continue to be combined until the date that such control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full on combination. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to Guigang Electric Power, and in respect of which Guigang Electric Power Group has not agreed any additional terms with the holders of those interests which would result in Guigang Electric Power Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the combined statements of financial position within equity, separately from equity attributable to the equity holders of Guigang Electric Power. Non-controlling interests in the results of Guigang Electric Power Group are presented on the face of the combined statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity holders of Guigang Electric Power.

(b) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 4(f)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Guigang Electric Power Group's accounting policy.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Guigang Electric Power Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

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

Buildings	20 – 45 years
Generators, machinery and equipment	5 – 20 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 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.

(c) Leases

As a lessee

All leases are required to be capitalised in the combined statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. Guigang Electric Power Group has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Guigang Electric Power Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

Buildings	20 years
Land use rights	50 years

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, Guigang Electric Power Group uses Guigang Electric Power Group's incremental borrowing rate.

Subsequent to the commencement date, Guigang Electric Power Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflects the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(iii) Sale and leaseback transaction

Guigang Electric Power Group acts as a seller-lessee

Guigang Electric Power Group applies the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to assess whether sale and leaseback transaction constitutes a sale by Guigang Electric Power Group as a seller lessee. For a transfer that does not satisfy the requirements as a sale, Guigang Electric Power Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9 Financial Instruments ("IFRS 9").

(d) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(f)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 4(b) above when the relevant assets are completed and ready for their intended use.

(e) Intangible assets

When Guigang Electric Power Group has a right to charge for usage of the concession infrastructure as consideration for providing construction services in a service concession arrangement, it recognises an intangible asset at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and impairment losses (see note 4(f)(ii)).

Other intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(f)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's 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:

Concession assets	the shorter of remaining concession period or 25 years
Software	10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Impairment of assets

(i) Impairment of financial assets

Guigang Electric Power Group recognises loss allowances for expected credit loss (the "ECL") on trade receivables and bills receivables related to sales of electricity and heat, other receivables and cash and cash equivalents. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Guigang Electric Power Group in accordance with the contract and all the cash flows that Guigang Electric Power Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables and bills receivables related to sale of electricity and heat, Guigang Electric Power Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Guigang Electric Power Group performs impairment assessment based on Guigang Electric Power Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Guigang Electric Power Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on Guigang Electric Power Group's historical experience and informed credit assessment and including forward-looking information.

Guigang Electric Power Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless Guigang Electric Power Group has reasonable and supportable information that demonstrates otherwise.

Guigang Electric Power Group considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to Guigang Electric Power Group in full, without recourse by Guigang Electric Power Group to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless Guigang Electric Power Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other 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.

– property, plant and equipment;

– right-of-use assets;

– construction in progress;

– intangible assets; and

– other non-current assets (other than financial assets).

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount 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.

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.

(g) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or 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.

(h) Trade receivables and bills receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If Guigang Electric Power Group holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 4(f)(i)).

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term and 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.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 4(f)(i).

(j) Financial liabilities

Financial liabilities including bank loans, loans from a shareholder, other loans, amount due to parent company, trade and bills payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(k) Derecognition of financial assets or financial liabilities

Guigang Electric Power Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Guigang Electric Power Group retains substantially all the risks and rewards of ownership of a transferred financial asset, Guigang Electric Power Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Guigang Electric Power Group derecognises financial liabilities when, and only when, Guigang Electric Power Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Guigang Electric Power Group expects to be entitled in exchange for those goods or services, 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if Guigang Electric Power Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Guigang Electric Power Group performs; or
- does not create an asset with an alternative use to Guigang Electric Power Group and Guigang Electric Power Group has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Electricity income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Other income

Interest income

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

Government grants

Government grants are recognised in the combined statements of financial position initially when there is reasonable assurance that they will be received and that Guigang Electric Power Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which Guigang Electric Power Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that Guigang Electric Power Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the combined statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Guigang Electric Power Group with no future related costs are recognised in profit or loss in which they become receivable.

Upfront installation fees

Upfront installation fee received for connecting the customers' premises to the heat network of Guigang Electric Power Group is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(m) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Guigang Electric Power Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial information and the corresponding tax bases used in the computation of taxable profit. 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Guigang Electric Power Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 Guigang Electric Power Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(n) Employee benefits

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

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by Guigang Electric Power Group in respect of services provided by employees up to the reporting date.

(o) Related parties

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

(i) has control or joint control over Guigang Electric Power Group;

(ii) has signification influence over Guigang Electric Power Group; or

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

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

(i) The entity and Guigang Electric Power 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 Guigang Electric Power Group or an entity related to Guigang Electric Power Group.

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

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

(viii) The entity, or any member of a group of which it is part, provides key management personnel services to Guigang Electric Power Group or to Guigang Electric Power 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.

(p) Dividends

Dividends are recognised as a liability in the period in which they are declared.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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 twelve months.

(a) Estimated impairment of property, plant and equipment, intangible assets, right-of-use assets and construction in progress

In determining whether an asset is impaired, Guigang Electric Power Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No impairment loss was recognised on non-current assets during the Relevant Periods and the six months ended 30 June 2023.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Guigang Electric Power Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Guigang Electric Power Group's trade and other receivables are disclosed in notes 22, 23 and 34(b).

(c) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. Guigang Electric Power Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on Guigang Electric Power Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(d) Deferred tax assets

As disclosed in note 29(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Guigang Electric Power Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity and heat. Major components of Guigang Electric Power Group's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
– Sale of electricity	2,362,917	2,188,940	2,900,421	1,345,481	1,052,942
– Sale of heat	25,252	76,164	93,480	42,056	46,056
	2,388,169	2,265,104	2,993,901	1,387,537	1,098,998

The revenue from sale of electricity and heat is recognised at a point in time.

Transaction price allocated to the remaining performance obligations for contracts

The contracts from sale of electricity and heat are with an original expected duration of one year or less. Accordingly, Guigang Electric Power Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

The chief operating decision makers review Guigang Electric Power Group's revenue and profit as a whole, which are determined in accordance with Guigang Electric Power Group's accounting policies, for resources allocation and performance assessment. Therefore, Guigang Electric Power Group has only one operating and reportable segment and no further segment information is presented in the Historical Financial Information.

Geographical information

Guigang Electric Power Group's non-current assets are located in the PRC. All Guigang Electric Power Group's customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Guigang Electric Power Group is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Customer A*	2,211,170	2,055,270	2,701,270	1,345,481	1,035,020

* Revenue from sale of electricity

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, welfare and other benefits	76,125	79,792	80,914	29,566	34,774
Retirement benefits *(note 33)*	23,326	23,989	25,827	12,792	14,094
Other staff costs	13,420	21,079	18,886	8,444	11,470
	112,871	124,860	125,627	50,802	60,338

8. TAXES AND SURCHARGES

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, taxes and surcharges mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

9. OTHER REVENUE AND NET INCOME

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Other revenue					
Government grants *(Note)*	27,362	54,557	11,181	6,198	916
Revenue from upfront installation fees for heating networks *(note 30)*	3,474	3,601	3,665	–	1,833
Others	12,111	2,712	3,245	867	3,185
	42,947	60,870	18,091	7,065	5,934
Other net income					
Loss on disposal/written-off of property, plant and equipment	(68)	(54)	(540)	–	–
Net income from sale of materials	35,341	25,747	20,835	9,146	5,235
Others	(3,486)	(65)	(170)	(160)	–
	31,787	25,628	20,125	8,986	5,235

Note: Government grants mainly represent the grants from government for purchase of coal, power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on loans	103,700	88,623	68,545	39,821	22,071
Other finance costs	13,244	5,571	1,902	1,515	133
	116,944	94,194	70,447	41,336	22,204

11. (LOSS) PROFIT BEFORE TAXATION

(a) (Loss) profit before taxation is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Amortisation					
– Intangible assets	1,914	772	766	383	682
Depreciation					
– Property, plant and equipment	233,143	235,823	229,164	126,144	117,937
– Right-of-use assets	3,214	3,258	3,395	1,698	1,697
Total depreciation and amortisation	238,271	239,853	233,325	128,225	120,316
Auditor's remuneration					
– Audit services	85	85	85	–	–
Expense relating to short-term leases	693	697	955	407	317

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Heating	733	1,109	286	115	369
Power charges	2,903	4,088	3,849	1,748	2,425
Water charges	414	3,650	6,622	3,365	3,176
Others	24,639	29,082	30,383	10,780	11,631
Total other operating expenses	28,689	37,929	41,140	16,008	17,601

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2024

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Mei Yuzhan	148	60	96	304
Li Wensheng *(Note v)*	143	44	96	283
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Guan Youzheng	–	–	–	–
Supervisors				
Yuan Wai	63	29	77	169
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	354	133	269	756

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Mei Yuzhan	147	49	90	286
Li Wensheng *(Note v)*	140	43	72	255
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Guan Youzheng *(Note iii)*	–	–	–	–
Supervisors				
Yuan Wai	56	28	54	138
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	343	120	216	679

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Mei Yuzhan	295	99	448	842
Li Wensheng *(Note v)*	277	87	414	778
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Guan Youzheng	–	–	–	–
Supervisors				
Yuan Wai	125	57	190	372
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	697	243	1,052	1,992

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Mei Yuzhan *(Note i)*	273	100	235	608
Li Wensheng *(Note v)*	351	78	318	747
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Li Jingsheng *(Note ii)*	–	–	–	–
Supervisors				
Yuan Wai	126	54	166	346
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	750	232	719	1,701

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Directors				
Huang Bingquan *(Note iv)*	273	75	320	668
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Li Jingsheng *(Note ii)*	–	–	–	–
Supervisors				
Yuan Wai	97	16	146	259
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	370	91	466	927

Notes:

(i) Mr. Mei Yuzhan was appointed as a director and chairman in January 2022.

(ii) Mr. Li Jingsheng was appointed as a director in August 2021 and resigned in December 2022.

(iii) Mr. Guan Youzheng was appointed as a director in January 2023.

(iv) Mr. Huang Bingquan resigned as a director in December 2021.

(v) Mr. Li Wensheng was appointed as a director in September 2022.

(vi) No directors and supervisors of Guigang Electric Power Group waived any remuneration during the Relevant Periods and the six months ended 30 June 2023 and their emoluments shown above were mainly for their services as directors of Guigang Electric Power Group.

(vii) The discretionary bonus is determined having regard to their performance and Guigang Electric Power Group's performance and profitability and the prevailing market conditions.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Guigang Electric Power Group during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included one, one, two, two (unaudited) and two director respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining four, four, three, three (unaudited) and three highest paid employees who are not the directors of Guigang Electric Power Group are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other emoluments	936	830	794	393	397
Retirement benefits	263	305	297	149	134
Bonus	1,182	1,782	1,028	266	213
	2,381	2,917	2,119	808	744

The number of the highest paid employees who are not the directors of Guigang Electric Power whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	Number of Individuals	*Number of Individuals*	*Number of Individuals*	*Number of Individuals (Unaudited)*	*Number of Individuals*
Nil-HK$1,000,000	4	4	3	3	3

14. INCOME TAX IN THE COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the combined statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax – PRC Enterprise Income Tax					
Charge for the year	–	–	15	–	–
Over-provision in respect of prior years	–	–	–	–	(15)
	–	–	15	–	(15)
Deferred tax					
Origination and reversal of temporary differences and tax losses	(33,318)	(58,462)	25,250	(3,290)	9,718
Income tax (credit) expense for the year/period	(33,318)	(58,462)	25,265	(3,290)	9,703

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss (profit) before taxation	(337,524)	(450,012)	112,848	(38,778)	28,900
Notional PRC enterprise income tax at statutory tax rate of 25%	(84,381)	(112,503)	28,212	(9,695)	7,225
Tax effect of non-deductible expenses	1,391	1,557	1,518	651	1,068
Tax effect of concessionary rate *(Note a)*	38,544	38,268	(18,016)	2,104	(5,969)
Tax effect of non-taxable income	–	(22)	(429)	(215)	(171)
Tax effect of tax losses and deductible temporary differences not recognised	11,987	14,885	14,303	3,865	8,343
Utilisation of tax losses previously not recognised	(859)	(647)	(323)	–	(778)
Over-provision in prior year	–	–	–	–	(15)
	(33,318)	(58,462)	25,265	(3,290)	9,703

Notes:

(a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the Relevant Periods and the six months ended 30 June 2023 on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations. However, Guigang Electric Power and Nanning New Energy are eligible for tax concessions of "High and New Technology Enterprise" and are eligible to a preferential tax rate of 15% for the Relevant Period and the six months ended 30 June 2023.

(b) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

No earnings per share information is prepared as its inclusion, for the purpose of the Historical Financial Information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	**Generators, machinery and equipment** *RMB'000*	**Motor vehicles, furniture, fixtures, equipment and others** *RMB'000*	**Total** *RMB'000*
Cost				
At 1 January 2021	1,016,393	4,243,863	39,542	5,299,798
Additions	–	–	1,484	1,484
Transferred from construction in progress *(note 18)*	76,058	3,731	–	79,789
Disposals/write-offs	(883)	(8,835)	(3,676)	(13,394)
At 31 December 2021 and 1 January 2022	1,091,568	4,238,759	37,350	5,367,677
Additions	–	–	1,168	1,168
Transferred from construction in progress *(note 18)*	–	7,814	–	7,814
Disposals/write-offs	–	(2,925)	(1,352)	(4,277)
At 31 December 2022 and 1 January 2023	1,091,568	4,243,648	37,166	5,372,382
Additions	–	–	1,245	1,245
Transferred from construction in progress *(note 18)*	–	18,037	–	18,037
Disposals/write-offs	–	(11,091)	(817)	(11,908)
At 31 December 2023 and 1 January 2024	1,091,568	4,250,594	37,594	5,379,756
Additions	–	69	1,683	1,752
Disposals/write-offs	–	(894)	–	(894)
At 30 June 2024	1,091,568	4,249,769	39,277	5,380,614

	Buildings *RMB'000*	Generators, machinery and equipment *RMB'000*	Motor vehicles, furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment				
At 1 January 2021	406,433	2,380,899	32,802	2,820,134
Charge for the year	35,378	196,853	912	233,143
Written back on disposals/write-off	(778)	(249)	(1,582)	(2,609)
At 31 December 2021 and 1 January 2022	441,033	2,577,503	32,132	3,050,668
Charge for the year	38,938	194,704	2,181	235,823
Written back on disposals/write-off	–	(1,123)	(1,330)	(2,453)
At 31 December 2022 and 1 January 2023	479,971	2,771,084	32,983	3,284,038
Charge for the year	38,938	188,614	1,612	229,164
Written back on disposals/write-off	–	(3,783)	(704)	(4,487)
At 31 December 2023 and 1 January 2024	518,909	2,955,915	33,891	3,508,715
Charge for the year	19,476	98,365	96	117,937
Written back on disposals/write-off	–	(417)	–	(417)
At 30 June 2024	538,385	3,053,863	33,987	3,626,235
Net book value				
At 30 June 2024	553,183	1,195,906	5,290	1,754,379
At 31 December 2023	572,659	1,294,679	3,703	1,871,041
At 31 December 2022	611,597	1,472,564	4,183	2,088,344
At 31 December 2021	650,535	1,661,256	5,218	2,317,009

Notes:

(i) As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying values of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by Guigang Electric Power Group for financing purposes (note 25(c)) were approximately RMB1,178,720,000, RMB1,207,633,000, RMB538,345,000 and RMB507,731,000 respectively.

(ii) As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power Group was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB246,647,000, RMB237,274,000, RMB227,901,000 and RMB223,481,000 respectively from the relevant PRC government authorities. In the opinion of the directors, based on the advice from Guigang Electric Power Group's external legal advisor, the absence of formal title to these properties does not impair their values to Guigang Electric Power Group as Guigang Electric Power Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

17. LEASE

Guigang Electric Power Group as a lessee

Guigang Electric Power Group has lease contracts for various items of buildings and land use rights that were used in its operations. During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of buildings generally have lease terms of 20 years, while land use rights generally have lease terms of 50 years. Generally, Guigang Electric Power Group is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

(i) The carrying amounts of Guigang Electric Power Group's right-of-use assets are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	19,230	18,557	17,884	17,548
Land use rights	97,993	98,560	95,838	94,477
Total	117,223	117,117	113,722	112,025

During the years ended 31 December 2021 and 2022, additions to right-of-use assets due to new leases of buildings amounted to approximately RMB4,097,000 and RMB3,152,000 respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Buildings	556	673	673	335	335
Land use rights	2,658	2,585	2,722	1,363	1,362
Total	3,214	3,258	3,395	1,698	1,697

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	48,502	9,701	24,048	55,390
Additions	40,988	22,161	49,379	3,863
Transferred to property, plant and equipment *(note 16)*	(79,789)	(7,814)	(18,037)	–
Written-off	–	–	–	(5,468)
At the end of the reporting period	9,701	24,048	55,390	53,785

19. INTANGIBLE ASSETS

	Concession assets *RMB'000*	Software *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2021	13,469	12,013	25,482
Additions	–	61	61
At 31 December 2021 and 1 January 2022	13,469	12,074	25,543
Additions	–	204	204
At 31 December 2022 and 1 January 2023	13,469	12,278	25,747
Additions	–	2,209	2,209
At 31 December 2023, 1 January 2024 and 30 June 2024	13,469	14,487	27,956
Accumulated amortisation			
At 1 January 2021	3,747	10,070	13,817
Charge for the year	374	1,540	1,914
At 31 December 2021 and 1 January 2022	4,121	11,610	15,731
Charge for the year	374	398	772
At 31 December 2022 and 1 January 2023	4,495	12,008	16,503
Charge for the year	374	392	766
At 31 December 2023 and 1 January 2024	4,869	12,400	17,269
Charge for the year	187	495	682
At 30 June 2024	5,056	12,895	17,951
Net book value			
At 30 June 2024	8,413	1,592	10,005
At 31 December 2023	8,600	2,087	10,687
At 31 December 2022	8,974	270	9,244
At 31 December 2021	9,348	464	9,812

Intangible assets mainly represent concession assets to operate power plants granted by the government under service concession arrangements.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB1,914,000, RMB772,000, RMB766,000, RMB383,000 (unaudited) and RMB682,000 respectively are included in "Depreciation and amortisation" in the combined statements of profit or loss and other comprehensive income.

20. OTHER NON-CURRENT ASSET

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for construction	1,280	–	447	2,358

21. INVENTORIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Coal, gas and stalk	143,576	113,762	164,947	153,730
Fuel oil	1,245	1,477	1,540	1,975
Materials, components and spare parts	144,123	30,099	27,951	29,308
	288,944	145,338	194,438	185,013

All of the inventories for future usage and sales are expected to be utilised within one year.

22. TRADE RECEIVABLES AND BILLS RECEIVABLES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables and bills receivables for the sale of electricity	344,191	285,305	295,979	141,015
Trade receivables and bills receivables for the sale of heat	7,178	17,343	11,481	9,386
	351,369	302,648	307,460	150,401
Less: allowance for impairment	–	–	–	–
	351,369	302,648	307,460	150,401

(a) Ageing analysis

Guigang Electric Power Group allows a general credit period of 30 to 90 days to its customers. At the end of each reporting period, the ageing analysis of trade receivables and bills receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	351,369	302,648	307,460	150,401

(b) Impairment of trade receivables and bills receivables

Impairment loss in respect of trade receivables and bills receivables are recorded using an allowance account unless Guigang Electric Power Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivables directly.

Guigang Electric Power Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Guigang Electric Power Group determines the ECL on these items on a collective basis.

The information about the ECLs on Guigang Electric Power Group's trade receivables and bills receivables are disclosed in note 34(b). For the Relevant Periods, no ECL was recognised as the directors of Guigang Electric Power Group considered that the amount involved was immaterial.

23. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
– Deposits	9	–	–	20
– Other receivables	25,410	33,396	23,888	27,308
	25,419	33,396	23,888	27,328
Less: allowance for impairment *(Note)*	(41)	(41)	(41)	(41)
	25,378	33,355	23,847	27,287
Deductible Value Added Tax	13,217	14,752	575	51
Prepayments	4,227	29,926	3,195	118,156
	42,822	78,033	27,617	145,494

Note: ECLs are estimated by applying a loss rate approach with reference to the historical loss record of Guigang Electric Power Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at the end of the Relevant Periods, ECLs of deposits and other receivables of Guigang Electric Power Group amounted to approximately RMB41,000. The information about the ECLs on Guigang Electric Power Group's deposits and other receivables are disclosed in note 34(b).

24. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	124	72	201	107
Cash at other financial institutions	189,845	827,897	401,823	142,616
	189,969	827,969	402,024	142,723

25. BORROWINGS

(a) Bank loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term bank loans	910,293	830,913	392,771	65,042
– current portion of long-term bank loans	265,634	154,013	56,966	34,022
	1,175,927	984,926	449,737	99,064
After 1 year but within 2 years	295,187	134,383	81,500	369,749
After 2 years but within 5 years	148,857	135,548	60,300	228,800
After 5 years	–	–	278,000	–
	444,044	269,931	419,800	598,549
	1,619,971	1,254,857	869,537	697,613

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured, except for amounts of approximately RMB789 million, RMB552 million, RMB450 million and RMB361 million respectively which are secured by the income stream in respect of the sale of electricity and heat and trade receivables and bills receivables for the sale of electricity and heat; and amounts of approximately RMB102 million, RMB179 million, RMB101 million and RMB82 million respectively which are secured by property, plant and equipment with an aggregate carrying amount of approximately RMB102 million, RMB94 million, RMB85 million and RMB76 million respectively. None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates ranging from 2021: 4.45% to 4.65% per annum with maturities up to 2024; 2022: 4.00% to 4.40% per annum with maturities up to 2027; 2023: 0.90% to 4.25% per annum with maturities up to 2028; 2024: 0.65% to 4.00% per annum with maturities up to 2028	147,980	188,168	167,451	632,571
Fixed interest rates 2021: from 2.35% to 5.23% per annum with maturities up to 2028; 2022: from 1.95% to 5.23% per annum with maturities up to 2026; 2023: from 2.35% to 4.65% per annum with maturities up to 2024; 2024: at 2.35% per annum with maturities up to 2024	1,471,991	1,066,689	702,086	65,042
	1,619,971	1,254,857	869,537	697,613

(b) Loans from a shareholder

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term loans from a shareholder	–	66,079	49,525	–
– current portion of long-term loans from a shareholder	6,865	4,306	7,646	129,266
	6,865	70,385	57,171	129,266
After 1 year but within 2 years	–	14,029	119,909	–
After 2 years but within 5 years	122,120	114,000	–	50,300
	122,120	128,029	119,909	50,300
	128,985	198,414	177,080	179,566

All of the loans from a shareholder are from Fujian Huadian Furui Energy Development Company Limited ("Huadian Furui"), the shareholder of Nanning New Energy and Hubei Huadian and the fellow subsidiary of Guigang Electric Power Group. All of the loans from a shareholder are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from a shareholder are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed interest rates ranging from 2021: 2.95% to 4.28% per annum with maturities up to 2025; 2022: 2.95% to 4.28% per annum with maturities up to 2025; 2023: 2.95% to 4.28% per annum with maturities up to 2025; 2024: 2.95% to 4.28% per annum with maturities up to 2027	128,985	198,414	177,080	179,566

(c) Other loans

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due:				
Within 1 year				
– short-term other loans	4,033	206,767	4,269	4,328
– current portion of long-term other loans	356,231	270,053	163,836	135,655
	360,264	476,820	168,105	139,983
After 1 year but within 2 years	282,118	181,531	215,969	134,754
After 2 years but within 5 years	406,417	295,809	18,367	10,202
After 5 years	2,221	–	–	–
	690,756	477,340	234,336	144,956
	1,051,020	954,160	402,441	284,939

Other loans are mainly borrowed from the fellow subsidiaries of Guigang Electric Power Group and third-party financial leasing companies. Other loans bear interest rates ranging from 3.33% to 6.06%, 3.33% to 6.06%, 3.33% to 4.75% and 3.33% to 4.75% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities from 2022 to 2027, 2023 to 2027, 2024 to 2027 and 2024 to 2027 respectively.

During the year ended 31 December 2021, Guigang Electric Power Group has signed sales and leaseback agreements with fellow subsidiaries of the Guigang Electric Power Group (note 32) and third-party leasing companies with contract terms from 3 to 6 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB100 or RMB1 when the lease term expires. During the year ended 31 December 2022, Guigang Electric Power Group has signed sales and leaseback agreements with fellow subsidiaries of the Guigang Electric Power Group (note 32) with contract terms from 3 to 4 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB1 when the lease term expires. During the year ended 31 December 2023, Guigang Electric Power Group has signed sales and leaseback agreements with a fellow subsidiary of the Guigang Electric Power Group (note 32) with contract terms of 3 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB1 when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. (note 32).

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Floating interest rates ranging from:				
2021: 4.65% to 4.90% per annum, with maturities up to 2027;				
2022: 3.80% to 4.70% per annum, with maturities up to 2027;				
2023: 3.50% to 4.55% per annum, with maturities up to 2027;				
2024: 3.50% to 4.05% per annum, with maturities up to 2027	131,603	83,935	85,447	67,295
Fixed interest rates ranging from				
2021: 3.33% to 6.06% per annum, with maturities up to 2027;				
2022: 3.33% to 6.06% per annum, with maturities up to 2027;				
2023: 3.33% to 4.75% per annum, with maturities up to 2027;				
2024: 3.33% to 4.75% per annum, with maturities up to 2027	919,417	870,225	316,994	217,644
	1,051,020	954,160	402,441	284,939

26. AMOUNT DUE TO PARENT COMPANY

The amount is unsecured, interest-free and repayable on demand.

27. TRADE AND BILLS PAYABLES

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

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	164,797	244,164	50,957	47,513
1 to 2 years	3,742	14,270	943	3,784
Over 2 years	891	3,155	11,760	9,742
	169,430	261,589	63,660	61,039

The average credit period on purchase of goods is 30 days. Guigang Electric Power Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

28. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
– Construction deposits	10,589	16,950	11,827	18,575
– Wages payable	1,674	1,104	1,062	896
– Others *(Note (i))*	11,675	12,432	12,058	3,483
	23,938	30,486	24,947	22,954
Other tax payables	6,697	3,348	19,073	10,767
Contract liabilities	1,703	2,681	976	1,101
	32,338	36,515	44,996	34,822

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) All of the other payables of Guigang Electric Power Group are expected to be settled within one year or are repayable on demand.

Contract liabilities

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from:				
Sales of heat	581	581	–	–
Sales of sub-product	1,122	2,100	976	1,101
	1,703	2,681	976	1,101

As at 1 January 2021, contract liabilities amounted to RMB1,407,000.

Contract liabilities mainly relate to the deposits received from customers for sale of heat and sub-product. Guigang Electric Power Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

Revenue recognised during the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB1,407,000, RMB1,703,000, RMB2,681,000 and RMB976,000 respectively. There was no revenue recognised in each of the reporting period that related to performance obligations that were satisfied in a prior year.

29. DEFERRED TAXATION

The components of deferred tax assets/(liabilities) recognised in the combined statements of financial position and the movements during the Relevant Periods are as follows:

	At 1 January 2021	Credited/ (charged) to profit or loss	At 31 December 2021 and 1 January 2022	Credited/ (charged) to profit or loss	At 31 December 2022 and 1 January 2023	Credited/ (charged) to profit or loss	At 31 December 2023 and 1 January 2024	Credited/ (charged) to profit or loss	At 30 June 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment of assets	1,047	–	1,047	–	1,047	–	1,047	14	1,061
Accelerated tax depreciation	(2,131)	–	(2,131)	–	(2,131)	–	(2,131)	575	(1,556)
Tax losses	83,072	32,067	115,139	59,498	174,637	(24,134)	150,503	(9,719)	140,784
Others	3,213	1,251	4,464	(1,036)	3,428	(1,116)	2,312	(588)	1,724
	85,201	33,318	118,519	58,462	176,981	(25,250)	151,731	(9,718)	142,013

Reconciliation to the combined statements of financial position is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the combined statements of financial position	120,650	179,112	153,862	143,569
Net deferred tax liabilities recognised in the combined statements of financial position	(2,131)	(2,131)	(2,131)	(1,556)

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB116,114,000, RMB166,151,000, RMB214,478,000 and RMB228,329,000 respectively due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2022	8,503	–	–	–
2023	12,248	12,248	–	–
2024	15,698	15,698	15,698	–
2025	37,736	37,736	37,736	36,350
2026	41,929	41,929	41,929	41,929
2027	–	58,540	58,540	58,540
2028	–	–	60,575	60,575
2029	–	–	–	30,935
	116,114	166,151	214,478	228,329

30. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received for connecting the customers' premises to the heat network of Guigang Electric Power Group. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB3,474,000, RMB3,601,000, RMB3,665,000, RMB1,831,000 (unaudited) and RMB1,833,000 respectively are included in "Other revenue" in the combined statements of profit or loss and other comprehensive income (note 9).

31. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 18 December 2023, a final dividend of RMB22,420,000 are declared and paid to shareholders for 2023. No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Guigang Electric Power Group's registered and fully paid up capital is tabled below.

	Registered and fully paid up capital			
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the reporting period	912,773	981,203	2,261,203	2,588,159
Capital injection	68,430	1,280,000	326,956	–
At the end of the reporting period	981,203	2,261,203	2,588,159	2,588,159

(c) Reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial information and the nominal amount of loans received by Guigang Electric Power Group.

(ii) Statutory surplus reserve

General reserve

According to Guigang Electric Power's Articles of Association, Guigang Electric Power is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies, Guigang Electric Power Group is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Guigang Electric Power's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

(e) Capital management

Guigang Electric Power Group's capital management objectives are:

- to ensure Guigang Electric Power Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Guigang Electric Power Group may adjust the amount of dividends paid to shareholders.

32. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Guigang Electric Power Group are as follows:

Name of related parties	Nature of relationship
China Huadian	Ultimate holding company of Guigang Electric Power Group
Operation Company	Immediate holding company of Guigang Electric Power Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Furui	Shareholder of Hubei Huadian and Nanning New Energy
China Huadian Advanced Training Centre	Fellow subsidiary of Guigang Electric Power Group
Huadian Guangxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Finance	Fellow subsidiary of Guigang Electric Power Group
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Clean Energy Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group

Name of related parties	Nature of relationship
China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Coal Industry Group Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Power International Corporation Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Commercial Factoring (Tianjin) Company Limited	Fellow subsidiary of Guigang Electric Power Group
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group

Note: Guigang Electric Power Group had the following material transactions with related parties during the Relevant Periods and six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchase of coal from					
China Huadian	970,402	1,363,272	622,459	219,680	204,136
Fellow subsidiaries	1,115,322	317,544	1,425,316	812,793	6,474
Other services income from					
Fellow subsidiaries	5,270	573	119	–	2,217
Other services expenses to					
China Huadian	–	189	75	–	75
Operation Company	28,102	46,260	31,782	10,144	11,443
Fellow subsidiaries	8,731	9,414	18,694	774	4,918
Interest expenses to					
Huadian Furui	3,639	5,986	7,541	3,765	2,074
Fellow subsidiaries	8,771	11,363	17,791	8,847	4,884
Interest income from					
A fellow subsidiary	1,738	3,233	2,418	1,435	354
Loans proceeds obtained from					
Huadian Furui	122,120	66,000	144,000	144,000	50,300
Fellow subsidiaries	320,000	202,250	30,000	78,000	–
Loans repaid to					
Huadian Furui	–	–	168,595	66,000	49,525
Fellow subsidiaries	22,500	44,688	298,084	210,048	93,906
Bills receivable discounted to					
A fellow subsidiary	50,000	–	–	–	–
Derecognised bills receivable collected by					
A fellow subsidiary	–	50,000	–	–	–

Guigang Electric Power Group had the following material balances with related parties as at 31 December 2021, 2022, and 2023 and 30 June 2024:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction in progress-construction and construction material prepayments				
Fellow subsidiaries	571	1,843	1,142	–
Trade receivables and bills receivables				
Fellow subsidiaries	–	–	–	2,589
Deposits, other receivables and prepayments				
China Huadian	–	21,912	–	84,180
Cash and cash equivalents				
China Huadian Finance	189,845	827,897	401,823	142,456
Other loans from				
Fellow subsidiaries	(424,014)	(582,051)	(313,505)	(220,426)
Trade and bills payables				
China Huadian	(291,896)	(27,625)	(153,170)	–
Operation Company	(2,590)	(400)	(3,256)	(619)
Fellow subsidiaries	(52,018)	(165,062)	(8,508)	(2,789)
Other payables				
Operation Company	(74)	(3,180)	(214)	(300)
Huadian Furui	(1,231)	(1,298)	(1,040)	(1,040)
Fellow subsidiaries	(87)	(152)	(556)	(477)
Loans from a shareholder				
Huadian Furui	(128,985)	(198,414)	(177,080)	(179,566)

(b) Transactions with key management personnel

Remuneration for key management personnel of Guigang Electric Power Group, including amounts paid to Guigang Electric Power's directors and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and other emoluments	1,306	1,580	1,491	736	751
Retirement benefits	354	537	540	269	267
Bonuses	1,648	2,501	2,080	482	482
	3,308	4,618	4,111	1,487	1,500

Total remuneration is included in "personnel costs" (see note 7).

(c) Contributions to defined contribution retirement plans

The Guigang Electric Power Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting periods, there were no material outstanding contributions to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Guigang Electric Power Group ("other government-related entities"). The majority of the business activities of Guigang Electric Power Group are conducted with other government-related entities.

The transactions between Guigang Electric Power Group and other government-related entities are conducted in the ordinary course of Guigang Electric Power Group's business within normal business operations. Guigang Electric Power Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Guigang Electric Power Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the Historical Financial Information, the directors believe that the following transactions are collectively significant for disclosure purpose:

- ***sale of electricity to the grid***

  Guigang Electric Power Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, management estimates that the aggregate amount of Guigang Electric Power Group's significant transactions with other government-related entities are at least 99%, 99%, 99%, 99% (unaudited) and 99% of its sale of electricity.

- ***depositing and borrowing***

  Guigang Electric Power Group deposits most of its cash in government-related financial institutions, and also obtains loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- ***other transactions***

  Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

33. RETIREMENT PLANS

Guigang Electric Power Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Guigang Electric Power Group participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Guigang Electric Power Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Guigang Electric Power Group to reduce the existing level of contribution.

The Guigang Electric Power Group's contribution to these plans amounted to approximately RMB23 million, RMB24 million, RMB26 million, RMB13 million (unaudited) and RMB14 million during the Relevant Periods and six months ended 30 June 2023 which was charged to the combined statements of profit or loss and other comprehensive income (note 7).

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost				
– Trade receivables and bills receivables	351,369	302,648	307,460	150,401
– Other receivables	25,378	33,355	23,847	27,287
– Cash and cash equivalents	189,969	827,969	402,024	142,723
	566,716	1,163,972	733,331	320,411
Financial liabilities				
At amortised cost	3,285,240	2,727,131	1,690,835	1,246,111

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Guigang Electric Power Group's business.

Guigang Electric Power Group's exposure to these risks and the financial risk management policies and practices used by Guigang Electric Power Group to manage these risks are described below.

(a) Interest rate risk

Guigang Electric Power Group is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 25). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 90%, 89%, 82% and 40% of total borrowings of Guigang Electric Power Group respectively. Guigang Electric Power Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Guigang Electric Power Group is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 24 and 25 for details). Guigang Electric Power Group's cash flow interest rate risk is mainly concentrated on the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

Sensitivity analysis

The sensitivity analysis below indicates Guigang Electric Power Group's exposure to cash flow interest rate risk arising from floating rate instruments held by Guigang Electric Power Group at the end of the reporting period. The impact on Guigang Electric Power Group's (loss) profit after tax (and equity) and combined equity is estimated as an annualised impact on interest expense of such a change in interest rates.

As at 31 December 2021, 2022 and 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have increased Guigang Electric Power Group's loss after tax and decreased Guigang Electric Power Group's total equity by approximately RMB2,157,000, RMB2,041,000, RMB1,917,000 respectively. As at 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Guigang Electric Power Group's profit after tax and decreased Guigang Electric Power Group's total equity by approximately RMB5,249,000.

(b) Credit risk

Guigang Electric Power Group's credit risk is primarily attributable to trade receivables and bills receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are bank and other financial institution with high credit ratings assigned by international credit-rating agencies.

In respect of trade receivables and bills receivables, individual credit evaluations are performed regularly on all customers granted with credit period. 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. Trade receivables and bills receivables are due within 30 to 90 days from the date of billing. Normally, Guigang Electric Power Group does not obtain collateral from customers.

Guigang Electric Power Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Guigang Electric Power Group has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 97%, 92%, 95% and 92% of the total trade receivables and bills receivables respectively were due from Guigang Electric Power Group's largest customer and 99%, 98%, 99% and 97% of the total trade receivables and bills receivables respectively were due from Guigang Electric Power Group's five largest customers.

Guigang Electric Power Group measures loss allowances for trade receivables and bills receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historical data has been collected, current conditions and Guigang Electric Power Group's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables and bills receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

In respect of deposits and other receivables, Guigang Electric Power Group adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. Loss allowance account in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the Relevant Period is as follows:

Loss allowance	**12-month ECLs (Stage 1)** *RMB'000*	**Lifetime ECL, non-credit impaired (Stage 2)** *RMB'000*	**Lifetime ECL, credit-impaired (Stage 3)** *RMB'000*	**Total** *RMB'000*
At 1 January and 31 December 2021, 2022 and 2023 and 30 June 2024	–	–	41	41

Further quantitative disclosures in respect of Guigang Electric Power Group's exposure to credit risk arising from trade receivables and bills receivables are set out in note 22.

(c) Liquidity risk

Guigang Electric Power Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Guigang Electric Power's management when the borrowings exceed certain predetermined levels of authority. Guigang Electric Power Group's policy is to regularly monitor its liquidity requirements 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 long-term.

The following tables show the remaining contractual maturities at the end of each reporting period of Guigang Electric Power 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 Guigang Electric Power Group can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	113,203	381,707	233,336	–	728,246	697,613
Loans from a shareholder	131,970	15	50,312	–	182,297	179,566
Other loans	147,807	139,620	10,205	–	297,632	284,939
Trade and bills payables	61,039	–	–	–	61,039	61,039
Other payables	22,954	–	–	–	22,954	22,954
	476,973	521,342	293,853	–	1,292,168	1,246,111

At 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	464,602	90,074	62,916	278,000	895,592	869,537
Loans from a shareholder	60,777	120,817	–	–	181,594	177,080
Other loans	179,984	223,142	18,375	–	421,501	402,441
Trade and bills payables	63,660	–	–	–	63,660	63,660
Other payables	24,947	–	–	–	24,947	24,947
	793,970	434,033	81,291	278,000	1,587,294	1,537,665

At 31 December 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	1,015,095	145,304	142,812	–	1,303,211	1,254,857
Loans from a shareholder	76,972	17,889	114,908	–	209,769	198,414
Other loans	513,685	201,237	309,087	–	1,024,009	954,160
Trade and bills payables	261,589	–	–	–	261,589	261,589
Other payables	30,486	–	–	–	30,486	30,486
	1,897,827	364,430	566,807	–	2,829,064	2,696,506

At 31 December 2021

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	1,229,121	315,373	154,512	–	1,699,006	1,619,971
Loans from a shareholder	10,868	3,751	126,700	–	141,319	128,985
Other loans	410,526	310,828	421,227	2,256	1,144,837	1,051,020
Trade and bills payables	169,430	–	–	–	169,430	169,430
Other payables	23,938	–	–	–	23,938	23,938
	1,843,883	629,952	702,419	2,256	3,178,530	2,993,344

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the combined financial information approximate their fair values.

	31 December						30 June	
	2021		2022		2023		2024	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings	1,666,148	1,656,256	1,031,569	1,081,827	769,617	720,738	392,882	380,637

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of Guigang Electric Power Group.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Guigang Electric Power Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

	Loans	**Dividend payable**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	2,343,371	–	2,343,371
Financing cash flows	271,090	–	271,090
Non-cash changes	183,118	–	183,118
Interest paid	(101,303)	–	(101,303)
Interest expense	103,700	–	103,700

	Loans	Dividend payable	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2021	2,799,976	–	2,799,976
Financing cash flows	(420,730)	–	(420,730)
Non-cash changes	54,183	–	54,183
Interest paid	(114,621)	–	(114,621)
Interest expense	88,623	–	88,623
As at 31 December 2022	2,407,431	–	2,407,431
Financing cash flows	(834,629)	(10,089)	(844,718)
Non-cash changes	(121,221)	(12,331)	(133,552)
Dividend paid	–	22,420	22,420
Interest paid	(71,068)	–	(71,068)
Interest expense	68,545	–	68,545
As at 31 December 2023	1,449,058	–	1,449,058
Financing cash flows	(286,755)	–	(286,755)
Interest paid	(22,256)	–	(22,256)
Interest expense	22,071	–	22,071
As at 30 June 2024	1,162,118	–	1,162,118

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statement have been prepared by Guigang Electric Power Group in respect of any period subsequent to 30 June 2024.

Set out below is the text of a report received from the independent reporting accountants of the Company, SHINEWING (HK) CPA Limited, which has been prepared for the purpose of incorporated in this circular.

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Huadian Power International Corporation Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2024 and related notes set out on pages III-5 to III-10 to the circular in connection with the major transaction and connected transaction issued by the Company dated 8 November 2024 (the "Circular"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page III-4 to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed acquisition of 80% equity interests of Jiangsu Huadian Energy Co., Ltd., 51% equity interest of Shanghai Huadian Fuxin Energy Co., Ltd, 100% equity interest of Shanghai Huadian Minhang Energy Co., Ltd, 55.0007% equity interest of Guangzhou University City Huadian New Energy Company Limited, 55% of equity interest of Huadian Fuxin Guangzhou Energy Co., Ltd, 70% equity interest of Huadian Fuxin Jiangmen Energy Company Limited, 100% equity interest of Huadian Fuxin Qingyuan Energy Company Limited and 100% equity interest of CHD Guigang Electric Power Co., Ltd (collectively referred as to the "Target Group") (the "Acquisitions") on the Group's assets and liabilities as at 30 June 2024 as if the Acquisitions had taken place at 30 June 2024. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's condensed consolidated financial statements for the six months ended 30 June 2024, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our 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 Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Acquisitions on unadjusted financial information of the Group as if the Acquisitions had been undertaken at the earlier date selected for purpose of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions at 30 June 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants

Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
8 November 2024

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") has been prepared to illustrate the financial effect on Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in relation to the proposed acquisition of 80% equity interests of Jiangsu Huadian Energy Co., Ltd. ("Jiangsu Huadian"), 51% equity interest of Shanghai Huadian Fuxin Energy Co., Ltd, 100% equity interest of Shanghai Huadian Minhang Energy Co., Ltd, 55.0007% equity interest of Guangzhou University City Huadian New Energy Company Limited, 55% equity interest of Huadian Fuxin Guangzhou Energy Co., Ltd, 70% equity interest of Huadian Fuxin Jiangmen Energy Company Limited, 100% equity interest of Huadian Fuxin Qingyuan Energy Company Limited and 100% equity interest of CHD Guigang Electric Power Co., Ltd. ("Guigang Electric Power") (collectively referred as to the "Target Companies" or "Target Group") (the "Acquisitions"). The Unaudited Pro Forma Financial Information comprising the unaudited pro forma statement of assets and liabilities as at 30 June 2024. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Acquisitions on the Group's assets and liabilities as at 30 June 2024 as if the Acquisitions had taken place as at 30 June 2024.

The Unaudited Pro Forma Financial Information was prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the published interim report of the Company for the six months ended 30 June 2024; and (ii) the audited statements of financial position or audited combined statements of financial position of each of the Target Companies as at 30 June 2024 as extracted from the respective Accountants' Reports of the Target Companies set out from Appendix II to this circular.

The Unaudited Pro Forma Financial Information was prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes which are directly attributable to the Acquisitions and factually supportable as if the Acquisitions have been undertaken as at 30 June 2024.

The Unaudited Pro Forma Financial Information was also prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only. Due to its hypothetical nature, the Unaudited Pro Forma Financial Information may not purport to predict what the assets and liabilities of the Group would have been if the Acquisitions had been undertaken at 30 June 2024 or on any future dates. The Unaudited Pro Forma Financial Information should be read in conjunction with, among others, the financial information of the Group as set out from Appendix I to the circular and the Accountants' Reports of each of the Target Companies as set out from Appendix II to the circular and other financial information included elsewhere in the circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2024

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guigang Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	(Note 3)	Pro Forma Adjustments (Note 4)	(Note 5)	(Note 6)	The Enlarged Group as at 30 June 2024
Non-current assets														
Property, plant and equipment	131,165,965	21,015,197	1,754,379	344,447	985,443	337,587	1,941,424	727,106	516,678	–	3,915,802	–	–	162,704,028
Right-of-use assets	5,365,673	933,373	112,025	–	61,163	12,172	66,965	27,217	32,188	–	1,306,619	–	–	7,917,395
Construction in progress	7,715,208	3,653,632	53,785	–	9,810	176,393	11,389	1,863	15,504	–	5,880	–	–	11,643,464
Investment properties	69,710	–	–	–	–	–	–	–	–	–	–	–	–	69,710
Intangible assets	1,849,988	71,334	10,005	72	1,125	–	–	257	3,629	–	37,702	–	–	1,974,112
Goodwill	1,032,483	–	–	–	–	–	–	–	–	–	958,325	–	–	1,990,808
Interests in associates	46,038,471	1,038,789	–	–	–	–	–	–	–	–	384,619	–	–	47,461,879
Financial assets at fair value through profit or loss	364,482	–	–	–	–	–	–	–	–	–	–	–	–	364,482
Financial assets at fair value through other comprehensive income	–	177,244	–	–	–	–	–	–	–	–	–	–	–	177,244
Other non-current assets	542,938	341,209	2,358	–	283	58,534	–	–	–	–	–	–	–	945,322
Deferred tax assets	2,233,318	34,113	143,569	500	13,736	–	–	3,230	13,310	–	–	–	–	2,441,776
Total non-current assets	196,378,236	27,264,891	2,076,121	345,019	1,071,560	584,686	2,019,778	759,673	581,309	–	6,608,947	–	–	237,690,220

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guigang Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 3)	(Note 4)	(Note 5)	(Note 6)	The Enlarged Group as at 30 June 2024
Current assets														
Inventories	5,543,522	484,857	185,013	215	641	22	7,425	3,356	3,598	–	–	–	–	6,228,649
Trade debtors and bills receivables	10,280,401	2,517,012	150,401	17,274	96,084	1,546	389,537	110,653	57,288	–	–	–	(105,251)	13,514,945
Deposits, other receivables and prepayments	7,792,435	1,643,836	145,494	185	5,156	35,074	191,594	65,367	16,429	–	–	–	(985,265)	8,910,305
Tax recoverable	57,978	8,227	–	–	–	–	–	–	–	–	–	–	–	66,205
Restricted deposits	261,323	89	–	–	–	–	–	6,975	–	–	–	–	–	268,387
Cash and cash equivalents	5,267,090	540,756	142,723	26,853	40,556	2,645	63,102	40,567	32,208	–	(3,738,276)	(43,000)	–	2,375,224
Total current assets	29,202,749	5,194,777	623,631	44,527	142,437	39,287	651,658	226,918	109,523	–	(3,738,276)	(43,000)	(1,090,516)	31,363,715
TOTAL ASSETS	225,580,985	32,459,668	2,699,752	389,546	1,213,997	623,973	2,671,436	986,591	690,832	–	2,870,671	(43,000)	(1,090,516)	269,053,935

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guigang Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 3)	(Note 4)	(Note 5)	(Note 6)	The Enlarged Group as at 30 June 2024
Current liabilities														
Bank loans	29,332,753	6,118,217	99,064	15,092	307,025	22,164	419,723	186,381	113	–	–	–	–	36,500,532
Loans from shareholders	1,465,800	201,008	129,266	–	150,012	–	–	–	8,725	–	–	–	–	1,954,811
State loans	1,854	–	–	–	–	–	–	–	–	–	–	–	–	1,854
Other loans	3,248,080	76,387	139,983	–	–	57	300,261	30,052	–	–	–	–	–	3,794,820
Long-term debentures payable – current portion	15,184,057	2,089,225	–	–	–	–	–	–	–	–	–	–	–	17,273,282
Short-term debentures payable	1,501,226	1,204,253	–	–	–	–	–	–	–	–	–	–	–	2,705,479
Amount due to the parent company	29,630	30,636	–	–	–	–	–	–	–	–	–	–	–	60,266
Lease liabilities	79,762	7,323	–	–	190	–	–	58	135	–	–	–	–	87,468
Trade creditors and bills payable	9,545,678	1,784,014	61,039	10,644	83,193	87,617	55,033	14,235	46,898	–	–	–	(525,382)	11,162,969
Other payables and contract liabilities	6,109,933	3,699,448	34,822	2,970	9,681	4,279	72,221	18,151	23,326	1,799,135	–	–	(565,134)	11,208,832
Tax payable	186,999	14,926	–	2,965	3,874	–	1,599	–	4,192	–	–	–	–	214,555
Other current liabilities	–	150	–	–	–	–	–	–	–	–	–	–	–	150
Total current liabilities	66,685,772	15,225,587	464,174	31,671	553,975	114,117	848,837	248,877	83,389	1,799,135	–	–	(1,090,516)	84,965,018

As at 30 June 2024 (RMB'000)

	The Group (Note 1)	Jiangsu Huadian Group (Note 2)	Guigang Electric Power Group (Note 2)	Shanghai Fuxin (Note 2)	Shanghai Minhang (Note 2)	Fuxin Qingyuan (Note 2)	Fuxin Guangzhou (Note 2)	Fuxin Jiangmen (Note 2)	Guangzhou University City (Note 2)	Pro Forma Adjustments (Note 3)	(Note 4)	(Note 5)	(Note 6)	The Enlarged Group as at 30 June 2024
Non-current liabilities														
Bank loans	48,356,271	4,552,403	598,549	139,000	173,926	334,885	876,640	502,047	140,000	–	–	–	–	55,673,721
Loans from shareholders	4,093,910	1,006,620	50,300	–	–	–	–	–	29,903	–	–	–	–	5,180,733
State loans	43,542	–	–	–	–	–	–	–	–	–	–	–	–	43,542
Other loans	6,303,528	113,500	144,956	–	–	77,500	85,000	37,000	–	–	–	–	–	6,761,484
Long-term debentures payable	5,796,494	998,893	–	–	–	–	–	–	–	–	–	–	–	6,795,387
Lease liabilities	98,582	11,309	–	–	–	–	–	496	605	–	–	–	–	110,992
Provisions	148,704	2,114	–	–	–	–	–	–	–	–	–	–	–	150,818
Deferred government grants	1,386,427	54,066	5,467	16,060	38,252	–	594	–	–	–	–	–	–	1,500,866
Deferred income	2,649,662	–	4,377	–	50,825	–	–	–	–	–	–	–	–	2,704,864
Deferred tax liabilities	1,531,181	11,481	1,556	–	–	–	–	–	–	–	1,340,423	–	–	2,884,641
Retirement benefit obligations	6,438	69,042	–	–	–	–	–	–	–	–	–	–	–	75,480
Other non-current liabilities	–	2,350	–	–	–	–	–	–	2,730	–	–	–	–	5,080
Total non-current liabilities	70,414,739	6,821,778	805,205	155,060	263,003	412,385	962,234	539,543	173,238	–	1,340,423	–	–	81,887,608
Net assets	88,480,474	10,412,303	1,430,373	202,815	397,019	97,471	860,365	198,171	434,205	(1,799,135)	1,530,248	(43,000)	–	102,201,309

Notes:

1. The amounts of assets and liabilities of the Group are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 as set out in the published interim report of the Company for the period ended 30 June 2024.

2. The amounts are extracted from the audited statements of financial position or combined statements of financial position of the respective Target Companies as of 30 June 2024 as set out in Appendix II to the Circular.

3. Restructuring of the Jiangsu Huadian and Guigang Electric Power

   As per sales and purchase agreement entered between Jiangsu Huadian and the controlling shareholder of the Company, China Huadian Corporation Limited* ("China Huadian") (中國華電集團有限公司) dated 28 October 2024, prior to the completion of the Acquisitions, China Huadian would transfer assets and liabilities of a branch to Jiangsu Huadian; and pursuant to the sales and purchase agreements entered between Guigang Electric Power and Fujian Huadian Furui Energy Development Co., Ltd.* (福建華電福瑞能源發展有限公司) ("Fujian Furui"), a wholly-owned subsidiary of China Huadian dated 24 October 2024, Guigang Electric Power would acquire 100% equity interests in Huadian Nanning New Energy Co., Ltd* (華電南寧新能源有限公司) and 80% equity interest in Hubei Huadian Creative World New Energy Co., Ltd.* (湖北華電創意天地新能源有限公司) from Fujian Furui (collectively referred as the "Restructuring").

   The Restructuring will be settled by cash in aggregate amount of approximately RMB1,799,135,000. The Restructuring was completed before the date of this report. The total consideration will be settled by the internal resources of Jiangsu Huadian and Guigang Electric Power. The pro forma adjustment reflects the settlement of aggregate cash consideration of RMB1,799,135,000 in relation to the Restructuring as if the Restructuring has completed on 30 June 2024.

4. The adjustments are to reflect the effect of completion of the Acquisitions, as if the Acquisitions had completed on 30 June 2024.

   The Group has applied the acquisition method in accordance with International Financial Reporting Standard 3 (Revised) Business Combinations ("IFRS 3") issued by the International Accounting Standards Board to account for the Acquisitions as if the Acquisitions had been completed on 30 June 2024. For the purpose of the Unaudited Pro Forma Financial Information, the Purchase Consideration is determined based on the estimates of the fair values of the identifiable assets and liabilities of the Target Group made by the directors of the Company, and by reference to the valuation reports issued by independent qualified valuers, as if the Acquisition was completed on the 30 June 2024. The identifiable assets and liabilities and the provisional goodwill arising from the Acquisitions are calculated as follows:

	Notes	*RMB'000*
Purchase Consideration	*a*	7,166,535
Net assets of the Target Group as at 30 June 2024		12,233,587
Add: Fair value adjustments	*b*	
– Property, plant and equipment		3,915,802
– Right-of-use assets		1,306,619
– Construction in progress		5,880
– Interest in associates		384,619
– Intangible assets		37,702
– Deferred tax arising from the net fair value increase in assets	*c*	(1,340,423)
Fair value of identifiable assets acquired and liabilities assumed		16,543,786
Less: Non-controlling interests	*d*	10,335,576
Pro forma value of net assets acquired		6,208,210
Goodwill arising from the Acquisitions (the "Goodwill")	*e*	958,325

Notes:

(a) The Purchase Consideration represented the cash consideration of RMB3,738,276,000 and the fair value of A-share of approximately RMB3,428,259,000, which is valued based on the issue price of RMB5.05 per Consideration Share as defined in the Circular. Upon the completion of the Acquisitions on fulfilment of the conditions as stipulated in the acquisition agreements, the fair value of the 678,863,257 A-shares issued as consideration shall be measured at the fair value of A-share at the completion date.

(b) For the purpose of the Unaudited Pro Forma Financial Information of the Enlarge Group, in the opinion of the directors of the Company, the Target Group's fair values of the assets and liabilities being acquired is subject to changes upon completion of the Acquisition because the fair value of the assets and liabilities being acquired shall be assessed at the completion date.

The directors of the Company have determined the fair value of the identifiable assets and liabilities of the Target Group as at 30 June 2024 with reference to valuations conducted by Beijing China Enterprise Appraisals Co., Ltd* (北京中企華資產評估有限責任公司) and China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司). The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared solely for illustrative purposes.

(c) Deferred tax liabilities relating to the pro forma fair value adjustments is calculated at the Applicable PRC Enterprise income tax rate of 25% or 15%.

(d) The adjustment represents the Target Group's net asset values' proportionate shared by the non-controlling interests of approximately RMB5,535,576,000 as well as the reclassification of perpetual capital securities held by Jiangsu Huadian of RMB4,800,000,000 to non-controlling interests as it is equity in a subsidiary not attributable directly or indirectly to a parent.

(e) According to the Group's accounting policy, after initial recognition, goodwill will be measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to one of the Enlarged Group's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Enlarged Group are assigned to those units or groups of units.

Further, according to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for the goodwill will not be reversed in a subsequent period.

In the preparation of this Unaudited Pro Forma Financial Information of the Company, the directors of the Company had performed an impairment assessment of the goodwill in accordance with IAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment assessment, the recoverable amount of the cash-generating unit in which the Target Group was assigned exceeds its carrying amount and accordingly, no pro forma adjustment in respect of goodwill impairment is made by the directors of the Company in the Unaudited Pro Forma Financial Information for the Enlarged Group. Based on the assessment results, the directors of the Company concluded that there is no impairment in goodwill if the Acquisitions had been completed on 30 June 2024. The goodwill impairment assessment will be conducted upon actual completion of the Acquisitions.

5. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately RMB43,000,000 that are directly attributable to the Acquisitions and will be settled by cash.

6. The adjustment is to eliminate intra-group balances between the Group and the Target Companies.

7. Apart from the Restructuring stated in note 3 and the Acquisitions, no adjustments have been made to adjust any trading results or other transactions of the Enlarged Group subsequent to 30 June 2024.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES

*Set out below is the management discussion and analysis on the Target Companies for each of the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "**Reporting Period**"). The following financial information is based on the financial information of the Target Companies as set out in Appendix II to this circular.*

I. Management Discussion and Analysis of Jiangsu Huadian

Set out below is the management discussion and analysis on Jiangsu Huadian for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Jiangsu Huadian. The following discussion and analysis should be read in conjunction with the accountant's report of Jiangsu Huadian as set out in Appendix II to this circular.

A. Business Overview

Jiangsu Huadian is a limited liability company established in the PRC in 2008 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Jiangsu Huadian, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Jiangsu Huadian generated turnover from the sale of (i) electricity, (ii) heat and (iii) coal. Jiangsu Huadian's sales of electricity were made to power grid companies in the Jiangsu province and Yangtze River Delta region, and heat generated during power production is sold to surrounding areas.

The turnover of Jiangsu Huadian increased by 14.4% from RMB20,961.8 million for the year ended 31 December 2021 to RMB23,981.6 million for the year ended 31 December 2022, and further increased by 8.0% to RMB25,895.9 million for the year ended 31 December 2023. It decreased by 9.1% from RMB12,089.8 million for the six months ended 30 June 2023 to RMB10,984.7 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Jiangsu Huadian recorded turnover of RMB18,611.1 million, RMB21,497.4 million, RMB23,152.4 million and RMB9,946.5 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

- With respect to the sale of heat, Jiangsu Huadian recorded turnover of RMB1,729.0 million, RMB1,991.6 million, RMB1,951.3 million and RMB870.8 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

- With respect to the sale of coal, Jiangsu Huadian recorded turnover of RMB621.6 million, RMB492.6 million, RMB792.2 million and RMB167.4 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The overall increase in turnover of Jiangsu Huadian during the Reporting Period was primarily due to the increase of turnover from the sale of electricity and sale of heat as a result of the recovery of demand following the global health crisis.

Operating expenses

The operating expenses of Jiangsu Huadian primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, administration expenses, and tax and surcharges.

- Jiangsu Huadian's operating expenses increased by 10.1% from RMB23,805.4 million for the year ended 31 December 2021 to RMB26,219.3 million for the year ended 31 December 2022. The increase was mainly due to an increase in fuel costs.

- Jiangsu Huadian's operating expenses decreased by 4.8% from RMB26,219.3 million for the year ended 31 December 2022 to RMB24,957.3 million for the year ended 31 December 2023. The decrease was mainly due to decrease in fuel costs.

- Jiangsu Huadian's operating expenses decreased by 12.5% from RMB11,909.4 million for the six months ended 30 June 2023 to RMB10,418.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in fuel costs.

Other revenue and net income

Other revenue and net income of Jiangsu Huadian primarily comprised government grants and turnover from upfront installation fees for heating networks, gain on disposal of property, plant and equipment and intangible assets, and net income from sale of materials.

- Jiangsu Huadian's other revenue and net income decreased by 75.8% from RMB743.0 million for the year ended 31 December 2021 to RMB179.8 million for the year ended 31 December 2022. The decrease was mainly due to decrease in government grants and gains on disposal of property, plant and equipment, and intangible assets.

- Jiangsu Huadian's other revenue and net income increased by 119.5% from RMB179.8 million for the year ended 31 December 2022 to RMB394.7 million for the year ended 31 December 2023. The increase was mainly due to increase in government grants and gains on disposal of property, plant and equipment, and intangible assets.

- Jiangsu Huadian's other revenue and net income increased by 25.4% from RMB51.2 million for the six months ended 30 June 2023 to RMB64.2 million for the six months ended 30 June 2024. The increase was mainly due to increase in other net income from sale of materials.

Finance costs

Finance costs primarily represent interests on loans and other financial liabilities, interest on lease liabilities, and net foreign exchange losses.

- Jiangsu Huadian's finance costs decreased by 8.3% from RMB750.5 million for the year ended 31 December 2021 to RMB688.3 million for the year ended 31 December 2022. The decrease was mainly due to decrease in interest paid on loans and other financial liabilities.

- Jiangsu Huadian's finance costs decreased by 17.7% from RMB688.3 million for the year ended 31 December 2022 to RMB566.4 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest paid on loans and other financial liabilities.

- Jiangsu Huadian's finance costs decreased by 32.8% from RMB317.3 million for the six months ended 30 June 2023 to RMB213.1 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest paid on loans and other financial liabilities.

Income tax credit/(expenses)

The income tax credit/(expenses) mainly represent the PRC current income tax and deferred tax.

- Jiangsu Huadian's income tax credit increased from RMB1.0 million for the year ended 31 December 2021 to RMB52.3 million for the year ended 31 December 2022. The increase was mainly due to decrease in current income tax charge.

- Jiangsu Huadian's income tax credit of RMB52.3 million for the year ended 31 December 2022 changed to an income tax expense of RMB222.0 million for the year ended 31 December 2023. The change was mainly due to an increase in current income tax charge.

- Jiangsu Huadian's income tax expenses increased from RMB22.7 million for the six months ended 30 June 2023 to RMB77.0 million for the six months ended 30 June 2024. The increase was mainly due to an increase in deferred tax charge.

(Loss)/Profit for the year/period

Jiangsu Huadian's net loss decreased by 9.7% from RMB2,793.6 million for the year ended 31 December 2021 to RMB2,522.9 million for the year ended 31 December 2022. The decrease was mainly attributable to the increase in turnover due to the reasons stated above.

Jiangsu Huadian's net loss of RMB2,522.9 million for the year ended 31 December 2022 changed to a net profit of RMB734.8 million for the year ended 31 December 2023. The change was mainly attributable to the increase in turnover and the decrease in operating costs due to the reasons stated above.

Jiangsu Huadian's net loss of RMB75.7 million for the six months ended 30 June 2023 changed to a net profit of RMB393.1 million for the six months ended 30 June 2024. The change was mainly attributable to the decrease in operating costs due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian had total current assets of RMB6,576.2 million, RMB5,686.8 million, RMB5,336.2 million, and RMB5,194.8 million, respectively, which mainly comprised inventories, trade debtors and bills receivables, deposits, other receivables and prepayments, tax recoverable, restricted deposits and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian had total current liabilities of RMB21,825.6 million, RMB20,427.7 million, RMB16,349.0 million, and RMB15,225.6 million, respectively, which mainly comprised bank loans, loans from shareholders, other loans, current portion of long-term debentures payables, and short-term debentures.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian had cash and cash equivalents of RMB1,094.6 million, RMB1,051.9 million, RMB733.4 million, and RMB540.8 million, respectively.

As at the end of the Reporting Period, all the cash and bank balances of Jiangsu Huadian were denominated in RMB.

Treasury policies

Jiangsu Huadian historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

Jiangsu Huadian's borrowings primarily consisted of bank loans, loans from shareholders, other loans, long-term debentures payable and short-term debentures payable. As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian's total borrowings amounted to RMB20,255.6 million, RMB21,197.4 million, RMB16,711.5 million and RMB16,360.5 million, respectively, of which, 84.4%, 83.0%, 71.0% and 67.4% were at fixed rates.

The annual interest rate of Jiangsu Huadian's borrowings ranged from 3.15% to 5.46%, 2.00% to 4.41%, 2.00% to 3.50% and 2.28% to 3.45% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The borrowings of Jiangsu Huadian were primarily denominated in RMB.

Hedging

Jiangsu Huadian did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Jiangsu Huadian (being net debt over total equity) was 281.5%, 333.0%, 162.4% and 152.1%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Jiangsu Huadian did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Jiangsu Huadian did not have any significant contingent liabilities.

Foreign Exchange Exposure

Jiangsu Huadian is exposed to currency risk primarily arising from trade payables denominated in United States dollars (USD). As at 31 December 2021, 2022, 2023 and 30 June 2024, Jiangsu Huadian's exposure to currency risk was nil, nil, RMB97.5 million and RMB128.1 million, respectively.

Material Investment, Acquisition and Disposals

On 29 October 2024, China Huadian completed the transfer of certain assets and liabilities to Jiangsu Huadian. The details of Jiangsu Huadian's investments in associates as at 31 December 2021, 2022, 2023 and 30 June 2024 are set out in note 21 of the accountants' report of Jiangsu Huadian in Appendix II to this circular.

Save as disclosed above, Jiangsu Huadian did not have any material acquisition, disposals or significant investment during the Reporting Period.

Save as disclosed above, Jiangsu Huadian had no specific future plan for material investments or capital assets as at the Latest Practicable Date.

Employees and Remuneration Policies

As at 30 June 2024, Jiangsu Huadian had a total of 4,129 employees.

Jiangsu Huadian recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The personnel costs of Jiangsu Huadian for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB1,358.4 million, RMB1,444.2 million, RMB1,528.0 million and RMB662.6 million respectively, which mainly included directors' salaries and social security (including independent directors), wages, welfare and other benefits, retirement benefits and other staff costs, details of which are set out in notes 7 and 37 of the accountants' report of Jiangsu Huadian as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Jiangsu Huadian will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

II. Management Discussion and Analysis of Shanghai Fuxin

Set out below is the management discussion and analysis on Shanghai Fuxin for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Shanghai Fuxin. The following discussion and analysis should be read in conjunction with the accountant's report of Shanghai Fuxin as set out in Appendix II to this circular.

A. Business Overview

Shanghai Fuxin is a limited liability company established in the PRC in 2014 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Shanghai Fuxin, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

Shanghai Fuxin has invested, constructed and operates the Shanghai Fuxin Distributed Energy Station, which produces cooling and heating energy and primarily sells such energy to the National Exhibition and Convention Center (Shanghai) and the InterContinental Shanghai NECC for use.

Shanghai Fuxin's turnover decreased by 16.0% from RMB108.3 million for the year ended 31 December 2021 to RMB90.9 million for the year ended 31 December 2022, and increased by 61.5% to RMB146.9 million for the year ended 31 December 2023. It slightly decreased by 0.4% from RMB62.7 million for the six months ended 30 June 2023 to RMB62.5 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Shanghai Fuxin recorded turnover of RMB42.4 million, RMB30.7 million, RMB61.7 million and RMB27.4 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Shanghai Fuxin recorded turnover of RMB65.9 million, RMB60.2 million, RMB85.1 million and RMB35.1 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

Turnover of Shanghai Fuxin decreased between the year ended 31 December 2021 and 31 December 2022 mainly due to the decrease in turnover of sales of electricity. Turnover increased from the year ended 31 December 2022 as turnover from the sale of electricity increased.

Operating expenses

The operating expenses of Shanghai Fuxin primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, and tax and surcharges.

- Shanghai Fuxin's operating expenses decreased by 15.9% from RMB94.0 million for the year ended 31 December 2021 to RMB79.1 million for the year ended 31 December 2022. The decrease was mainly due to decrease in fuel costs.

- Shanghai Fuxin's operating expenses increased by 53.7% from RMB79.1 million for the year ended 31 December 2022 to RMB121.6 million for the year ended 31 December 2023. The increase was mainly due to the increase in fuel costs.

- Shanghai Fuxin's operating expenses increased by 10.0% from RMB45.7 million for the six months ended 30 June 2023 to RMB50.3 million for the six months ended 30 June 2024. The increase was mainly due to increase in fuel costs.

Other revenue and net income

Other revenue and net income of Shanghai Fuxin primarily comprised government grants, gains on disposal of property plant and equipment, net income from sale of materials, and others.

- Shanghai Fuxin's other revenue and net income decreased by 20.1% from RMB11.0 million for the year ended 31 December 2021 to RMB8.8 million for the year ended 31 December 2022. The decrease was mainly due to decrease in government grants.

- Shanghai Fuxin's other revenue and net income increased by 50.9% from RMB8.8 million for the year ended 31 December 2022 to RMB13.3 million for the year ended 31 December 2023. The increase was mainly due to increase in government grants.

- Shanghai Fuxin's other revenue and net income increased by 468.4% from RMB0.7 million for the six months ended 30 June 2023 to RMB3.7 million for the six months ended 30 June 2024. The increase was mainly due to increase in government grants.

Finance costs

Finance costs primarily represent interest expenses on loans.

- Shanghai Fuxin's finance costs decreased by 17.4% from RMB10.2 million for the year ended 31 December 2021 to RMB8.4 million for the year ended 31 December 2022. The decrease was mainly due to decrease in interest expenses on loans.

- Shanghai Fuxin's finance costs decreased 32.9% from RMB8.4 million for the year ended 31 December 2022 to RMB5.7 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest expenses on loans.

- Shanghai Fuxin's finance costs decreased by 42.5% from RMB3.2 million for the six months ended 30 June 2023 to RMB1.8 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expenses on loans.

Income tax expenses

The income tax expenses mainly represent the PRC current income tax and deferred tax.

- Shanghai Fuxin's income tax expenses increased from RMB2.9 million for the year ended 31 December 2021 to RMB3.4 million for the year ended 31 December 2022. The increase was mainly due to an increase in current income tax charge.

- Shanghai Fuxin's income tax expenses increased from RMB3.4 million for the year ended 31 December 2022 to RMB8.2 million for the year ended 31 December 2023. The increase was mainly due to an increase in current income tax charge.

- Shanghai Fuxin's income tax expenses decreased from RMB3.8 million for the six months ended 30 June 2023 to RMB3.7 million for the six months ended 30 June 2024. The increase was mainly due to decrease in current income tax charge.

Profit for the year/period

Shanghai Fuxin's net profit decreased by 28.5% from RMB12.5 million for the year ended 31 December 2021 to RMB8.9 million for the year ended 31 December 2022. The decrease was mainly attributable to the decrease in turnover due to the reasons stated above.

Shanghai Fuxin's net profit increased by 177.5% from RMB8.9 million for the year ended 31 December 2022 to RMB24.7 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in turnover due to the reasons stated above.

Shanghai Fuxin's net profit decreased by 2.7% from RMB10.8 million for the six months ended 30 June 2023 to RMB10.5 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in turnover due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Fuxin had total current assets of RMB31.3 million, RMB23.5 million, RMB29.4 million, and RMB44.5 million, respectively, which mainly comprised inventories, trade receivables, other receivables and prepayments, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Fuxin had total current liabilities of RMB10.5 million, RMB14.9 million, RMB23.2 million, and RMB31.7 million, respectively, which mainly comprised bank loans, trade payables, other payables and tax payable.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Fuxin had cash and cash equivalents of RMB7.6 million, RMB7.0 million, RMB6.5 million, and RMB26.9 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Shanghai Fuxin were denominated in RMB.

Treasury policies

Shanghai Fuxin historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Fuxin had bank loans of RMB224.3 million, RMB189.6 million, RMB163.7 million and RMB154.1 million, respectively. All the borrowings of Shanghai Fuxin are at floating rates.

The annual interest rate of Shanghai Fuxin's borrowings was at 3.9%, 3.6%, ranged from 2.3% to 2.4% and was at 2.15% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

All bank loans of Shanghai Fuxin are denominated in RMB.

Hedging

Shanghai Fuxin did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Shanghai Fuxin (being net debt over total equity) was 134.9%, 107.7%, 81.7% and 62.7%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Fuxin did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Fuxin did not have any significant contingent liabilities.

Foreign Exchange Exposure

Shanghai Fuxin is principally operating in the PRC, with all transactions denominated in RMB. Shanghai Fuxin is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Shanghai Fuxin did not have any material acquisition, disposals or significant investment during the Reporting Period.

As at the Latest Practicable Date, Shanghai Fuxin had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Shanghai Fuxin had a total of 20 employees.

Shanghai Fuxin recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Shanghai Fuxin for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB10.8 million, RMB10.8 million, RMB11.1 million and RMB4.3 million respectively, which mainly included wages, welfare, retirement, other benefits, and other staff costs, details of which are set out in note 7 of the accountants' report of Shanghai Fuxin as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Shanghai Fuxin will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

III. Management Discussion and Analysis of Shanghai Minhang

Set out below is the management discussion and analysis on Shanghai Minhang for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Shanghai Minhang. The following discussion and analysis should be read in conjunction with the accountant's report of Shanghai Minhang as set out in Appendix II to this circular.

A. Business Overview

Shanghai Minhang is a limited liability company established in the PRC in 2011 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Shanghai Minhang, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Shanghai Minhang generated turnover from the sale of (i) electricity, and (ii) heat. Shanghai Minhang's generation of electricity is integrated into the Shanghai municipal power grid, while heat energy produced is sold to users in the Xinzhuang Industrial Zone and Minhang Development Zone, and cooling energy is sold to users in the western area of the Xinzhuang Industrial Zone.

Shanghai Minhang's turnover increased from RMB814.5 million for the year ended 31 December 2021 to RMB980.3 million for the year ended 31 December 2022 and further to RMB1,106.3 million for the year ended 31 December 2023. It decreased by 7.4% from RMB569.0 million for the six months ended 30 June 2023 to RMB527.0 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Shanghai Minhang recorded turnover of RMB682.7 million, RMB835.5 million, RMB926.7 million and RMB443.1 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Shanghai Minhang recorded turnover of RMB131.8 million, RMB144.8 million, RMB179.7 million and RMB83.9 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The general increase in turnover of Shanghai Minhang during the Reporting Period was primarily due to the increase in turnover from the sale of electricity.

Operating expenses

The operating expenses of Shanghai Minhang primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, impairment losses on other receivables and property, plant and equipment, research development costs, and taxes and surcharges and other operating expenses.

- Shanghai Minhang's operating expenses increased by 22.6% from RMB767.9 million for the year ended 31 December 2021 to RMB941.1 million for the year ended 31 December 2022. The increase was mainly due to increase in fuel costs.

- Shanghai Minhang's operating expenses increased by 14.6% from RMB941.1 million for the year ended 31 December 2022 to RMB1,078.9 million for the year ended 31 December 2023. The increase was mainly due to increase in fuel costs.

- Shanghai Minhang's operating expenses decreased by 6.6% from RMB529.3 million for the six months ended 30 June 2023 to RMB494.4 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in fuel costs.

Other revenue and net income

Other revenue and net income of Shanghai Minhang primarily comprised government grants, revenue from upfront installation fees for heating networks, gains on disposal of property, plant and equipment, and intangible assets, net income from sale of materials, and others.

- Shanghai Minhang's other revenue and net income decreased by 8.4% from RMB22.7 million for the year ended 31 December 2021 to RMB20.8 million for the year ended 31 December 2022. The decrease was mainly due to decrease in net income from sale of materials.

- Shanghai Minhang's other revenue and net income increased by 12.5% from RMB20.8 million for the year ended 31 December 2022 to RMB23.4 million for the year ended 31 December 2023. The increase was mainly due to increase in government grants.

- Shanghai Minhang's other revenue and net income increased by 83.7% from RMB9.2 million for the six months ended 30 June 2023 to RMB16.9 million for the six months ended 30 June 2024. The increase was mainly due to increase in government grants.

Finance costs

Finance costs represent interest expenses on loans and lease liabilities, and other financial costs.

- Shanghai Minhang's finance costs decreased by 18.5% from RMB31.4 million for the year ended 31 December 2021 to RMB25.6 million for the year ended 31 December 2022. The decrease was mainly due to decrease in interest expense on loans.

- Shanghai Minhang's finance costs decreased by 25.4% from RMB25.6 million for the year ended 31 December 2022 to RMB19.1 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest expense on loans.

- Shanghai Minhang's finance costs decreased by 20.6% from RMB10.2 million for the six months ended 30 June 2023 to RMB8.1 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expense on loans.

Income tax expenses/(credit)

The income tax expenses/(credit) mainly represent the PRC current income tax and deferred tax.

- Shanghai Minhang's income tax credit of RMB2.1 million for the year ended 31 December 2021 changed to an income tax expenses of RMB1.0 million for the year ended 31 December 2022. The decrease was mainly due to a tax charge reversal.

- Shanghai Minhang's income tax expenses increased from RMB1.0 million for the year ended 31 December 2022 to RMB4.1 million for the year ended 31 December 2023. The increase was mainly due to utilisation of tax losses and deductible temporary differences previously not recognised.

- Shanghai Minhang's income tax expenses increased from RMB5.1 million for the six months ended 30 June 2023 to RMB9.4 million for the six months ended 30 June 2024. The increase was mainly due to increase in current income tax charge.

Profit for the year/period

Shanghai Minhang's net profit decreased by 16.1% from RMB40.4 million for the year ended 31 December 2021 to RMB33.9 million for the year ended 31 December 2022. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated above.

Shanghai Minhang's net profit decreased by 17.4% from RMB33.9 million for the year ended 31 December 2022 to RMB28.0 million for the year ended 31 December 2023. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated above.

Shanghai Minhang's net profit decreased by 4.7% from RMB33.7 million for the six months ended 30 June 2023 to RMB32.1 million for the six months ended 30 June 2024. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Minhang had total current assets of RMB102.5 million, RMB122.8 million, RMB138.2 million, and RMB142.4 million, respectively, which mainly comprised inventories, trade receivables, deposits, other receivables and prepayments, tax recoverable, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Minhang had total current liabilities of RMB736.6 million, RMB607.8 million, RMB473.7 million, and RMB554.0 million, respectively, which mainly comprised bank loans, loans from a shareholder, other loans, lease liabilities, trade payables, other payables and contract liabilities, and tax payables.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Minhang had cash and cash equivalents of RMB11.1 million, RMB8.6 million, RMB8.2 million, and RMB40.6 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Shanghai Minhang were denominated in RMB.

Treasury policies

Shanghai Minhang historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Shanghai Minhang had bank loans, loans from a shareholder and other loans of RMB769.3 million, RMB711.5 million, RMB657.5 million and RMB631.0 million, respectively, of which nil, 21.1%, 22.8% and 23.8% were at fixed rates.

The annual interest rate of Shanghai Minhang's borrowings ranged from 2.85% to 4.05%, 2.60% to 3.75%, 2.20% to 2.69% and 2.20% to 2.69% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Shanghai Minhang were denominated in RMB.

Hedging

Shanghai Minhang did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Shanghai Minhang (being net debt over total equity) was 250.2%, 208.7%, 177.9% and 148.7%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Minhang did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Minhang did not have any significant contingent liabilities.

Foreign Exchange Exposure

Shanghai Minhang is principally operating in the PRC, with all transactions denominated in RMB. Shanghai Minhang is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Shanghai Minhang did not have any material acquisition, disposals or significant investment during the Reporting Period.

As at the Latest Practicable Date, Shanghai Minhang had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Shanghai Minhang had a total of 96 employees.

Shanghai Minhang recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The personnel costs of Shanghai Minhang for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB45.2 million, RMB48.1 million, RMB50.2 million and RMB18.6 million respectively, which mainly included wages, welfare and other benefits, retirement benefits and other staff costs, details of which are set out in notes 7 and 31 of the accountants' report of Shanghai Minhang as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Shanghai Minhang will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

IV. Management Discussion and Analysis of Guangzhou University City

Set out below is the management discussion and analysis on Guangzhou University City for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Guangzhou University City. The following discussion and analysis should be read in conjunction with the accountant's report of Guangzhou University City as set out in Appendix II to this circular.

A. Business Overview

Guangzhou University City is a limited liability company established in the PRC in 2008 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Guangzhou University City, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Guangzhou University City generated turnover from the sale of (i) electricity, and (ii) heat. Guangzhou University City operates the Guangzhou University City Distributed Energy Station and the Guangzhou Wanbo Central Business District Distributed Energy Station, which generates electricity and heat energy generated during power production.

Guangzhou University City's turnover decreased by 11.9% from RMB445.2 million for the year ended 31 December 2021 to RMB392.2 million for the year ended 31 December 2022, and increased to RMB502.2 million for the year ended 31 December 2023. It decreased by 17.6% from RMB303.2 million for the six months ended 30 June 2023 to RMB249.7 million for the six months ended 30 June 2024, respectively.

- With respect to the sale of electricity, Guangzhou University City recorded turnover of RMB436.5 million, RMB379.9 million, RMB477.4 million and RMB237.1 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Guangzhou University City recorded turnover of RMB8.7 million, RMB12.2 million, RMB24.9 million and RMB12.6 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The changes in turnover of Guangzhou University City during the Reporting Period was primarily driven by the corresponding changes in turnover from the sale of electricity.

Operating expenses

The operating expenses of Guangzhou University City primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, impairment loss on property, plant and equipment, taxes and surcharges, and other operating expenses.

- Guangzhou University City's operating expenses decreased by 15.1% from RMB412.2 million for the year ended 31 December 2021 to RMB349.9 million for the year ended 31 December 2022. The decrease was mainly due to decrease in fuel costs.

- Guangzhou University City's operating expenses increased by 42.3% from RMB349.9 million for the year ended 31 December 2022 to RMB497.9 million for the year ended 31 December 2023. The increase was mainly due to increase in fuel costs and the impairment loss on property, plant and equipment recognised during the year.

- Guangzhou University City's operating expenses decreased by 18.9% from RMB241.4 million for the six months ended 30 June 2023 to RMB195.7 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in fuel costs.

Other revenue and net income

Other revenue and net income of Guangzhou University City primarily comprised government grants, loss on disposal of property, plant and equipment, net income from sale of materials, and others.

- Guangzhou University City's other revenue and net income decreased by 33.8% from RMB20.1 million for the year ended 31 December 2021 to RMB13.3 million for the year ended 31 December 2022. The decrease was mainly due to decrease in revenue from other revenues.

- Guangzhou University City's other revenue and net income decreased by 42.1% from RMB13.3 million for the year ended 31 December 2022 to RMB7.7 million for the year ended 31 December 2023. The decrease was mainly due to the decrease in other revenue and an increase in other expenses.

- Guangzhou University City's other revenue and net income decreased by 31.7% from RMB4.1 million for the six months ended 30 June 2023 to RMB2.8 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in government grants.

Finance costs

Finance costs represent interest expenses on loans, lease liabilities, and other finance costs.

- Guangzhou University City's finance costs decreased by 11.0% from RMB12.7 million for the year ended 31 December 2021 to RMB11.3 million for the year ended 31 December 2022. The decrease was mainly due to decrease in interest expenses on loans.

- Guangzhou University City's finance costs decreased by 31.0% from RMB11.3 million for the year ended 31 December 2022 to RMB7.8 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest expenses on loans.

- Guangzhou University City's finance costs decreased by 30.2% from RMB4.3 million for the six months ended 30 June 2023 to RMB3.0 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expenses on loans.

Income tax expenses

The income tax expenses mainly represent the PRC current income and deferred tax.

- Guangzhou University City's income tax expenses increased from RMB7.9 million for the year ended 31 December 2021 to RMB11.0 million for the year ended 31 December 2022. The increase was mainly due to an increase in profit before taxation.

- Guangzhou University City's income tax expenses decreased from RMB11.0 million for the year ended 31 December 2022 to RMB1.8 million for the year ended 31 December 2023. The decrease was mainly due to decrease in profit before taxation.

- Guangzhou University City's income tax expenses decreased from RMB14.9 million for the six months ended 30 June 2023 to RMB8.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in profit before taxation.

Profit for the year/period

Guangzhou University City's net profit increased by 2.4% from RMB32.9 million for the year ended 31 December 2021 to RMB33.7 million for the year ended 31 December 2022. The increase was mainly attributable to the decrease in operating expenses due to the reasons stated above.

Guangzhou University City's net profit decreased by 92.3% from RMB33.7 million for the year ended 31 December 2022 to RMB2.6 million for the year ended 31 December 2023. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated in the above.

Guangzhou University City's net profit decreased 2.8% from RMB46.9 million for the six months ended 30 June 2023 to RMB45.6 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in turnover due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guangzhou University City had total current assets of RMB101.4 million, RMB83.9 million, RMB62.0 million, and RMB109.5 million, respectively, which mainly comprised inventories, trade receivables, deposits, other receivables and prepayments, tax recoverable, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guangzhou University City had total current liabilities of RMB141.9 million, RMB126.6 million, RMB91.6 million, and RMB83.4 million, respectively, which mainly comprised bank loans, loans from shareholders, other loans, lease liabilities, trade payable, other payables, and tax payable.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guangzhou University City had cash and cash equivalents of RMB23.5 million, RMB23.1 million, RMB15.8 million, and RMB32.2 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Guangzhou University City were denominated in RMB.

Treasury policies

Guangzhou University City historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guangzhou University City had bank loans, loans from shareholders, and other loans of RMB319.3 million, RMB270.3 million, RMB199.0 million and RMB178.7 million, respectively, of which 33.8%, 36.7%, 21.6% and 21.6% were at fixed rates.

The annual interest rate of Guangzhou University City's borrowings ranged from 3.75% to 4.20%, 3.40% to 4.20%, 2.90% to 4.20% and 2.90% to 4.20% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Guangzhou University City were denominated in RMB.

Hedging

Guangzhou University City did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Guangzhou University City (being net debt over total equity) was 72.3%, 59.8%, 47.3% and 33.9%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guangzhou University City did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guangzhou University City did not have any significant contingent liabilities.

Foreign Exchange Exposure

Guangzhou University City is principally operating in the PRC, with all transactions denominated in RMB. Guangzhou University City is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Guangzhou University City did not have any material acquisition, disposals or significant investment during the Reporting Period. As at the Latest Practicable Date, Guangzhou University City had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Guangzhou University City had a total of 76 employees.

Guangzhou University City recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Guangzhou University City for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB25.8 million, RMB25.9 million, RMB29.5 million and RMB10.8 million respectively, which mainly included wages, welfare and other benefits, retirement benefits and other staff costs, details of which are set out in notes 7 and 30 of the accountants' report of Guangzhou University City as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Guangzhou University City will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

V. Management Discussion and Analysis of Fuxin Guangzhou

Set out below is the management discussion and analysis on Fuxin Guangzhou for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Fuxin Guangzhou. The following discussion and analysis should be read in conjunction with the accountant's report of Fuxin Guangzhou as set out in Appendix II to this circular.

A. Business Overview

Fuxin Guangzhou is a limited liability company established in the PRC in 2016 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Fuxin Guangzhou, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Fuxin Guangzhou generated turnover from the sale of (i) electricity, and (ii) heat. Fuxin Guangzhou supplies electricity and heat energy to surrounding enterprises in the Guangzhou Zengcheng Economic and Technological Development Zone, Xintang Town, and Xiancun Town, and to individual users respectively.

Fuxin Guangzhou's turnover increased by 21.7% from RMB2,561.1 million for the year ended 31 December 2021 to RMB3,116.1 million for the year ended 31 December 2022 and further by 10.4% to RMB3,441.2 million for the year ended 31 December 2023. It decreased by 20.8% from 1,831.7 million for the six months ended 30 June 2023 to RMB1,451.1 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Fuxin Guangzhou recorded turnover of RMB2,454.1 million, RMB2,972.9 million, RMB3,264.7 million and RMB1,364.7 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Fuxin Guangzhou recorded turnover of RMB107.0 million, RMB143.2 million, RMB176.5 million and RMB86.3 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The continuous increase in turnover of Fuxin Guangzhou during the Reporting Period was primarily due to the increase of turnover from the sale of electricity.

Operating expenses

The operating expenses of Fuxin Guangzhou primarily comprised fuel costs, depreciation, repairs maintenance and inspection, personnel costs, taxes and surcharges, and other operating expenses.

- Fuxin Guangzhou's operating expenses increased by 24.6% from RMB2,406.6 million for the year ended 31 December 2021 to RMB2,999.4 million for the year ended 31 December 2022. The increase was mainly due to increase in fuel costs.

- Fuxin Guangzhou's operating expenses increased by 6.2% from RMB2,999.4 million for the year ended 31 December 2022 to RMB3,184.2 million for the year ended 31 December 2023. The increase was mainly due to increase in fuel costs.

- Fuxin Guangzhou's operating expenses decreased by 16.5% from RMB1,680.7 million for the six months ended 30 June 2023 to RMB1,403.6 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in fuel costs.

Other revenue and net income

Other revenue and net income of Fuxin Guangzhou primarily comprised government grants, net income from sale of materials and others.

- Fuxin Guangzhou's other revenue and net income decreased by 98.5% from RMB31.9 million for the year ended 31 December 2021 to RMB0.5 million for the year ended 31 December 2022. The decrease was mainly due to decrease in government grants.

- Fuxin Guangzhou's other revenue and net income of RMB0.5 million for the year ended 31 December 2022 changed to a loss of RMB3.0 million for the year ended 31 December 2023. The change was mainly due to increase in other losses.

- Fuxin Guangzhou's other revenue and net income increased from a loss of approximately RMB17,000 for the six months ended 30 June 2023 to a gain of RMB0.1 million for the six months ended 30 June 2024. The increase was mainly due to increase in other revenue.

Finance costs

Finance costs represent interest expenses on loans, and other finance costs.

- Fuxin Guangzhou's finance costs increased by 2.0% from RMB69.6 million for the year ended 31 December 2021 to RMB71.0 million for the year ended 31 December 2022. The increase was mainly due to increase in interest expense on loans.

- Fuxin Guangzhou's finance costs decreased by 18.8% from RMB71.0 million for the year ended 31 December 2022 to RMB57.6 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest expense on loans.

- Fuxin Guangzhou's finance costs decreased by 26.4% from RMB31.6 million for the six months ended 30 June 2023 to RMB23.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expense on loans.

Income tax expenses

The income tax expenses mainly represent the PRC current income tax.

- Fuxin Guangzhou's income tax expenses decreased from RMB20.4 million for the year ended 31 December 2021 to RMB13.3 million for the year ended 31 December 2022. The decrease was mainly due to decrease in current income tax charge.

- Fuxin Guangzhou's income tax expenses increased from RMB13.3 million for the year ended 31 December 2022 to RMB48.1 million for the year ended 31 December 2023. The increase was mainly due to increase in current income tax charge.

- Fuxin Guangzhou's income tax expenses decreased from RMB25.7 million for the six months ended 30 June 2023 to RMB1.7 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in current income tax charge.

Profit for the year/period

Fuxin Guangzhou's net profit decreased by 65.3% from RMB98.2 million for the year ended 31 December 2021 to RMB34.1 million for the year ended 31 December 2022. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated above.

Fuxin Guangzhou's net profit increased by 335.6% from RMB34.1 million for the year ended 31 December 2022 to RMB148.6 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in turnover due to the reasons stated above.

Fuxin Guangzhou's net profit decreased by 75.8% from RMB93.8 million for the six months ended 30 June 2023 to RMB22.7 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in turnover due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Guangzhou had total current assets of RMB494.8 million, RMB666.6 million, RMB372.7 million, and RMB651.7 million, respectively, which mainly comprised inventories, trade receivables, deposits, other receivables and prepayments, tax recoverable, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Guangzhou had total current liabilities of RMB491.1 million, RMB738.7 million, RMB596.1 million, and RMB848.8 million, respectively, which mainly comprised bank loans, other loans, trade payables, other payables and contract liabilities, and tax payables.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Guangzhou had cash and cash equivalents of RMB111.7 million, RMB126.8 million, RMB14.2 million, and RMB63.1 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Fuxin Guangzhou were denominated in RMB.

Treasury policies

Fuxin Guangzhou historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Guangzhou had bank loans and other loans of RMB1,759.5 million, RMB1,965.1 million, RMB1,466.0 million and RMB1,681.6 million, respectively, of which, 100.0%, 100.0%, 31.5% and 42.5% were at fixed rates.

The annual interest rate of Fuxin Guangzhou's borrowings ranged from 3.50% to 4.17%, 2.95% to 3.75%, 2.35% to 3.00% and 2.30% to 3.00% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Fuxin Guangzhou were denominated in RMB.

Hedging

Fuxin Guangzhou did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Fuxin Guangzhou (being net debt over total equity) was 237.2%, 252.2%, 173.3% and 188.1%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Guangzhou did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Guangzhou did not have any significant contingent liabilities.

Foreign Exchange Exposure

Fuxin Guangzhou is principally operating in the PRC, with all transactions denominated in RMB. Fuxin Guangzhou is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Fuxin Guangzhou did not have any material acquisition, disposals or significant investment during the Reporting Period.

As at the Latest Practicable Date, Fuxin Guangzhou had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Fuxin Guangzhou had a total of 100 employees.

Fuxin Guangzhou recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The personnel costs of Fuxin Guangzhou for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB30.1 million, RMB29.6 million, RMB38.1 million, and RMB13.7

million respectively, which mainly included wages, welfare and other benefits, retirement benefits and other staff costs, details of which are set out in notes 7 and 28 of the accountants' report of Fuxin Guangzhou as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Fuxin Guangzhou will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

VI. Management Discussion and Analysis of Fuxin Jiangmen

Set out below is the management discussion and analysis on Fuxin Jiangmen for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Fuxin Jiangmen. The following discussion and analysis should be read in conjunction with the accountant's report of Fuxin Jiangmen as set out in Appendix II to this circular.

A. Business Overview

Fuxin Jiangmen is a limited liability company established in the PRC in 2013 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Fuxin Jiangmen, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Fuxin Jiangmen generated turnover from the sale of (i) electricity, and (ii) heat. Fuxin Jiangmen has invested in, constructed and operates the Jiangmen Pengjiang Jiangsha Distributed Energy Station project, which produces electricity and heat primarily to enterprises within the Jiangsha Demonstration Park for Advanced Manufacturing in Jiangmen.

Fuxin Jiangmen's turnover increased by 24.6% from RMB630.2 million for the year ended 31 December 2021 to RMB785.0 million for the year ended 31 December 2022, and further by 39.5% to RMB1,095.1 million for the year ended 31 December 2023. It decreased by 18.1% from RMB566.7 million for the six months ended 30 June 2023 to RMB464.1 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Fuxin Jiangmen recorded turnover of RMB513.4 million, RMB641.3 million, RMB960.9 million and RMB398.9 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Fuxin Jiangmen recorded turnover of RMB116.8 million, RMB143.7 million, RMB134.1 million and RMB65.1 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The continuous increase in turnover of Fuxin Jiangmen during the Reporting Period was primarily due to the increase of turnover from the sale of electricity from the year ended 31 December 2021.

Operating expenses

The operating expenses of Fuxin Jiangmen primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, taxes and surcharges, and other operating expenses.

- Fuxin Jiangmen's operating expenses increased by 43.6% from RMB581.9 million for the year ended 31 December 2021 to RMB835.4 million for the year ended 31 December 2022. The increase was mainly due to increase in fuel costs.

- Fuxin Jiangmen's operating expenses increased by 24.0% from RMB835.4 million for the year ended 31 December 2022 to RMB1,036.0 million for the year ended 31 December 2023. The increase was mainly due to increase in fuel costs.

- Fuxin Jiangmen's operating expenses decreased by 16.3% from RMB536.8 million for the six months ended 30 June 2023 to RMB449.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in fuel costs.

Other revenue and net income

Other revenue and net income of Fuxin Jiangmen primarily comprised government grants, gains on disposal of property, plant and equipment, and intangible assets, net income from sale of materials, and others.

- Fuxin Jiangmen's other revenue and net income decreased by 85.0% from RMB12.2 million for the year ended 31 December 2021 to RMB1.8 million for the year ended 31 December 2022. The decrease was mainly due to decrease in government grants.

- Fuxin Jiangmen's other revenue and net income increased by 633.3% from RMB1.8 million for the year ended 31 December 2022 to RMB13.2 million for the year ended 31 December 2023. The increase was mainly due to increase in government grants.

- Fuxin Jiangmen's other revenue and net income increased by 55.6% RMB4.5 million for the six months ended 30 June 2023 to RMB7.0 million for the six months ended 30 June 2024. The increase was mainly due to increase in government grants and other revenue.

Finance costs

Finance costs represent interest expenses on loans and other financial liabilities and lease liabilities, and others finance costs.

- Fuxin Jiangmen's finance costs increased by 3.5% from RMB25.8 million for the year ended 31 December 2021 to RMB26.7 million for the year ended 31 December 2022. The increase was mainly due to increase in interest expenses on loans and other financial liabilities.

- Fuxin Jiangmen's finance costs decreased by 9.4% from RMB26.7 million for the year ended 31 December 2022 to RMB24.2 million for the year ended 31 December 2023. The decrease was mainly due to the decrease in interest expenses on loans and other financial liabilities.

- Fuxin Jiangmen's finance costs decreased by 18.0% from RMB12.8 million for the six months ended 30 June 2023 to RMB10.5 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expenses on loans and other financial liabilities.

Income tax expenses/(credit)

The income tax expenses mainly represent the PRC current income tax and deferred tax.

- Fuxin Jiangmen's income tax expenses of RMB5.3 million for the year ended 31 December 2021 changed to a tax credit of RMB18.9 million for the year ended 31 December 2022. The increase in tax credits was mainly due to increase deferred tax credit.

- Fuxin Jiangmen's income tax credit of RMB18.9 million for the year ended 31 December 2022 changed to a tax expense of RMB12.5 million for the year ended 31 December 2023. The increase was mainly due to increase in deferred tax charge.

- Fuxin Jiangmen's income tax expenses decreased from RMB3.5 million for the six months ended 30 June 2023 to RMB3.1 million for the six months ended 30 June 2024. The decreased was mainly due to decreased in deferred tax charge.

Profit for the year/period

Fuxin Jiangmen's net profit decreased from RMB29.8 million for the year ended 31 December 2021 to a loss of RMB56.1 million for the year ended 31 December 2022. The decrease was mainly attributable to the increase in operating expenses due to the reasons stated above.

Fuxin Jiangmen's net profit increased from a loss of RMB56.1 million for the year ended 31 December 2022 to a profit of RMB35.7 million for the year ended 31 December 2023. The increase was mainly attributable to the increase in turnover due to the reasons stated above.

Fuxin Jiangmen's profit decreased by 54.4% from RMB18.2 million for the six months ended 30 June 2023 to RMB8.3 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in turnover due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Jiangmen had total current assets of RMB130.7 million, RMB193.9 million, RMB181.1 million, and RMB226.9 million, respectively, which mainly comprised inventories, trade debtors receivables, deposits, other receivables and prepayments, restricted deposits and cash and cash equivalents and tax recoverable.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Jiangmen had total current liabilities of RMB261.8 million, RMB226.8 million, RMB206.2 million, and RMB248.9 million, respectively, which mainly comprised bank loans, other loans, lease liabilities, trade creditors payable, other payables and contract liabilities.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Jiangmen had cash and cash equivalents of RMB28.2 million, RMB31.8 million, RMB20.4 million, and RMB40.6 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Fuxin Jiangmen were denominated in RMB.

Treasury policies

Fuxin Jiangmen historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Jiangmen had bank loans and other loans of RMB630.6 million, RMB810.4 million, RMB738.5 million and RMB755.5 million, respectively, of which, 7.9%, 6.2%, 6.8% and 11.4% were at fixed rates.

The annual interest rate of Fuxin Jiangmen's borrowings ranged from 3.70% to 3.90%, 2.75% to 3.30%, 2.30% to 3.10% and 2.28% to 3.20% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Fuxin Jiangmen were denominated in RMB.

Hedging

Fuxin Jiangmen did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Fuxin Jiangmen (being net debt over total equity) was 285.0%, 505.3%, 378.5% and 361.0%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen did not have any significant contingent liabilities.

Foreign Exchange Exposure

Fuxin Jiangmen is principally operating in the PRC, with all transactions denominated in RMB. Fuxin Jiangmen is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Fuxin Jiangmen did not have any material acquisition, disposals or significant investment during the Reporting Period.

As at the Latest Practicable Date, Fuxin Jiangmen had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Fuxin Jiangmen had a total of 93 employees.

Fuxin Jiangmen recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The staff costs of Fuxin Jiangmen for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB19.2 million, RMB22.0 million, RMB30.4 million and RMB11.3 million respectively, which mainly included directors' salaries and social security (including independent directors), wages, welfare, and other benefits, retirement benefits, and other staff costs, details of which are set out in notes 7 and 30 of the accountants' report of Fuxin Jiangmen as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Fuxin Jiangmen will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

VII. Management Discussion and Analysis of Fuxin Qingyuan

Set out below is the management discussion and analysis on Fuxin Qingyuan for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Fuxin Qingyuan. The following discussion and analysis should be read in conjunction with the accountant's report of Fuxin Qingyuan as set out in Appendix II to this circular.

A. Business Overview

Fuxin Qingyuan is a limited liability company established in the PRC in 2013 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Fuxin Qingyuan, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Fuxin Qingyuan generated turnover from the sale of electricity. Fuxin Qingyuan has invested in, constructed and operates the Guangdong Qingyuan Overseas Chinese Industrial Park Natural Gas Distributed Energy Station project, which produces electricity to surrounding areas.

Fuxin Qingyuan recorded turnover of nil, nil, RMB6.6 million, and RMB30.9 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

Operating expenses

The operating expenses of Fuxin Qingyuan primarily comprised fuel costs, depreciation, repairs maintenance and inspection, taxes and surcharges, and other operating expenses.

Fuxin Qingyuan's operating expenses amounted to nil, nil and RMB37.1 million for the years ended 31 December 2021, 2022 and 2023. It increased by 139.1% from RMB20.1 million for the six months ended 30 June 2023 to RMB48.1 million for the six months ended 30 June 2024. The increase was mainly due to increase in fuel costs.

Finance costs

Finance costs represent interest expenses on loans and other finance costs.

- Fuxin Qingyuan's finance costs amounted to nil, RMB0.3 million and RMB4.9 million for the year ended 31 December 2021, 2022 and 2023, respectively. The increase was mainly due to increase in interest on loans.

- Fuxin Qingyuan's finance costs increased by 42.6% from RMB2.3 million for the six months ended 30 June 2023 to RMB3.3 million for the six months ended 30 June 2024. The increase was mainly due to decrease in interest capitalised.

Income tax expenses

No income tax expenses had been incurred by Fuxin Qingyuan during the Reporting Period.

(Loss)/Profit for the year/period

Fuxin Qingyuan's net profit decreased from nil for the year ended 31 December 2021 to a net loss of RMB0.2 million for the year ended 31 December 2022. The decrease was mainly attributable to finance costs incurred for the year ended 31 December 2022.

Fuxin Qingyuan's net loss of RMB0.2 million for the year ended 31 December 2022 increased to RMB35.5 million for the year ended 31 December 2023. The increase was mainly attributable to the entering into full business operations of Fuxin Qingyuan.

Fuxin Qingyuan's net loss increased by 14.5% from RMB17.9 million for the six months ended 30 June 2023 to RMB20.4 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in operating expenses to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Qingyuan had total current assets of RMB9.6 million, RMB7.4 million, RMB19.2 million, and RMB39.3 million, respectively, which mainly comprised inventories, trade receivables, deposits, other receivables and prepayments, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Qingyuan had total current liabilities of RMB48.0 million, RMB80.4 million, RMB127.8 million, and RMB114.1 million, respectively, which mainly comprised bank loans, other loans, trade payables, and other payables.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Qingyuan had cash and cash equivalents of RMB9.5 million, RMB6.2 million, RMB0.9 million, and RMB2.6 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Fuxin Qingyuan were denominated in RMB.

Treasury policies

Fuxin Qingyuan historically met its liquidity requirements through a combination of fund generated from operations, bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Fuxin Qingyuan had bank loans and other loans of nil, RMB273.8 million, RMB386.2 million and RMB434.6 million, respectively, all of which were at floating rates.

The annual interest rate of Fuxin Qingyuan's borrowings was 0% for the year ended 31 December 2021 and ranged from 3.25% to 3.70%, 2.60% to 3.15% and 2.55% to 2.65% for the years ended 31 December 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Fuxin Qingyuan were denominated in RMB.

Hedging

Fuxin Qingyuan did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Report Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Fuxin Qingyuan (being net debt over total equity) was -27.6%, 211.6%, 326.7% and 443.2%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Qingyuan did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Qingyuan did not have any significant contingent liabilities.

Foreign Exchange Exposure

Fuxin Qingyuan is principally operating in the PRC, with all transactions denominated in RMB. Fuxin Qingyuan is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

During the Reporting Period, Fuxin Qingyuan did not have any material acquisition, disposals or significant investment during the Reporting Period.

As at the Latest Practicable Date, Fuxin Qingyuan had no specific future plan for material investments or capital assets.

Employees and Remuneration Policies

As at 30 June 2024, Fuxin Qingyuan did not have any employee.

Fuxin Qingyuan did not incur personnel costs during the Reporting Period.

Prospects

Upon completion of the Transaction, Fuxin Qingyuan will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

VIII. Management Discussion and Analysis of Guigang Electric Power

Set out below is the management discussion and analysis on Guigang Electric Power for the Reporting Period. The discussion and analysis relate to the consolidated results and financial position of Guigang Electric Power. The following discussion and analysis should be read in conjunction with the accountant's report of Guigang Electric Power as set out in Appendix II to this circular.

A. Business Overview

Guigang Electric Power is a limited liability company established in the PRC in 2003 and is primarily engaged in the investment, development, operation and management of thermal power plant projects. For further details of Guigang Electric Power, please refer to the section headed "Information on the Target Companies" of the Letter from the Board in this circular.

B. Financial Overview

Turnover

During the Reporting Period, Guigang Electric Power generated turnover from the sale of (i) electricity and (ii) heat. Guigang Electric Power sells electricity directly to grid companies and supplies heat energy to commercial users such as office buildings, shops and hotels through energy pipelines.

Guigang Electric Power's turnover decreased by 5.2% from RMB2,388.2 million for the year ended 31 December 2021 to RMB2,265.1 million for the year ended 31 December 2022, and increased by 32.2% to RMB2,993.9 million for the year ended 31 December 2023. It decreased by 20.8% from RMB1,387.5 million for the six months ended 30 June 2023 to RMB1,099.0 million for the six months ended 30 June 2024.

- With respect to the sale of electricity, Guigang Electric Power recorded turnover of RMB2,362.9 million, RMB2,188.9 million, RMB2,900.4 million and RMB1,052.9 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively; and

- With respect to the sale of heat, Guigang Electric Power recorded turnover of RMB25.3 million, RMB76.2 million, RMB93.5 million and RMB46.1 million for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The fluctuations in turnover of Guigang Electric Power during the Reporting Period were primarily due to the increase or decrease of turnover from the sale of electricity.

Operating expenses

The operating expenses of Guigang Electric Power primarily comprised fuel costs, depreciation and amortisation, repairs maintenance and inspection, personnel costs, taxes and surcharges, and other operating expenses.

- Guigang Electric Power's operating expenses increased by 0.9% from RMB2,686.3 million for the year ended 31 December 2021 to RMB2,710.7 million for the year ended 31 December 2022. Operating expenses remained relatively stable during this period.

- Guigang Electric Power's operating expenses increased by 5.2% from RMB2,710.7 million for the year ended 31 December 2022 to RMB2,851.3 million for the year ended 31 December 2023. The increase was mainly due to increase in fuel costs.

- Guigang Electric Power's operating expenses decreased by 24.5% from RMB1,403.3 million for the six months ended 30 June 2023 to RMB1,059.5 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in the fuel costs.

Other revenue and net income

Other revenue and net income of Guigang Electric Power primarily comprised government grants, revenue from upfront installation fees for heating networks, loss on disposal/written-off of property, plant and equipment, net income from sale of materials, and others.

- Guigang Electric Power's other revenue and net income increased by 15.8% from RMB74.7 million for the year ended 31 December 2021 to RMB86.5 million for the year ended 31 December 2022. The increase was mainly due to increase in government grants.

- Guigang Electric Power's other revenue and net income decreased by 55.8% from RMB86.5 million for the year ended 31 December 2022 to RMB38.2 million for the year ended 31 December 2023. The decrease was mainly due to decrease in government grants.

- Guigang Electric Power's other revenue and net income decreased by 30.4% from RMB16.1 million for the six months ended 30 June 2023 to RMB11.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in government grants.

Finance costs

Finance costs represent interest expenses on loans, and others finance costs.

- Guigang Electric Power's finance costs decreased by 19.4% from RMB116.9 million for the year ended 31 December 2021 to RMB94.2 million for the year ended 31 December 2022. The decrease was mainly due to decrease in interest expenses on loans.

- Guigang Electric Power's finance costs decreased by 25.3% from RMB94.2 million for the year ended 31 December 2022 to RMB70.4 million for the year ended 31 December 2023. The decrease was mainly due to decrease in interest expenses on loans.

- Guigang Electric Power's finance costs decreased by 46.2% from RMB41.3 million for the six months ended 30 June 2023 to RMB22.2 million for the six months ended 30 June 2024. The decrease was mainly due to decrease in interest expenses on loans.

Income tax (credit)/expenses

The income tax expenses mainly represent the PRC current income tax and deferred tax.

- Guigang Electric Power's income tax credit increased from RMB33.3 million for the year ended 31 December 2021 to RMB58.5 million for the year ended 31 December 2022. The increase was mainly due to increase in deferred tax assets recognised in respect of tax loss.

- Guigang Electric Power's income tax credit of RMB58.5 million for the year ended 31 December 2022 changed to a income tax expense of RMB25.3 million for the year ended 31 December 2023. The increase was mainly due to utilisation of deferred tax assets.

- Guigang Electric Power's income tax credit of RMB3.3 million for the six months ended 30 June 2023 changed to a income tax expense of RMB9.7 million for the six months ended 30 June 2024. The increase was mainly due to utilisation of deferred tax assets.

(Loss)/Profit for the year/period

Guigang Electric Power's net loss increased by 28.7% from RMB304.2 million for the year ended 31 December 2021 to RMB391.6 million for the year ended 31 December 2022. The increase was mainly attributable to the decrease in turnover and the increase in operating expenses for the reasons stated above.

Guigang Electric Power's net loss of RMB391.6 million for the year ended 31 December 2022 changed to a net profit of RMB87.6 million for the year ended 31 December 2023. The change was mainly attributable to the increase in turnover due to the reasons stated above.

Guigang Electric Power's net loss of RMB35.5 million for the six months ended 30 June 2023 changed to a net profit of RMB19.2 million for the six months ended 30 June 2024. The change was mainly attributable to the decrease in operating costs due to the reasons stated above.

Liquidity and Financial Resources and Capital Structure

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guigang Electric Power had total current assets of RMB873.1 million, RMB1,354.1 million, RMB931.5 million, and RMB623.6 million, respectively, which mainly comprised inventories, trade receivables and bills receivables, deposits, other receivables and prepayments, tax recoverables, and cash and cash equivalents.

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guigang Electric Power had total current liabilities of RMB2,036.7 million, RMB1,857.9 million, RMB936.9 million, and RMB464.2 million, respectively, which mainly comprised bank loans, loans from a shareholder, other loans, amount due to parent company, trade and bills payables, other payables and contract liabilities, and tax payable.

Cash and cash equivalents

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guigang Electric Power had cash and cash equivalents of RMB190.0 million, RMB828.0 million, RMB402.0 million, and RMB142.7 million, respectively.

As at the end of the Reporting Period, substantially all the cash and bank balances of Guigang Electric Power were denominated in RMB.

Treasury policies

Guigang Electric Power historically met its liquidity requirements through a combination of fund generated from operations, and bank and other borrowings and capital contributions from shareholder.

Borrowings

As at 31 December 2021, 2022, 2023 and 30 June 2024, Guigang Electric Power had bank loans, loans from a shareholder, and other loans of RMB2,800.0 million, RMB2,407.4 million, RMB1,449.1 million and RMB1,162.1 million, respectively, of which, 90.0%, 88.7%, 82.6% and 39.8% were at fixed rates.

The annual interest rate of Guigang Electric Power's borrowings ranged from 2.35% to 6.06%, 1.95% to 6.06%, 0.90% to 4.75% and 0.65% to 4.75% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively.

The long-term and short-term borrowings of Guigang Electric Power were denominated in RMB.

The total equity of Guigang Electric Power as at 31 December 2021, 2022, 2023 and 30 June 2024 was RMB130.6 million, RMB1,019.1 million, RMB1,411.2 million and RMB1,430.4 million, respectively.

Hedging

Guigang Electric Power did not (i) enter into any financial instruments for hedging purposes or (ii) have any currency borrowings or other hedging instruments for foreign currency net investments for the Reporting Period.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of Guigang Electric Power (being net debt over total equity) was 1,998.4%, 155.0%, 74.2% and 71.3%, respectively.

Charge on Assets

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power did not have any charge on its assets.

Contingent Liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power did not have any significant contingent liabilities.

Foreign Exchange Exposure

Guigang Electric Power is principally operating in the PRC, with all transactions denominated in RMB. Guigang Electric Power is not exposed to any significant foreign exchange exposure.

Material Investment, Acquisition and Disposals

On 25 October 2024, Huadian Furui completed the transfer of equity interests in certain subsidiaries to Guigang Electric Power. For details, please refer to note 1 of the accountants' report of Guigang Electric Power in Appendix II to this circular.

Save as disclosed above, Guigang Electric Power did not have any material acquisition, disposals or significant investment during the Reporting Period.

Save as disclosed above, Guigang Electric Power had no specific future plan for material investments or capital assets as at the Latest Practicable Date.

Employees and Remuneration Policies

As at 30 June 2024, Guigang Electric Power had a total of 530 employees.

Guigang Electric Power recruits, employs, promotes and remunerates its employees based on their qualifications, experience, skills, performances and contributions. Remuneration is also determined with reference to, among others, the market trend. The personnel costs of Guigang Electric Power for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 were RMB112.9 million, RMB124.9 million, RMB125.6 million and RMB60.3 million respectively, which mainly included wages, welfare and other benefits, retirement benefits and other staff costs, details of which are set out in notes 7 and 33 of the accountants' report of Guigang Electric Power as set out in Appendix II to this circular.

Prospects

Upon completion of the Transaction, Guigang Electric Power will continue to engage the investment, development, operation and management of thermal power plant projects in the PRC.

Set out below is a summary of the Asset Appraisal Reports containing the asset appraisals of the Target Companies.

SUMMARY OF ASSET APPRAISAL REPORTS

China Alliance Appraisal Co. Ltd (北京中同華資產評估有限公司) ("**CAA**") and China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司) ("**CEA**") both qualified asset appraisal agencies in the PRC, were engaged by the Parties to conduct valuation on (i) Jiangsu Huadian and (ii) all other Target Companies, being Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen, Fuxin Qingyuan and Guigang Electric Power, respectively. The market value of the total equity of the shareholders of the Target Companies as at the Appraisal Benchmark Date was assessed.

The Asset Appraisal Reports issued by CAA and CEA were dated 20 October 2024. The valuation results are valid for one year from the Appraisal Benchmark Date, that is, it is effective only when used from 30 June 2024 to 29 June 2025. Each of CAA and CEA has (i) no existing or contemplated interest in the valuation target in the Asset Appraisals Reports, (ii) has no existing or contemplated interest in the relevant parties, and (iii) has no prejudice against the relevant parties.

The scope of valuation covers all assets and liabilities of the Target Companies. On the Appraisal Benchmark Date, the assets within the scope of valuation include current assets, fixed assets, construction in progress, intangible assets, deferred income tax assets and other non-current assets, while the liabilities include current liabilities and non-current liabilities.

In accordance with the Practice Guidelines for Asset Valuation – Enterprise Value, where different appraisal methods are suitable for any evaluation of entity value, the appraiser are required to use two or more appraisal methods for the appraisal. For the appraised entities (save for Fuxin Qingyuan), the asset-based approach is considered to be more suitable due to the higher quality of data collected. For Fuxin Qingyuan, only the asset-based approach is applicable.

VALUATION ASSUMPTIONS

(I) Assumptions Applicable to Jiangsu Huadian

A. General assumptions

1. Transaction assumption: All assets to be appraised are in the course of transaction, and the appraiser conduct the appraisal with reference to a simulated market based on the trading conditions of the assets to be appraised.

2. Open market assumption: Parties to the asset transaction or the proposed asset transaction in the market have equal position and have the opportunity and time to access sufficient market information so as to make a rational judgment on the assets in terms of their function, purpose and transaction price.

3. Going concern assumption: The appraised entity fully complies with all relevant laws and regulations and will continue to operate in the foreseeable future.

B. Special assumptions

1. The appraisal is carried out for the purpose of the Transaction.

2. There will be no material changes in the PRC laws, regulations and policies currently in force and the macro-economic situation of the PRC, and there will be no unforeseeable material changes in the external economic environment such as interest rates, tax bases and tax rates, as well as policy-based levies.

3. The future operation and management team of the appraised entity are capable and diligent, and the methods and scope of operation will remain the same as those existing, based on the existing management approaches and direction.

4. The assets being appraised will continue to be used according to the current purpose and usage, scale, frequency and location, and no consideration has been given as to the optimum utilisation of each asset being appraised.

5. There is no other force majeure factors and unforeseeable factors that will cause material and adverse effect to the current management methods and management standards adopted by the appraised entity.

6. The underlying documents and financial information provided by the appraised entity and the consignor are true, accurate and complete, and the financial reports and transaction data of the comparable companies that are relied upon by the appraisers are true and reliable.

7. The scope of the appraisal is based on the asset declaration statements provided by the consignor and the appraised entity, without covering any contingent assets and liabilities that may exist outside such statements.

8. Yangzhou Coal-fired Power Units #6 and #7 will be shut down after a design life of 30 years (i.e. 2035).

9. The operation of Huarui (Jiangsu) Combustion Engine Service Co., Ltd.* (華瑞(江蘇)燃機服務有限公司) (a Sino-foreign enterprise) can be renewed normally after the expiry of its operation term on 11 September 2034.

10. The appraised entity will be able to continue to obtain the qualification of licensed energy business issued by the National Energy Administration, which permits the appraised entity to engage in electricity business.

11. The appraised entity will receive net cash flow evenly throughout the year.

This appraisal conclusion estimates the market value of the appraisal object on the basis of the purpose of the appraisal and under the assumption of open market, without considering the impact on the appraised value caused by the potentially increased or decreased price resulted from the special transaction method, or the impact on the assets price caused by changes of the macro-economic environment, the natural force and other force majeure. The estimate of value is based on the purchasing power of the currency of the place where the enterprise is located as at the Appraisal Benchmark Date. The appraisal conclusion has been arrived at under the above assumptions and limitations, and the result of the appraisal will generally be invalidated in the event of the occurrence of events that are inconsistent with the above assumptions and limitations of the valuation.

(II) Assumptions Applicable to All Target Companies Except Jiangsu Huadian

A. General assumptions

1. All appraisal subjects are in the course of transaction, and appraisers will conduct the valuation with reference to a simulated market based on the transaction conditions of the assets being appraised.

2. Both parties to the assets transaction or the proposed asset transaction in the market have equal position and have the opportunity and time to access sufficient market information, and the transaction activities will be conducted on a voluntary and rational basis, and rational judgment is made on the assets in terms of their function, purpose and transaction price.

3. The assets being appraised will continue to be used according to the current purpose and usage.

4. There will be no material changes in the PRC laws, regulations and policies currently in force and the macro-economic situation of the PRC, and there will be no material changes in the political, economic and social environment of the region where the parties to the transaction are located.

5. The appraised entities will continue to operate as a going concern based on the actual circumstances of the assets as of the Appraisal Benchmark Date.

6. After the Appraisal Benchmark Date, there will be no material changes to the interest rates, exchange rates, tax bases, tax rates and policy-based levies in relation to the appraised entity.

7. After the Appraisal Benchmark Date, the management of the appraised entities is responsible, stable, and capable of performing their duties.

8. It is assumed that the appraised entities fully comply with all relevant laws and regulations.

9. After the Appraisal Benchmark Date, there will be no force majeure and unforeseeable circumstances that will have a significant adverse impact on the appraised entities.

10. After the Appraisal Benchmark Date, the accounting policies adopted by the appraised entities will remain the same as those adopted in preparation of the appraisal report in material aspects.

11. After the Appraisal Benchmark Date, the scope and methods of operation of the appraised entity will remain the same as those existing, based on the existing management approaches and management standards.

12. During the validity period of the appraisal reports, the pricing standards for measuring the relevant key operating assets of the appraised entities and the market price trends will not undergo significant and obvious changes.

B. Specific assumptions

(i) Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen and Guigang Electric Power

1. For the purpose of the appraisal, cash flow of the appraised entities over the time period after the Appraisal Benchmark Date is assumed to be evenly distributed, and as such, after the Appraisal Benchmark Date, the cash inflow and cash outflow of the appraised entities reflect their respective average inflow and average outflows.

(ii) Guangzhou University City, Fuxin Guangzhou, Shanghai Minhang and Guigang Electric Power

1. The appraised entities will be able to continue to obtain the qualification of licensed energy business issued by the National Energy Administration, which permits the appraised entity to engage in electricity business.

(iii) Shanghai Fuxin

1. Pursuant to an agreement entered into between Shanghai Expo Co., Ltd.* (上海博覽會有限責任公司) and Shanghai Fuxin in April 2014, Shanghai Expo Co., Ltd., as owner, agreed to provide a piece of land (approximately 12,185 square meters) free of charge to Shanghai Fuxin for a period of 30 years (i.e. until April 2044). For the purpose of the appraisal report, it is assumed that Shanghai Fuxin will be able to use such land free of charge after the Appraisal Benchmark Date during the forecast period to 2029.

(iv) Guigang Electric Power

1. According to the "Notice on the Continuation of Enterprise Income Tax Policies for the Development of Western Region by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission (MOF Notice 2020 No. 23)" (《財政部稅務總局國家發展改革委關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號)), to implement the relevant spirit of the Party Central Committee and the State Council on promoting the formation of a new pattern of western development in the new era, the enterprise income tax policy for the development of the western region will be extended. From 1 January 2021 to 31 December 2030, the enterprise income tax will be levied at a reduced rate of 15% for enterprises in encouraged industries located in the western region. This appraisal assumes that the preferential corporate income tax policy for the western development can be extended after its expiration.

VALUATION METHODOLOGIES

(I) Jiangsu Huadian

A. Selection of valuation approach

According to the basic principles of asset appraisal, the appraisal approaches to determine asset value include three basic approaches, namely the market approach, the income approach and the asset-based approach, as well as their derivative approaches. The appraisers analyse the applicability of the three asset appraisal approaches, namely the market approach, the income approach and the cost approach, according to the purpose of appraisal, appraisal objective, value nature and information collection situation, to select the appropriate appraisal approach(es).

The preconditions for the application of each approach are:

- Market approach: (1) comparable reference objects of the appraisal object having an open market and active transactions; and (2) availability of the necessary information about the transactions.

- Income approach: (1) the future income of the appraisal object can be reasonably expected and measured in monetary terms; (2) the risk corresponding to the expected income can be measured; and (3) the income period can be determined or reasonably expected.

- Asset-based approach: (1) the appraisal object can be used normally or is in use; (2) the appraisal object can replaced; and (3) the replacement cost and related depreciation of the appraisal object can be reasonably estimated.

The market-based approach was not selected because the business structure, business model, company size, asset allocation and utilisation, business stage, growth potential, operating risks, financial risks and other factors of listed companies in the same industry are significantly different, and there are not many sale and purchase transactions, or merger and acquisition transactions of comparable companies in the same industry around the Appraisal Benchmark Date. Access to trading information on the equity trading markets in the PRC is limited, so it is difficult to obtain relevant and reliable operating and financial information of comparable transactions, making it impossible to calculate the appropriate value ratios. Therefore, the market approach is not applicable to this appraisal.

The income approach was considered applicable because the appraised entity has its own operations, and the management of the appraised entity has provided the financial projections for the period from July 2024 to 2029. Based on the historical operating data of the appraised entity and the internal and external operating environment, the future income level of the appraised entity can be reasonably projected. In addition, the risk related to future income can be reasonably quantified.

The asset-based approach was considered applicable because the assets and liabilities of the balance sheet and off-balance sheet items of the appraised entity as at the Appraisal Benchmark Date could be identified and assessed separately by appropriate methods.

B. Determination of valuation approach

In general, the forecast model of the income approach is based on the current market environment and various assumptions, which is subject to numerous future uncertainties. As the national power market is in stage of reform and power-related policies and market construction is under constant improvement, and the supply and demand in the power market is affected by macroeconomic situation and relevant national industry policies, the electricity prices of the appraised entity and the prices of main raw materials including coal and natural gas have experienced fluctuation in the recent years, and may be exposed to fluctuation in the foreseeable future. When applying the income approach, although the appraiser conducts prudent analysis and judgment and with bases and assumptions that are made after due and careful consideration, reasonable predictions and assumptions based on current situation may still be subject to unforeseeable future impacts as a result of the above factors.

For the asset-based approach, the value of the appraised object is determined from a re-acquisition perspective. Given that the appraised entity operates in a heavy industry, and that its future income is subject to uncertainties, the asset-based approach outweighs the income approach in terms of the quality of the data currently used, and the appraisal value thereunder is more suitable. Accordingly, the appraisal value under the asset-based approach is adopted as the final appraisal value of Jiangsu Huadian.

(II) For All Other Target Companies Except Jiangsu Huadian

A. Selection of valuation approach

In accordance with the Practice Guidelines for Asset Valuation – Enterprise Value, the appraisers analyse the applicability of the three asset appraisal approaches, namely the market approach, the income approach and the asset-based approach, according to factors including the purpose of appraisal, appraisal object, type of value and availability of information, to select the appropriate appraisal approach(es). If different appraisal methods are suitable for any evaluation of entity value, the appraiser will use two or more appraisal methods for the appraisal.

Income approach is an appraisal method of determining the value of an object by capitalising or discounting its expected income.

Market approach is an appraisal method of determining the value of an object by comparing the appraised object with comparable listed companies or comparable transaction cases.

Asset-based approach is an appraisal method of determining the value of an object by assessing the values of its on-balance sheet assets and liabilities and its identifiable off-balance sheet assets and liabilities on the Appraisal Benchmark Date.

The market approach was not considered applicable because it is difficulty to find listed companies in the same industry with the same or similar business structure, business scale, operation stage, and financial risks as the appraised entity in the capital market and sufficient comparable transactions in the equity transaction market could not be obtained.

Save for Fuxin Qingyuan, the income approach was considered an applicable appraisal approach because the appraised entities are mainly engaged in thermal power generation-related business, which can bring continuous and stable cash inflows during the operation period. The income sources of the appraised entities are relatively reliable. Future income could be predicted and measured in monetary terms, and risk exposure could also be measured in monetary terms, satisfying the conditions for the application of income approach. As Fuxin Qingyuan had not completed its construction projects as at the Appraisal Benchmark Date, the future income of the appraised entity could not be clearly predicted, and prerequisites for adopting the income approach were not met. Therefore, it is not appropriate to adopt the income approach for valuation of Fuxin Qingyuan.

The asset-based approach was considered an applicable appraisal approach because the appraised entities could truthfully, completely, and accurately declare all the entities' assets and liabilities for the purpose of the appraisals. Each asset and liability could be identified and assessed, and there were no factors affecting the appraiser's ability to perform asset verification, collect appraisal data, or conduct other related appraisal procedures. Therefore, the pre-conditions for the asset-based approach are met.

B. Determination of valuation approach

1. Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen, and Guigang Electric Power

In general, the forecast model of the income approach is based on the current market environment and various assumptions, which is subject to numerous future uncertainties. As the national power market is in stage of reform and power-related policies and market construction is under constant improvement, and the supply and demand in the power market is affected by macroeconomic situation and relevant national industry policies, the electricity prices of the appraised entity and the prices of main raw materials including coal and natural gas have experienced fluctuation in the recent years, and may be exposed to fluctuation in the foreseeable future. When applying the income approach, although the appraiser conducts prudent analysis and judgment and with bases and assumptions that are made after due and careful consideration, reasonable predictions and assumptions based on current situation may still be subject to unforeseeable future impacts as a result of the above factors.

For the asset-based approach, the value of the appraised object is determined from a re-acquisition perspective. Given that the appraised entity operates in a heavy industry, and that its future income is subject to uncertainties, the asset-based approach outweighs the income approach in terms of the quality of the data currently used, and the appraisal value thereunder is more suitable. Accordingly, the appraisal value under the asset-based approach is adopted as the final appraisal value of Shanghai Fuxin, Shanghai Minhang, Guangzhou University City, Fuxin Guangzhou, Fuxin Jiangmen, and Guigang Electric Power.

2. Fuxin Qingyuan

Only the asset-based approach is applicable for the purpose of valuation of Fuxin Qingyuan, so the appraisal value under the asset-based approach is adopted as the appraisal value of Fuxin Qingyuan.

KEY VALUATION INPUTS

(I) Basis of Appraised Values of Key Balance Sheet Items of the Target Companies under the Asset-based Approach

Certain balance sheet items are only applicable to some of the appraised entities. The table below sets forth the balance sheet items of the appraised entities:

Target Company	Key items
Jiangsu Huadian	(1) Current assets (2) Long term equity investments (3) Other equity investment instruments (4) Machinery and equipment, electronic equipment, and vehicles (5) Buildings (6) Land use rights (7) Other intangible assets (8) Liabilities
Shanghai Fuxin	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Other intangible assets (5) Deferred Income Tax assets (6) Liabilities
Shanghai Minhang	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Construction in progress (5) Land use rights (6) Other intangible assets (7) Deferred Income Tax assets (8) Right-of-use assets (9) Other non-current assets (10) Liabilities

Target Company	Key items
Guangzhou University City	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Construction in progress (5) Land use rights (6) Other intangible assets (7) Deferred Income Tax assets (8) Rights-of-use assets (9) Other non-current assets (10) Long-term deferred expenses (11) Liabilities
Fuxin Guangzhou	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Construction in progress (5) Land use rights (6) Other intangible assets (7) Liabilities
Fuxin Jiangmen	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Construction in progress (5) Land use rights (6) Other intangible assets (7) Deferred Income Tax assets (8) Right-of-use assets (9) Liabilities
Fuxin Qingyuan	(1) Current assets (2) Machinery and equipment, electronic equipment, and vehicles (3) Buildings (4) Construction in progress (5) Land use rights (6) Other intangible assets (7) Other non-current assets (8) Liabilities

Target Company	Key items
Guigang Electric Power	(1) Current assets (2) Long-term equity investments (3) Machinery and equipment, electronic equipment, and vehicles (4) Buildings (5) Construction in progress (6) Land use rights (7) Other intangible assets (8) Deferred income tax assets (9) Other non-current assets (10) Liabilities

A. Current assets

Below sets out the basis on which the items under current assets are appraised:

- Cash and cash equivalents (mainly bank deposits): appraised value is mainly determined based on the value verified after checking bank statements and bank confirmations.

- Trade receivables: appraised value is mainly determined based on the recoverable amount of each item after verifying such receivables.

- Other receivables: appraised value is mainly determined based on the recoverable amount of each item after verifying such receivables.

- Prepayments: appraised value is mainly determined by reviewing related purchase contracts or agreements and on-site verification. Unless suppliers are found bankrupt, revoked or unable to provide goods and labors as per contractual provisions, the appraised value is determined as the verified book value.

- Raw materials: appraised value is mainly determined by multiplying the appraised unit price by the verified quantity. Unit price is appraised either by reference to the book value or recent market price as appropriate. For Jiangsu Huadian, reasonable transportation and miscellaneous fees, wastage costs, inspection and acceptance fee for warehouse admission and other reasonable fees incurred in the process of material procurement were also taken into account.

- Other current assets: appraised value is mainly determined based on verified book value of the assets.

B. Long-term equity investments

For the overall evaluation of wholly-owned and controlling long-term equity investments, the total equity value of the investee is evaluated first, and then multiplied by the proportion of equity held to calculate the value of the shareholders' partial equity. The value of long-term equity investment is calculated according to the following formula:

Value of long-term equity investment = appraisal result x proportion of equity interest.

In determining the appraised value of long-term equity investments, due to objective conditions, the Asset Appraisal Reports have not taken into account the impact of the premium that may arise as a result of having control (without considering liquidity) on the value of the appraised objects.

C. Other equity investment instruments

For other equity investment instruments with equity interest attached and still in operation, the appraised value is determined by multiplying the book value of net assets stated in the balance sheet of the investee as at the Appraisal Benchmark Date by the investor's shareholding percentage.

D. Machinery and equipment, electronic equipment, and vehicles

Based on the various equipment features, value, nature, information collection and other relevant conditions, the cost approach was primarily adopted, while the market approach was applied in certain situations.

Cost approach

Formula for the cost approach: *Appraised value = (i) replacement cost × (ii) comprehensive newness rate*

Replacement cost

The determination of the replacement cost will depend on the type and nature of the machinery or equipment involved.

- For equipment that needs to be installed: *Replacement cost = equipment purchase fee + installation cost + upfront and other costs of construction + capital cost – deductible VAT*

- For equipment that does not need to be installed: *Replacement cost = equipment purchase price + transportation and miscellaneous expenses – deductible VAT*

- For vehicles: *Replacement cost = purchase price + purchase tax rate/(1 + VAT rate) + license expense – deductible VAT in purchase price (see Note 2)*

For Jiangsu Huadian, other expenses such as industrial and commercial transaction fees and vehicle inspection fees were also taken into account.

- For electronic equipment: *Replacement cost = purchase price – deductible VAT*

Comprehensive newness rate:

- For special thermal power equipment and general machinery:

  a. Comprehensive newness rate was used for main equipment. *Comprehensive newness rate = newness rate under the service life approach × 40% + inspected newness rate × 60%*

  b. Service life newness rate (i.e. under the service life approach) was used for general equipment: *Service life newness rate = (economic useful life – used life)/economic useful life × 100%*

- For ordinary equipment with small value, the comprehensive newness rate was determined primarily based on the service life approach.

- For large electronic equipment or electronic equipment with rapid replacement speeds, quick price changes and large functional depreciation, the comprehensive newness rate was also determined by reference to its working environment and the operating condition of the equipment.

  ◦ *Newness rate under the service life approach = (economic useful life – used life)/economic useful life × 100%*

  ◦ *Comprehensive newness rate = newness rate under service life approach × adjustment coefficient*

- For vehicles, the comprehensive newness rate is mainly determined pursuant to the government-issued mandatory scrapping standards for vehicles, and is based on the vehicle mileage or service life, whichever is lower, and then adjusted based on on-site investigation.

  ◦ *Newness rate under the service life approach = (regulated useful life – used life)/regulated useful life × 100%*

  ◦ *Newness rate based on mileage = (regulated mileage – travelled mileage)/regulated mileage × 100%*

- *Comprehensive newness rate = Theoretical newness rate × adjustment factor*

Market approach

The market approach was used for some transportation vehicles and general electronic equipment with good market liquidity, and the appraised value was mainly determined based on the second-hand market prices as of the Appraisal Benchmark Date, with the following formula:

- *Price of the vehicle to be appraised = transaction price of the comparables × normal transaction/transaction price of the comparables × price index of the vehicle to be values on the Appraisal Benchmark Date/price index of the comparable vehicles on the transaction date × individual factor value of the vehicles to be values/individual factor value of the comparable vehicles*

The market approach was also used to appraise the value of discontinued vehicles. The appraisers will compare the appraised vehicle with similar vehicles recently sold in the market, clarify the differences between the appraised vehicle and each reference in terms of vehicle value, and compare and adjust the transaction price of the reference accordingly, so as to obtain multiple reference values, and then adjust and determine the market price of the appraised vehicle through comprehensive analysis. value of discontinued vehicles is determined with the following formula:

- *Market value = P × A × B, where P = comparable transaction price, A = transaction correction coefficient, B = comparative factor correlation coefficient*

The market approach has also been used to appraise the value of over-age electronic equipment.

E. Buildings

Cost approach

The cost approach was mainly used to appraise the value of building assets. The formula for determining the appraised value is:

- *Appraised value = (i) replacement cost × (ii) comprehensive newness rate*

  (i) Replacement cost = cost of the construction and installation projects + upfront and other costs + capital cost – deductible VAT

  (ii) Comprehensive newness rate = newness rate under the service life approach × 40% + inspected newness rate × 60%

Market approach

The market comparison approach was also used to appraise the value of building assets. Under the market comparison approach, the appraised building or real estate is compared with similar buildings or real estate recently sold in the market to clarify the differences in several value influencing factors between the appraised subject and each reference object. The transaction price of each reference object is compared and adjusted accordingly to obtain multiple reference values. Then, the appraised value of the appraised building or real estate is adjusted and determined through comprehensive analysis. The formula is:

Appraised value = P × A × B × C × D × E, where A = transaction correction coefficient; B = transaction date correction coefficient; C = location factor correction coefficient; D = physical factor correction coefficient; E = equity factor correction coefficient

F. Construction in progress

The cost approach is adopted according to the features, value nature and information collection of such constructions in progress.

For projects completed with construction costs settled or construction costs payable confirmed on the Appraisal Benchmark Date, they are appraised using the appraisal method for fixed assets.

For construction in progress which major equipment or main structure has been transferred to fixed assets with part of the construction expenses yet to be transferred to fixed assets, if their value has been included in the appraised value of fixed assets, the appraised value of such type of construction in progress is nil.

For construction in progress with the commencement date more than half a year from the Appraisal Benchmark Date, capital cost shall be added based on the reasonable construction period if the book value does not include capital cost. Construction cost shall be adjusted according to the price level on the Appraisal Benchmark Date if there is a significant difference between the book value and the price level on the Appraisal Benchmark Date.

For deferred infrastructure expenditures, if verified as necessary for future construction projects, the appraised value is based on the verified carrying value; otherwise, the appraisal is zero.

G. Land use rights

Based on the on-site investigation and considering that the lands to be appraised is industrial lands, the benchmark land price coefficient correction approach and market comparable approach were applied by taking into account the location, land use nature, utilisation conditions and the local land market conditions of the lands to be appraised.

Benchmark land price coefficient correction approach

- Land parcel price with development progress under benchmark land price is determined by the following formula: *Benchmark land price × K1 × K2 × K3 ×(1+∑K) +K4, where K1 = Correction coefficient on date; K2 = Correction coefficient on land useful life; K3 = Correction coefficient on floor area ratio; ∑K = Sum of the correction coefficients on regional factors and individual factors affecting land price; and K4 = development degree correction coefficient*

Market comparison approach

- Price of land to be appraised to determined by the following formula: *Price of comparable cases × Transaction adjustment × Transaction date adjustment × Adjustment for regional factor × Adjustment for individual factors × Land useful life*

Cost approach

- The cost approach method appraises the land price based on the sum of various expenses spent on land development, plus a certain amount of interest, profit, taxes payable and land value-added income, with the following formula:

  Land price = (Land acquisition fee + Related taxes + Land development fee + Investment interest + Investment profit + Land value-added income) × (1 + Sum of the correction coefficients on regional factors and individual factors affecting land price) × Correction coefficient on land useful life

With respect to Guangzhou University City's Wanbo Project, since it is surrounded by residential and commercial areas, the land acquisition process was handled by the Panyu District and Guangzhou Land Resources and Planning Committee on a special basis. Considering that the overall land use in the surrounding area was planned as residential and commercial land, the approved land price for the Wanbo Project was determined with reference to the residential and commercial land prices in the surrounding area, instead of the land price for public facilities, which was the designated use of that parcel of land. As such, the book value of the land for the Wanbo Project was determined as the appraisal value.

H. Other intangible assets

Market approach

- For externally procured software, the market approach was adopted according to the features, value nature and information collection of such software-typed intangible assets.

    - For externally procured software available in the market on the Appraisal Benchmark Date, the appraised value is determined according to the market price on the Appraisal Benchmark Date.

    - For software that is available for sale but has since been upgraded as at the Appraisal Benchmark Date, the market price on the Appraisal Benchmark Date, less the cost of the upgrade, is used as the appraised value.

    - For software that no longer has market transactions but can still be used for its original purpose, the appraised value is calculated by referencing the original purchase cost of the company and the market price trends of similar software to determine the depreciation rate.

    - For software that has ceased to be used and has no value after verification with the company, the appraised value is zero.

Cost approach

- For technical intangible assets (e.g. patents): the cost approach was adopted and the appraised value was determined based on the following formula:

Appraised value = replacement cost – depreciation amount, where

(i) Replacement cost = direct cost + indirect cost + capital cost + reasonable profit

(ii) Depreciation amount = replacement cost × depreciation rate (e.g. functional and economic depreciation)

I. Right-of-use assets

The appraised value was determined based on the verified book value.

J. Other non-current assets

The appraised value was determined based on the verified book value.

For Guangzhou University City, since other non-current assets refer to the disposal of fixed assets, the market approach was adopted in the valuation, which was determined based on waste prices.

K. Long-term deferred expenses

The appraised value was determined based on the balance to be apportioned for the remaining benefit period.

L. Liabilities

Current liabilities include trade creditors, short-term borrowings, contract liabilities, wages payables, taxes payable, other payables, other current liabilities and non-current liabilities due within one year. Non-current liabilities include long-term borrowings, lease liabilities, long-term payables, deferred income and deferred tax liabilities.

For current liabilities and long-term loans, the appraised value was determined based on the verified book amounts.

Deferred income mainly refers to the subsidies received by the companies. For government grants without repayment obligations, if it is tax-exempt income, it is assessed at zero; if it is non-tax-exempt income, it is assessed based on the future tax cash outflows. For government grants that may still have a repayment obligation, the appraised value was determined based on the actual debt incurred.

(II) Basis of Appraised Values Under the Income Approach

In addition to the asset-based approach, the income approach was also used to appraise the values of each of the Target Companies (except for Fuxin Qingyuan). The income approach was applied based on the forecast data and corresponding other relevant evaluation parameters of the appraised entity. The discounted cash flow method and the enterprise free cash flow model was used to appraise the value of the subject company of appraisal, to which the value of the entire shareholder's equity can be appraised.

The value of the total shareholder's equity is calculated as the value of operating assets generated from ordinary business activities, value of surplus assets, and the value of non-operating assets unrelated to ordinary business activities, less interest-bearing liabilities.

A. Value of operating assets

Operating assets refer to the assets and liabilities which are or will be relevant to the production and operation of the appraised entity after the Appraisal Benchmark Date. To determine the value of operating assets, the enterprise free cash flow model was used. The appraised entity's free cash flow for several years in the future is discounted at an appropriate discount rate and then summed up. The formula is as follows:

$$P = \sum_{i}^{n} F_i(1+r)^{-i} + F_{n+1}/(1+r)^{-n}$$

Where:

P = Value of operating assets on the Appraisal Benchmark Date

F_i *= Expected enterprise free cash flow of the entity in the year i*

F_{n+1} *= Expected enterprise free cash flow in perpetuity*

r = Discount rate

n = Forecast period

Of which:

(i) Enterprise free cash flow

The calculation formula for the enterprise's free cash flow is as follows:

Enterprise free cash flow = Net profit before interest and after tax + Depreciation and amortization – Capital expenditure – Increase in working capital

(ii) Discount rate

The calculation formula for the discount rate, which is the weighted average cost of capital, ("**WACC**") is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1-t) \times \frac{D}{E + D}$$

Where:

K_e = *Cost of equity capital*

K_d = *Cost of interest-bearing debt capital*

E = Market value of equity

D = Market value of interest-bearing debt

t = Income tax rate

a. Cost of equity capital

The cost of equity capital is calculated using the capital asset pricing model ("**CAPM**"). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where:

r_f = *Risk-free rate of return*

MRP = Market risk premium

β_L*: Systematic risk coefficient of equity*

r_c*: Company-specific risk adjustment coefficient*

B. Value of surplus assets

Surplus assets refer to assets that exceed the needs of the enterprise's production and operation on the evaluation benchmark date and are not involved in the enterprise's free cash flow forecast after the Appraisal Benchmark Date. Surplus assets are analysed and evaluated separately based on the asset-based approach.

C. Value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and liabilities unrelated to the production and operation of the evaluated unit, which are not involved in the enterprise's free cash flow forecast after the Appraisal Benchmark Date. Non-operating assets and liabilities are analysed and evaluated separately based on the asset-based approach.

D. Value of interest-bearing debt

Interest-bearing debt refers to the liabilities that the evaluated unit needs to pay interest on the Appraisal Benchmark Date. Interest-bearing debt is evaluated based on the verified book value.

VALUATION CONCLUSION

(I) Jiangsu Huadian

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Jiangsu Huadian amounted to RMB7,001.3530 million and RMB9,085.3243 million, respectively, representing a valuation appreciation of 29.77%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100*
Current assets	518,756.90	518,756.90	0.00	0.00
Non-current assets	1,056,851.43	1,264,477.01	207,625.58	19.65
Including: Long-term equity investment	604,059.96	758,084.44	154,024.48	25.50
Investment properties	0.00	0.00	–	–
Fixed assets	437,155.77	474,241.71	37,085.94	8.48
Construction in progress	385.44	385.44	0.00	0.00
Intangible assets	14,497.66	31,012.83	16,515.17	113.92
Including: land use rights	13,098.13	29,032.29	15,934.16	121.65
Other non-current assets	752.60	752.60	0.00	0.00
Total assets	**1,575,608.33**	**1,783,233.91**	**207,625.58**	**13.18**
Current liabilities	575,152.68	575,152.68	0.00	0.00
Non-current liabilities	300,320.35	299,548.80	-771.55	-0.26
Total liabilities	**875,473.03**	**874,701.48**	**-771.55**	**-0.09**
Net assets (ownership interest)	**700,135.30**	**908,532.43**	**208,397.13**	**29.77**

B. Valuation conclusion under income approach

Based on the assumption of going concern that the appraised entity fully complies with all relevant laws and regulations and will continue to operate in the foreseeable future, as at the Appraisal Benchmark Date, the book value and appraised value of the total shareholders' equity of Jiangsu Huadian was RMB9,102.3951 million with an appreciation rate of 30.01% over the book value of net assets of its parent company, and an appreciation in value of RMB3,360.5976 million or an appreciation rate of 58.53% over the consolidated net assets attributable to its parent company.

(II) Shanghai Fuxin

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the appraised value and book value of the net assets of Shanghai Fuxin amounted to RMB257.9653 million and RMB202.8151 million, respectively, representing a valuation appreciation of 27.19%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	4,452.73	4,452.67	-0.06	-0.00
Non-current assets	34,501.85	38,410.94	3,909.09	11.33
Including: Long-term equity investment	0.00	0.00	0.00	0.00
Investment properties	0.00	0.00	0.00	0.00
Fixed assets	34,444.73	38,351.82	3,907.09	11.34
Construction in progress	0.00	0.00	0.00	0.00
Oil and gas assets	0.00	0.00	0.00	0.00
Intangible assets	7.17	9.17	2.00	27.87
Including: land use rights	0.00	0.00	0.00	0.00
Other non-current assets	49.95	49.95	0.00	0.00
Total assets	**38,954.58**	**42,863.61**	**3,909.03**	**10.03**
Current liabilities	3,167.08	3,167.08	0.00	0.00
Non-current liabilities	15,506.00	13,900.00	-1,606.00	-10.36
Total liabilities	**18,673.08**	**17,067.08**	**-1,606.00**	**-8.60**
Net assets	**20,281.51**	**25,796.53**	**5,515.03**	**27.19**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and appraised value and book value of total shareholders' equity of Shanghai Fuxin amounted to RMB202.8151 million and RMB248.8487 million, respectively, representing a valuation appreciation of 22.70%.

(III) Shanghai Minhang

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Shanghai Minhang amounted to RMB397.0186 million and RMB637.6575 million, respectively, representing a valuation appreciation of 60.61%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	14,243.55	14,243.62	0.07	0.00
Non-current assets	107,165.22	123,621.53	16,456.31	15.36
Including: Long-term equity investment	0.00	0.00	0.00	0.00
Investment properties	0.00	0.00	0.00	0.00
Fixed assets	98,544.34	110,987.98	12,443.63	12.63
Construction in progress	981.00	981.00	0.00	0.00
Oil and gas assets	0.00	0.00	0.00	0.00
Intangible assets	6,192.10	10,204.77	4,012.67	64.80
Including: land use rights	6,079.62	10,038.33	3,958.71	65.11
Other non-current assets	1,447.78	1,447.78	0.00	0.00
Total assets	**121,408.77**	**137,865.14**	**16,456.38**	**13.55**
Current liabilities	55,397.49	55,397.49	0.00	0.00
Non-current liabilities	26,309.42	18,701.91	-7,607.51	-28.92
Total liabilities	**81,706.90**	**74,099.40**	**-7,607.51**	**-9.31**
Net assets	**39,701.86**	**63,765.75**	**24,063.88**	**60.61**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and the appraised value of total shareholders' equity of Shanghai Minhang amounted to RMB397.0186 million and RMB615.6150 million, respectively, with an appreciation rate of 55.06%.

(IV) Guangzhou University City

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Guangzhou University City amounted to RMB434.2052 million and RMB530.7008 million, respectively, representing a valuation appreciation of 22.22%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	10,952.32	10,955.10	2.78	0.03
Non-current assets	59,021.57	68,668.36	9,646.78	16.34
Including: Long-term equity investment	0.00	0.00	0.00	–
Investment properties	0.00	0.00	0.00	–
Fixed assets	45,908.28	55,689.76	9,781.48	21.31
Construction in progress	1,550.30	1,395.83	-154.47	-9.96
Oil and gas assets	0.00	0.00	0.00	
Intangible assets	3,527.28	3,568.50	41.22	1.17
Including: land use rights	3,164.34	3,164.34	0.00	0.00
Other non-current assets	8,035.72	8,014.27	-21.45	-0.27
Total assets	**69,973.90**	**79,623.46**	**9,649.56**	**13.79**
Current liabilities	8,338.92	8,338.92	0.00	0.00
Non-current liabilities	18,214.46	18,214.46	0.00	0.00
Total liabilities	**26,553.38**	**26,553.38**	**0.00**	**0.00**
Net assets	**43,420.52**	**53,070.08**	**9,649.56**	**22.22**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and appraised value of total shareholders' equity of Guangzhou University City amounted to RMB434.2052 million and RMB501.1742 million, respectively, with an appreciation rate of 15.42%.

(V) Fuxin Guangzhou

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Fuxin Guangzhou amounted to RMB860.3647 million and RMB1,012.0118 million, respectively, representing a valuation appreciation of 17.63%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	65,165.78	65,168.70	2.92	0.00
Non-current assets	201,977.78	217,080.14	15,102.36	7.48
Including: Long-term equity investment	0.00	0.00	0.00	0.00
Investment properties	0.00	0.00	0.00	0.00
Fixed assets	194,142.40	209,157.66	15,015.26	7.73
Construction in progress	1,138.93	64.35	-1,074.58	-94.35
Oil and gas assets	0.00	0.00	0.00	0.00
Intangible assets	6,696.45	7,858.13	1,161.68	17.35
Including: land use rights	6,696.45	7,807.76	1,111.31	16.60
Other non-current assets	0.00	0.00	0.00	0.00
Total assets	**267,143.56**	**282,248.84**	**15,105.28**	**5.65**
Current liabilities	84,883.66	84,883.66	0.00	0.00
Non-current liabilities	96,223.43	96,164.00	-59.43	-0.06
Total liabilities	**181,107.09**	**181,047.66**	**-59.43**	**-0.03**
Net assets	**86,036.47**	**101,201.18**	**15,164.71**	**17.63**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and appraised value of total shareholders' equity of Fuxin Guangzhou amounted to RMB860.3647 million and RMB1,040.3083 million, respectively, with an appreciation rate of 20.91%.

(VI) Fuxin Jiangmen

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Fuxin Jiangmen amounted to RMB198.1706 million and RMB237.5502 million, respectively, representing a valuation appreciation of 19.87%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	22,691.75	22,690.69	-1.06	0.00
Non-current assets	75,978.28	79,917.30	3,939.02	5.18
Including: Long-term equity investment	0.00	0.00	0.00	–
Investment properties	0.00	0.00	0.00	–
Fixed assets	72,710.62	75,382.26	2,671.64	3.67
Construction in progress	186.27	186.27	0.00	0.00
Oil and gas assets	0.00	0.00	0.00	–
Intangible assets	2,703.53	3,970.91	1,267.38	46.88
Including: land use rights	2,677.80	3,867.61	1,189.81	44.43
Other non-current assets	377.85	377.85	0.00	0.00
Total assets	**98,670.03**	**102,607.99**	**3,937.96**	**3.99**
Current liabilities	24,887.73	24,887.73	0.00	0.00
Non-current liabilities	53,965.24	53,965.24	0.00	0.00
Total liabilities	**78,852.97**	**78,852.97**	**0.00**	**0.00**
Net assets	**19,817.06**	**23,755.02**	**3,937.96**	**19.87**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and appraised value of total shareholders' equity of Fuxin Jiangmen amounted to RMB198.1706 million and RMB231.6271 million, respectively, with an appreciation rate of 16.88%.

(VII) Fuxin Qingyuan

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Fuxin Qingyuan amounted to RMB97.4715 million and RMB116.5843 million, respectively, representing a valuation appreciation of 19.61%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	3,928.78	3,928.78	0.00	0.00
Non-current assets	58,468.64	60,379.91	1,911.28	3.27
Including: Long-term equity investment	0.00	0.00	0.00	
Investment properties	0.00	0.00	0.00	
Fixed assets	33,758.73	34,144.18	385.45	1.14
Construction in progress	17,639.33	17,639.33	0.00	0.00
Oil and gas assets	0.00	0.00	0.00	
Intangible assets	1,217.19	2,743.02	1,525.83	125.36
Including: land use rights	1,217.19	2,738.06	1,520.87	124.95
Other non-current assets	5,853.39	5,853.39	0.00	0.00
Total assets	**62,397.41**	**64,308.69**	**1,911.28**	**3.06**
Current liabilities	11,411.72	11,411.72	0.00	0.00
Non-current liabilities	41,238.54	41,238.54	0.00	0.00
Total liabilities	**52,650.26**	**52,650.26**	**0.00**	**0.00**
Net assets	**9,747.15**	**11,658.43**	**1,911.28**	**19.61**

(VIII) Guigang Electric Power

A. Valuation conclusion under asset-based approach

As at the Appraisal Benchmark Date, the book value and appraised value of the net assets of Guigang Electric Power amounted to RMB1,230.9419 million and RMB1,837.6928 million, respectively, representing a valuation appreciation of 49.29%.

The valuation results adopting the asset-based approach are detailed in the following valuation summary:

Summary of Asset Appraisal Conclusion Adopting an Asset-based Approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation/ Depreciation	Appreciation Rate (%)
	A	*B*	*C=B-A*	*D=C/A×100%*
Current assets	54,003.11	54,003.77	0.65	0.00
Non-current assets	187,569.41	247,916.91	60,347.50	32.17
Including: Long-term equity investment	28,100.79	27,928.15	-172.64	-0.61
Investment properties	0.00	0.00	0.00	0.00
Fixed assets	130,809.67	173,034.90	42,225.22	32.28
Construction in progress	5,378.61	5,480.36	101.75	1.89
Oil and gas assets	0.00	0.00	0.00	0.00
Intangible assets	8,802.37	26,995.54	18,193.16	206.68
Including: land use rights	7,774.79	25,678.11	17,903.32	230.27
Other non-current assets	14,477.97	14,477.97	0.00	0.00
Total assets	**241,572.52**	**301,920.67**	**60,348.15**	**24.98**
Current liabilities	58,057.69	58,057.69	0.00	0.00
Non-current liabilities	60,420.64	60,093.71	-326.93	-0.54
Total liabilities	**118,478.33**	**118,151.39**	**-326.93**	**-0.28**
Net assets	**123,094.19**	**183,769.28**	**60,675.09**	**49.29**

B. Valuation conclusion under income approach

Under the income approach, as at the Appraisal Benchmark Date, the book value and appraised value of total shareholders' equity of Guigang Electric Power was RMB1,230.9419 million and RMB1,814.1193 million, respectively, with an appreciation rate of 47.38%.

REASONS FOR DIFFERENCES BETWEEN BOOK AND APPRAISED VALUE

The difference in appraised value of assets under the asset-based approach and their net book value is primarily attributable to the methodology of the asset-based approach, being that the value of the appraised object is determined from a re-acquisition perspective.

(I) Fixed Assets

The appraised value of fixed assets is generally higher than their net book value, primarily as a result of their depreciation periods under business accounting being shorter than their economic lives. For buildings, the increase in prevalent construction costs as compared with historical levels further contributes to the appreciation in appraised value over book value.

(II) Land Use Rights

The prevalent costs for acquisition, demolition and development of land are significantly higher than historical levels, primarily due to higher land prices as a result of socio-economic development, improvements in transportation convenience and better infrastructure. Accordingly, the appraised value of land use rights is generally higher than their net book value.

(III) Intangible Assets

The appreciation in appraised value of intangible assets over their book value is primarily attributable to (i) certain patents having zero book value as a result of the historical research and development costs being fully expensed, and (ii) externally-procured software having a higher market value than book value after amortisation.

(IV) Deferred Income

For non-repayable and tax-exempt subsidies, the appraised value is nil. For non-repayable subsidies that are subject to income tax, appraised value is based on estimated income tax liability, resulting in depreciation of appraised value.

The following is the text of the letter from China Alliance Appraisal Co. Ltd. to the Board prepared for the purpose of incorporation into the Announcement.

30 October 2024

The Board of Directors
Huadian Power International Corporation Limited
No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC

Dear Sirs,

We refer to the asset appraisal report of Target Assets I dated 20 October 2024 (the "**Target Assets I Valuation Report**") issued by us in respect of 80% of the equity interest of Jiangsu Huadian Energy Co., Ltd ("**Jiangsu Huadian**").

We have reviewed the financial information of Jiangsu Huadian as of 31 August 2024, and confirm that there was no material change in the assumptions and calculation bases of the valuation adopted in the Target Assets I Valuation Report during the period from 30 June 2024 (being the valuation benchmark date) to 31 August 2024. Accordingly, as at 31 August 2024, there was no material change in the appraised value of 80% equity interest of Jiangsu Huadian as that set out in the Target Assets I Valuation Report.

China Alliance Appraisal Co. Ltd

The following is the text of the letter from China Enterprise Appraisals Co., Ltd. to the Board prepared for the purpose of incorporation into the Announcement.

30 October 2024

The Board of Directors
Huadian Power International Corporation Limited
No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC

Dear Sirs,

We refer to the asset appraisal report of Target Assets II dated 20 October 2024 and the asset appraisal report of Target Assets III dated 20 October 2024 (collectively, the "**Target Assets II and Target Assets III Valuation Reports**") respectively issued by us in respect of 51% of the equity interest in Shanghai Huadian Fuxin Energy Co., Ltd., 100% of the equity interest in Shanghai Huadian Minhang Energy Co., Ltd., 55.0007% of the equity interest in Guangzhou University City Huadian New Energy Company Limited, 55% of the equity interest in Huadian Fuxin Guangzhou Energy Co., Ltd., 70% of the equity interest in Huadian Fuxin Jiangmen Energy Company Limited and 100% of the equity interest in Huadian Fuxin Qingyuan Energy Company Limited ("**Target Assets II**") and 100% of the equity interest in CHD Guigang Electric Power Co., Ltd. ("**Target Assets III**").

We have reviewed the financial information of Target Assets II and Target Assets III as of 31 August 2024, and confirm that there was no material change in the assumptions and calculation bases of the valuation adopted in the Target Assets II and Target Assets III Valuation Reports during the period from 30 June 2024 (being the valuation benchmark date) to 31 August 2024. Accordingly, as at 31 August 2024, there was no material change in the appraised value of 51% of the equity interest in Shanghai Huadian Fuxin Energy Co., Ltd., 100% of the equity interest in Shanghai Huadian Minhang Energy Co., Ltd., 55.0007% of the equity interest in Guangzhou University City Huadian New Energy Company Limited, 55% of the equity interest in Huadian Fuxin Guangzhou Energy Co., Ltd., 70% of the equity interest in Huadian Fuxin Jiangmen Energy Company Limited, 100% of the equity interest in Huadian Fuxin Qingyuan Energy Company Limited and 100% of the equity interest in CHD Guigang Electric Power Co., Ltd. as that set out in the Target Assets II and Target Assets III Valuation Reports.

China Enterprise Appraisals Co., Ltd.

The following is the text of a report from Gram Capital in relation to the Asset Appraisal Reports prepared by CAA and CEA in compliance with Rule 11.1(b) of the Takeovers Code.

30 October 2024

The Board of Directors
Huadian Power International Corporation Limited
No. 2 Xuanwumennei Street
Xicheng District
Beijing, the PRC
Post Code: 100031

Dear Sirs,

Reference is made to the asset appraisal reports (the "**Asset Appraisal Reports**") prepared by China Alliance Appraisal Co. Ltd (北京中同華資產評估有限公司, "**CAA**") and China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司, "**CEA**"), summaries of which were contained in Appendix I to the announcement of Huadian Power International Corporation Limited dated 30 October 2024 (the "**Announcement**"). Capitalised terms used in this report shall have the same respective meanings as defined in the Announcement unless the context otherwise requires.

This report constitutes our report on qualification and experience of CAA and CEA to prepare the Asset Appraisal Reports as required under Rule 11.1(b) of the Takeovers Code.

We have conducted reasonable checks to assess the relevant qualification, experience and expertise of CAA and CEA, including reviewing the supporting documents on the qualification of CAA and CEA and discussing with them on their qualifications and experience.

We performed due diligence on the qualification of both CAA and CEA and their competency and experience of the persons in charge of the Asset Appraisal Reports. We have conducted reasonable checks to assess the relevant qualification, experience and expertise of CAA and CEA, including reviewing the supporting documents on the qualification of CAA and CEA and discussing with CAA and CEA on their qualifications and experience. Based on the information provided by CAA and CEA, we noted that:

- Both CAA and CEA are entities registered as asset appraisal institution with the China Appraisal Society, with the approval from the Ministry of Finance of the PRC and the CSRC to carry out securities and futures related appraisal activities.

- The signatories of CAA are registered as public valuers under China Appraisal Society and both have over 10 years of experience in providing assets, enterprises and properties valuation services to listed companies in the PRC.

- The signatories of CEA are registered as public valuers under China Appraisal Society, one with over 10 years of and the other one with over five years of experience in providing assets, enterprises and properties valuation services to listed companies in the PRC.

On the basis of the foregoing, we are of the opinion that each of CAA and CEA is suitably qualified and experienced with sufficient knowledge, skills and understanding necessary to prepare the Asset Appraisal Reports competently and the personnel engaged in the Asset Appraisal Reports meet the regulatory requirements which apply in the circumstances in which the Asset Appraisal Reports is required.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information (other than information relating to China Huadian and parties acting in concert with it) contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by directors of China Huadian in their capacity as such) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The directors of China Huadian jointly and severally accept full responsibility for the accuracy of the information relating to China Huadian and parties acting in concert with it contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the directors of China Huadian in their capacity as such in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. MARKET PRICES

The table below shows the closing prices of the A Shares as quoted on the Shanghai Stock Exchange and the H Shares as quoted on the Hong Kong Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the last trading day of the Shares before the entry into of the Asset Purchase Agreements; and (iii) the Latest Practicable Date.

Date	**Closing price per A Share** *(RMB)*	**Closing price per H Share** *(HKD)*
31 January 2024	6.07	3.75
29 February 2024	6.19	3.79
28 March 2024	6.78	4.19
30 April 2024	6.76	4.28
31 May 2024	6.61	4.54
28 June 2024	6.94	4.73

Date	Closing price per A Share *(RMB)*	Closing price per H Share *(HKD)*
18 July 2024, being the last trading day of the A Shares before publication of the Company's announcement dated 1 August 2024 concerning the Transaction	6.08	3.83
31 July 2024, being the last trading day of the Shares before entry into the Asset Purchase Agreements	(Suspended)	4.02
30 August 2024	5.55	4.12
30 September 2024	5.99	4.42
30 October 2024, being the last trading day of the Shares before entry into the Supplemental Agreements	5.47	3.72
31 October 2024	5.77	3.87
6 November 2024, being the Latest Practicable Date	5.70	3.81

During the Relevant Period, the highest closing price of the Shares was RMB6.94 per A Share and HK$4.73 per H Share quoted on the SSE and the Hong Kong Stock Exchange respectively on 28 June 2024, and the lowest closing price of the Shares was RMB5.47 per A Share and HK$3.72 per H Share quoted on the SSE and the Hong Kong Stock Exchange respectively on 30 October 2024.

The issue price of the Consideration Shares of RMB5.05 per Consideration Share represents (i) a discount of approximately 16.94% to the closing price per A Share of RMB6.08 per A Share and a discount of approximately 13.68% to the closing price on an ex-dividend basis per A Share of RMB5.85 as quoted on the SSE on 18 July 2024, being the last trading day of the A Shares before the Company's announcement dated 1 August 2024 concerning the Transaction; and (ii) a premium of approximately 37.54% to the closing price of H Share of HK$4.02 per H Share and a premium of approximately 46.66% over the closing price on an ex-dividend basis of HK$3.77 per H Share as quoted on the Hong Kong Stock Exchange, on 31 July 2024, being the last business day immediately preceding entry into the Asset Purchase Agreements.

Notes:

(i) Exchange rate of RMB: HKD at 1:1.09486, being the average exchange rate on 31 July 2024 quoted from the People's Bank of China, was adopted in the calculation of the pricing comparison.

(ii) Value comparison of closing prices on ex-dividend basis are arrived by deducting the Company's 2023 final dividend of RMB0.15 per A Share (tax inclusive) and HK$0.16469 per H Share, and 2024 interim dividend of RMB0.08 per A Share (tax inclusive) and HK$0.08775 per H Share.

(iii) The closing prices of the A Shares and the H Shares are sourced from the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange, respectively.

3. SHARE CAPITAL OF THE GROUP

Set out below are the registered and issued share capital of the Company:

(i) as at the Latest Practicable Date:

	Number of Shares	Registered and issued share capital *(RMB)*
A Shares	8,510,327,533	8,510,327,533
H Shares	1,717,233,600	1,717,233,600
Total	10,227,561,133	10,227,561,133

(ii) immediately after completion of the Transaction (assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB5.05 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Asset Purchase Agreements (as supplemented by the Supplemental Agreements)):

	Number of Shares	Registered and issued share capital *(RMB)*
A Shares as at the Latest Practicable Date	8,510,327,533	8,510,327,533
Consideration Shares to be issued immediately after completion of the Transaction (assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB5.05 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the A Shares pursuant to the Asset Purchase Agreements (as supplemented by the Supplemental Agreements))	678,863,257	678,863,257
H Shares	1,717,233,600	1,717,233,600
Total	10,906,424,390	10,906,424,390

As the Company is incorporated under the laws of the PRC, the Company does not have an authorised share capital.

All the Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and capital.

The A Shares to be issued under the Transaction and the Proposed Issuance of A Shares when issued and fully paid, shall rank pari passu in all aspects amongst themselves and with the A Shares in issue at the time of the issuance of such A Shares including, in particular, as to dividends, voting and capital.

Since 31 December 2023 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no new Shares have been issued by the Company.

As at the Latest Practicable Date, the Company has no outstanding warrants, options or securities convertible into the Shares.

4. DISCLOSURE OF INTERESTS

Interests of Directors, supervisors, chief executive or members of senior management in the Shares

As at the Latest Practicable Date, so far as the Company is aware, none of the Directors, supervisors, chief executive or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such Director, Supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company), or which was required to be disclosed under the Takeovers Code.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at the Latest Practicable Date in the Company's Shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise interested in 5% or more of any class of issued share capital of the Company as at the Latest Practicable Date, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at the Latest Practicable Date:

Name of Shareholder	Class of Shares	Number of Shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue	Capacity
China Huadian	A Shares	4,534,199,224(L)	44.33%	53.28%	–	Beneficial owner
	H Shares	85,862,000(L)	0.84%	–	5.00%	Interests in a controlled corporation
Shandong Development Investment Holding Group Co., Ltd.	A Shares	664,865,346(L)	6.50%	7.81%	–	Beneficial owner

(L) = long position

Note: So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held directly by a wholly-owned subsidiary of China Huadian Overseas Investment Co., Ltd. (a wholly-owned subsidiary of China Huadian), namely, China Huadian Hong Kong, through CCASS in the name of HKSCC Nominees Limited.

Save as disclosed above and so far as the Directors are aware, as at the Latest Practicable Date, no other person (other than the Directors, Supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's Shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of 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, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

5. FURTHER INFORMATION CONCERNING DIRECTORS AND SUPERVISORS

(a) Service contracts

For details of the service contracts concerning the Directors, please refer to section "8. Service Contracts of Directors" in Appendix VIII of this circular.

(b) Interest in competing business

As at the Latest Practicable Date, none of the Directors or their associates (as defined under the Hong Kong Listing Rules) had any interest in other business which competes or is likely to compete with the business of the Group.

(c) Interests in the Group's assets or contracts or arrangements significant to the group

As at the Latest Practicable Date, none of the Directors, proposed Directors or supervisors of the Company had any direct or indirect interest in any assets which had been since 31 December 2023 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. ADDITIONAL DISCLOSURE UNDER TAKEOVERS CODE

As at the Latest Practicable Date:

(a) there was no agreement, arrangement or understanding (including any compensation arrangement) between China Huadian or any parties acting in concert with it and any of the Directors, recent Directors, Shareholders and recent Shareholders having any connection with or dependence upon the Transaction and/or the Whitewash Waiver;

(b) there were no material contracts entered into by China Huadian in which any Director had a material personal interest;

(c) save as disclosed in the paragraph headed "Shareholding Structure" in the letter from the Board in this circular and in the paragraph headed "Disclosure of Interests" in this appendix, China Huadian and parties acting in concert with it do not hold, own, have control or direction over any other voting rights, rights over Shares, any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of the securities of the Company, or hold any relevant

securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(d) no director of China Huadian was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(e) save for the entering into of the Asset Purchase Agreements and Supplemental Agreements, none of China Huadian and their directors or any parties acting in concert with China Huadian had acquired or entered into any agreement or arrangement to acquire any voting rights in the Company during the Relevant Period;

(f) none of China Huadian or parties acting in concert with it has received any irrevocable commitment to vote for or against the resolution(s) to be proposed at the EGM to approve the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(g) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) that had been entered into in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company between China Huadian and/or parties acting in concert with it on the one hand and any person on the other hand and which might be material to the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(h) save for Asset Purchase Agreements and Supplemental Agreements, there was no agreement or arrangement to which the China Huadian or any parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(i) there was no agreement, arrangement or understanding (including any compensation arrangement) between China Huadian or parties acting in concert with it and any of the Directors, recent Directors, Shareholders and recent Shareholders having any connection with or dependence upon the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(j) none of China Huadian or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(k) there was no consideration, compensation or benefit in whatever form that has been or will be paid by the China Huadian or parties acting in concert with it to the Company in connection with the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(l) save for the Transaction, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder on one hand and (2) (a) China Huadian and parties acting in concert with it or (b) the Company, its subsidiaries or associated companies, on the other hand;

(m) the Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China Huadian and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China Huadian during the Relevant Period;

(n) none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China Huadian and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of China Huadian during the Relevant Period;

(o) none of the Directors was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and none of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(p) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;

(q) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition

of "associate" under the Takeovers Code, and no such person had owned, controlled or dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(r) no fund managed on a discretionary basis by any fund manager (other than exempt fund managers) connected with the Company had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and no such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;

(s) none of the Directors was interested in any Shares, or any convertible securities, warrants, options or derivatives in respect of the Shares;

(t) none of the Company or the Directors had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(u) there are no benefits to be given to any Directors as compensation for loss of office or otherwise in connection with the Transaction (including the grant of the Specific Mandate for the issuance of Consideration Shares and the approval of the Asset Purchase Agreements and Supplemental Agreements) and/or the Whitewash Waiver;

(v) there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Transaction and/or the Whitewash Waiver or otherwise connected therewith; and

(w) neither China Huadian nor any party acting in concert with it had intention to transfer, charge or pledge the Consideration Shares to any other persons upon completion of the Transaction.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

8. SERVICE CONTRACTS OF DIRECTORS

Mr. Dai Jun, an executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Dai Jun is not entitled to receive any fixed remuneration from the Company in respect of his services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations.

Mr. Zhu Peng, a non-executive Director, has entered into a service agreement with the Company with effect from 5 September 2024 until the end of the tenth session of the Board 30 June 2026, and may be terminated upon agreement by both parties. The term of appointmenton would be renewable subject to re-election by shareholders at a general meeting. Mr. Zhu Peng is not currently entitled to receive any fixed remuneration and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations.

Mr. Chen Bin, an executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Chen Bin is not entitled to receive any fixed remuneration from the Company in respect of his services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations. For reference, Mr. Chen Bin received RMB968,900 for serving as the general manager of the Company in 2023.

Mr. Zhao Wei, a non-executive Director, has entered into a service agreement with the Company with effect from 26 March 2024 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Zhao Wei is not entitled to receive any fixed remuneration from the Company in respect of his services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations.

Mr. Zeng Qinghua, a non-executive Director, has entered into a service agreement with the Company with effect from 26 March 2024 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Zeng Qinghua is not entitled to receive any fixed remuneration from the Company in respect of his services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations.

Ms. Cao Min, a non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Ms. Cao Min is not entitled to receive any fixed remuneration from the Company in respect of her services provided as a Director, and is subject to the payment of variable emoluments, depending on her actual role in the Company's operations.

Mr. Li Guoming, an executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Li Guoming is not entitled to receive any fixed remuneration from the Company in respect of his

services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations. For reference, Mr. Li Guoming received RMB869,500 for serving as the chief financial officer of the Company in 2023.

Mr. Wang Xiaobo, a non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. Mr. Wang Xiaobo is not entitled to receive any fixed remuneration from the Company in respect of his services provided as a Director, and is subject to the payment of variable emoluments, depending on his actual role in the Company's operations.

Mr. Feng Zhenping, an independent non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. As an independent non-executive Director, Mr. Feng Zhenping is entitled to receive allowances from the Company on a monthly basis. For reference, from June 2023 onwards, the allowance of independent directors amounts to RMB180,000 per annum.

Mr. Li Xingchun, an independent non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. As an independent non-executive Director, Mr. Li Xingchun is entitled to receive allowances from the Company on a monthly basis. For reference, from June 2023 onwards, the allowance of independent directors amounts to RMB180,000 per annum.

Mr. Wang Yuesheng, an independent non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. As an independent non-executive Director, Mr. Wang Yuesheng is entitled to receive allowances from the Company on a monthly basis. For reference, from June 2023 onwards, the allowance of independent directors amounts to RMB180,000 per annum.

Ms. Shen Ling, an independent non-executive Director, has entered into a service agreement with the Company with effect from 31 May 2023 until the end of the tenth session of the Board on 30 June 2026, and may be terminated upon agreement by both parties. The term of appointment would be renewable subject to re-election by shareholders at a general meeting. As an independent non-executive Director, Ms. Shen Ling is entitled to receive allowances from the Company on a monthly basis. For reference, from June 2023 onwards, the allowance of independent directors amounts to RMB180,000 per annum.

9. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in ordinary course of business carried on or intended to be carried on by the Group, have been entered into by the members of the Group within the two years immediately preceding the date of the Asset Purchase Agreements and up to the Latest Practicable Date, and which are or may be material:

(a) The Asset Purchase Agreements;

(b) The Supplemental Agreements;

(c) the compensation agreement on the expropriation of no. 1 and no. 2 ash warehouses dated 30 August 2023 entered into between the Comprehensive Improvement, Protection and Development Command of Beijing-Hangzhou Grand Canal in Gongshu District of Hangzhou City and Hangzhou Huadian Banshan Power Generation Co., Ltd. ("**Banshan Company**") (a non-wholly owned subsidiary of the Company), pursuant to which Banshan Company received approximately RMB54,450,200 as compensation for the expropriation of certain houses and land belonging to its ash warehouses located in Yiqiao Village, Kangqiao Town, Hangzhou City, details of which are set out in the Company's circular dated 14 November 2023 (the "**First Compensation Agreement**");

(d) the compensation agreement on the expropriation of the green belt at the Gongkang Road dated 30 August 2023 entered into between Hangzhou Canal Group Construction Management Co., Ltd. and Banshan Company, pursuant to which Banshan Company received approximately RMB1,151,500 as compensation for the expropriation of its appendages of certain land at the green belt at the west side of Gongkang Road, details of which are set out in the Company's circular dated 14 November 2023 (the "**Second Compensation Agreement**"); and

(e) the compensation agreement on expropriation dated 30 October 2023 entered into between the City Organic Renewal Development Center of Qiantang District of Hangzhou City and Banshan Company, pursuant to which Banshan Company received RMB331,118,200 as compensation for the expropriation of the former ash warehouse of coal-fired generating unit accidents in the Xiasha Economic Development Zone, details of which are set out in the Company's circular dated 14 November 2023 (the "**Third Compensation Agreement**").

10. CONSENT AND QUALIFICATION OF EXPERTS

The following is the qualification of the experts who have given an opinion or advice on the information contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
China Alliance Appraisal Co. Ltd (北京中同華資產評估有限公司)	Independent qualified PRC appraiser
Beijing China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司)	Independent qualified PRC appraiser
SHINEWING (HK) CPA Limited	the auditors and the reporting accountants

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the experts did not have any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

As at the Latest Practicable Date, each of the experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its opinion, reports, and/or letter prepared for incorporation in this circular and references to its name in the form and context in which they appear herein.

11. CORPORATE INFORMATION

(a) The registered office of the Company is situated at No. 14800, Jingshi Road, Jinan City, Shandong Province, the PRC.

(b) The business office of the Company is situated at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

(c) The Company has engaged Ms. Ng Ka Man, a member of the Hong Kong Institute of Chartered Secretaries, and the manager of the Listing Services Department of TMF Hong Kong Limited, as its joint company secretary along with Mr. Qin Jiehai.

(d) The Hong Kong H share registrar and H share transfer office of the Company is Hong Kong Registrars Limited situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) The overseas auditors of the Company is SHINEWING (HK) CPA Limited, located at 17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong, and the domestic auditor (internal control auditor) of the Company is ShineWing Certified Public Accountants (Special General Partnership), is located at 9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, the PRC.

(f) The registered office of Gram Capital, is at Room 1209, 12/F. Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.

(g) As at the Latest Practicable Date, the Board was composed of three executive Directors, who are Mr. Dai Jun (Chairman), Mr. Chen Bin and Mr. Li Guoming, five non-executive Directors, who are Mr. Zhu Peng, Mr. Zhao Wei, Mr. Zeng Qinghua, Ms. Cao Ming and Mr. Wang Xiaobo, and four independent non-executive Directors, who are Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling.

(h) The registered office of China Huadian is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

(i) The registered office of China Huadian Hong Kong is Room 4305, 43/F., China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong.

(j) As at the Latest Practicable Date, the board of directors of China Huadian was composed of nine directors, who are Jiang Yi (江毅), Ye Xiangdong (葉向東), Zu Bin (祖斌), Wang Lin (王琳), Chen Yuanxian (陳元先), Zhang Gengsheng (章更生), Feng Shuchen (馮樹臣), Liu Zhiquan (劉智全) and Luan Jun (欒軍).

(k) As at the Latest Practicable Date, the board of director of China Huadian Hong Kong was composed of three directors, who are Zhang Haiwei (張海崴), Gan Lin (甘林) and Liu Peng Fei (劉朋霏).

(l) None of the websites appearing in or referred to in this circular or any of the information contained on any such websites forms part of this circular. Neither the Company nor any Director take any responsibility for any information contained on such websites or its accuracy.

(m) The English text of this circular shall prevail over its Chinese text in the case of inconsistency.

12. DOCUMENTS ON DISPLAY

The following documents are published on the respective websites of the Company (http://www.en.hdpi.com.cn/), the SFC (www.sfc.hk) and the Hong Kong Stock Exchange (www.hkexnews.hk) from the date of this Circular up to and including the date of the EGM:

(a) the Articles of Association;

(b) the annual reports of the Company for the three financial years ended 31 December 2021, 31 December 2022 and 31 December 2023;

(c) the interim report of the Company for the six months ended 30 June 2024;

(d) the Asset Purchase Agreements;

(e) the Supplemental Agreements;

(f) the letter from the Board, the text of which is set out on pages 10 to 46 of this circular;

(g) the letter from the LR IBC, the text of which is set out on page 47 of this circular;

(h) the letter from the Code IBC, the text of which is set out on pages 48 to 49 of this circular;

(i) the letter from Gram Capital, the text of which is set out on pages 50 to 91 of this circular;

(j) the written consents referred to in the paragraph headed "CONSENT AND QUALIFICATION OF EXPERTS" in this appendix;

(k) the accountant's report on the Target Companies, the text of which is set out in Appendix II to this circular;

(l) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(m) the Asset Appraisal Reports, a summary of which are set out in Appendix V to this circular;

(n) the letters of confirmation in relation to the Asset Appraisal Reports, the text of which are set out in Appendix VI to this circular;

(o) the report from Gram Capital, the text of which is set out in Appendix VII to this circular;

(p) the articles of association of China Huadian; and

(q) the service agreements of the relevant Directors as set out in section "8. Service Contracts of Directors" in Appendix VIII of this circular; the Compensation Agreements.

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華電國際電力股份有限公司

Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "**PRC**"))*

(Stock Code: 1071)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Huadian Power International Corporation Limited* (the "**Company**") will be held at 2:00 p.m. on Wednesday, 27 November 2024 at Oriental Garden Hotel, No. 6 Dongzhimen South Street, Dongcheng District, Beijing, the PRC for the purpose of considering and, if appropriate, by way of polls, approving the following resolutions. For details of each resolution, please refer to the circular of the Company dated 8 November 2024. Unless otherwise stated, terms used in this notice shall have the same meanings as those defined in the circular.

SPECIAL RESOLUTIONS

1. To consider and approve the resolution regarding the Transaction and the Proposed Issuance of A Shares being in compliance with the relevant laws and regulations;

2. To consider and approve the resolution regarding the Transaction and the Proposed Issuance of A Shares:

   2.1. the overall proposal of the Transaction and the Proposed Issuance of A Shares

   2.2. the Transaction – target assets

   2.3. the Transaction – transaction counterparties

   2.4. the Transaction – consideration and basis for determining the consideration

   2.5. the Transaction – method of payment of the consideration

   2.6. the Transaction – type, par value and listing venue of shares to be issued

2.7. the Transaction – method of issuance

2.8. the Transaction – target of issuance of shares and method of subscription

2.9. the Transaction – issue price and basis for determining issue price

2.10. the Transaction – number of shares to be issued

2.11. the Transaction – lock-up period arrangements

2.12. the Transaction – attribution of profits and losses for the transition period

2.13. the Transaction – arrangements for accumulated profit

2.14. the Proposed Issuance of A Shares – type, par value and listing venue of shares to be issued

2.15. the Proposed Issuance of A Shares – total amount of ancillary funds to be raised and number of shares to be issued

2.16. the Proposed Issuance of A Shares – Pricing Benchmark Date and issue price

2.17. the Proposed Issuance of A Shares – lock-up period arrangements

2.18. the Proposed Issuance of A Shares – use of proceeds to be raised

2.19. the validity period of the resolutions

3. To consider and approve the resolution regarding the Report on the Transaction and Proposed Issuance of A Shares (Draft) and a summary thereof, further details of which are set out in the relevant overseas regulatory announcements of the Company dated 30 October 2024;

4. To consider and approve the resolution regarding the Transaction and the Proposed Issuance of A Shares constituting related party transactions;

5. To consider and approve the resolution regarding the Transaction and the Proposed Issuance of A Shares not constituting a material asset restructuring and new listing;

6. To consider and approve the resolutions regarding the entry into the Asset Purchase Agreements and the Supplemental Agreements with conditions to their effectiveness;

7. To consider and approve the resolution regarding the pro forma review report, audit reports and Asset Appraisal Reports in connection with the Transaction;

8. To consider and approve the resolution regarding the independence of the appraisers, the reasonableness of the assumptions used in the asset appraisal, the relevance of the methodology and the purpose of the asset appraisals, and the fairness of the appraised value of the Target Companies;

9. To consider and approve the resolution regarding the dilution on current returns and the remedial measures of the Company;

10. To consider and approve the resolution regarding the compliance of the Transaction and the Proposed Issuance of A Shares with Articles 11 and 43 of the Measures for the Administration of the Major Asset Restructuring of Listed Companies;

11. To consider and approve the resolution regarding the compliance of the Transaction and the Proposed Issuance of A Shares with Article 4 of the Guidelines for the Supervision of Listed Companies No. 9;

12. To consider and approve the resolution regarding the non-existence of the relevant circumstances as stated under Article 12 of the Guidelines for the Supervision of Listed Companies No. 7 in respect of the relevant entities under the Transaction and the Proposed Issuance of A Shares;

13. To consider and approve the resolution regarding the non-existence of the relevant circumstances prohibiting issuance of shares to specific counterparties as stated under Article 11 of the Measures for the Administration of the Registration of Securities Issuance by Listed Companies;

14. To consider and approve the resolution regarding the fluctuation in the price of the Company's Shares before the announcement of the Transaction and the Proposed Issuance of A Shares;

15. To consider and approve the resolution regarding circumstances of acquisition and disposal of assets of the Company 12 months prior to the Transaction;

16. To consider and approve the resolution regarding the completeness and compliance of the legal procedures and the validity of the legal documentation in respect of the Transaction and the Proposed Issuance of A Shares;

17. To consider and approve the resolution regarding the waiver of the obligation of China Huadian and its concert parties to make a general offer of the securities of the Company under the relevant PRC laws and regulations;

18. To consider and approve, subject to and conditional upon: (i) the passing of resolution numbered (2); and (ii) the granting of the Whitewash Waiver by the Executive to China Huadian and parties acting in concert with it and fulfilment of any conditions that may be imposed thereon, the waiver from the obligation on the

part of China Huadian to make a general offer for all the issued Shares and other securities of the Company which may otherwise arise as a result of the completion of the Transaction pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code; and

19. To consider and approve the resolution regarding the authorisation to the Board and its authorised persons to handle all matters in connection with the Transaction and the Proposed Issuance of A Shares (including the Specific Mandate for the issuance of Consideration Shares and the Specific Mandate for the issuance of New A Shares).

By order of the Board
Huadian Power International Corporation Limited*
Qin Jiehai
Secretary to the Board

As at the date of this notice, the board of directors of the Company comprises:

Dai Jun (Chairman, Executive Director), Zhu Peng (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhao Wei (Non-executive Director), Zeng Qinghua (Non-executive Director), Cao Min (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Wang Yuesheng (Independent Non-executive Director) and Shen Ling (Independent Non-executive Director).

Beijing, the PRC
8 November 2024

* *For identification purpose only*

Notes:

1. ELIGIBILITY OF ATTENDING THE EGM AND CLOSURE OF THE H SHARE REGISTER OF MEMBERS

H Shareholders of the Company whose names appear on the Company's register of members on Friday, 22 November 2024 (the "**Registered Shareholder(s)**") are entitled to attend the EGM conditional upon completion of the necessary registration procedures. The register of members of H shares will be closed by the Company from Friday, 22 November 2024 to Wednesday, 27 November 2024, both days inclusive, for the purpose of determining H Shareholders' entitlement to attend the EGM, during which period no transfer of the H shares will be registered.

In order to be entitled to attend the EGM, H Shareholders of the Company are required to deposit their respective instrument(s) of transfer and the relevant share certificate(s) with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 21 November 2024.

2. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

Registered Shareholders may deliver the necessary registration documents to the Company in person, by post or by facsimile. Upon receipt of the above documents, the Company shall complete the registration procedures in respect of attending the EGM.

3. PROXIES

Registered Shareholder is entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf by completing the "Proxy Form For Use at the Extraordinary General Meeting" (the "**Proxy Form**") or by completing a duplicate copy thereof. A proxy need not be a Shareholder of the Company. Should more than one proxy be appointed, such proxies shall only exercise his/her voting rights on a poll. The Proxy Form shall be signed by a Registered Shareholder or his/her attorney duly authorised in writing. If the Proxy Form is signed by the attorney of a Registered Shareholder, the power of attorney or other documents of authorisation authorising the attorney to appoint the proxy shall be notarised. If the Registered Shareholder is a corporation, the Proxy Form shall be executed under seal or shall be executed by its director or a duly authorised person.

The notarised power of attorney or other authorisation documents and the completed Proxy Form shall be delivered to the Secretarial Office of the Board of the Company or Hong Kong Registrars Limited not less than 24 hours before the time designated for convening the EGM (being by 2:00 p.m. on Tuesday, 26 November 2024).

4. MISCELLANEOUS

(1) Each of the Shareholders (or his/her proxy) shall exercise his/her voting rights according to the number of shares with voting rights represented by him/her and shall be entitled to one vote for each share held.

(2) The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.

(3) The office address of the Company and the contact details of the Secretarial Office of the Board are as follows:

No. 2 Xuanwumennei Street, Xicheng District, Beijing, the People's Republic of China
Tel No.: (86)10 8356 7909
Fax No.: (86)10 8356 7963

(4) The address and contact details of Hong Kong Registrars Limited are as follows:

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Tel No.: (852) 2862 8555
Fax No.: (852) 2865 0990