



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 4 to 48, 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 4 to 48 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.

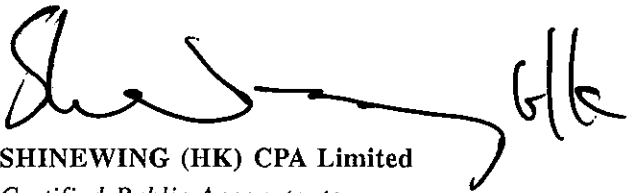
Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 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		
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						<i>(Unaudited)</i>
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)
		<u>(412,196)</u>	<u>(349,859)</u>	<u>(497,909)</u>	<u>(241,358)</u>	<u>(195,678)</u>
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		<u>32,908</u>	<u>33,715</u>	<u>2,561</u>	<u>46,884</u>	<u>45,565</u>

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					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
		<u>765,568</u>	<u>723,121</u>	<u>611,906</u>	<u>581,309</u>
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
		<u>101,423</u>	<u>83,921</u>	<u>62,041</u>	<u>109,523</u>
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
		<u>141,943</u>	<u>126,606</u>	<u>91,628</u>	<u>83,389</u>
Net current (liabilities) assets		<u>(40,520)</u>	<u>(42,685)</u>	<u>(29,587)</u>	<u>26,134</u>
Total assets less current liabilities		<u>725,048</u>	<u>680,436</u>	<u>582,319</u>	<u>607,443</u>

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					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
		<u>314,684</u>	<u>265,357</u>	<u>193,679</u>	<u>173,238</u>
Net assets		<u>410,364</u>	<u>415,079</u>	<u>388,640</u>	<u>434,205</u>
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		<u>410,364</u>	<u>415,079</u>	<u>388,640</u>	<u>434,205</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i> <i>(note 28(b))</i>	Statutory reserves <i>RMB'000</i> <i>(note 28(c))</i>	Discretionary surplus reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
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 <i>(note 28(b))</i>	Statutory reserves RMB'000 <i>(note 28(c))</i>	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	<u>294,360</u>	<u>52,354</u>	<u>1,500</u>	<u>85,991</u>	<u>434,205</u>
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)	<u>294,360</u>	<u>51,845</u>	<u>1,500</u>	<u>114,258</u>	<u>461,963</u>

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
<i>(Unaudited)</i>					
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	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Net cash used in financing activities	<u>(37,673)</u>	<u>(77,347)</u>	<u>(100,521)</u>	<u>(52,101)</u>	<u>(21,172)</u>
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	<u>36,493</u>	<u>23,457</u>	<u>23,059</u>	<u>23,059</u>	<u>15,801</u>
Cash and cash equivalents at end of the year/period	<u><u>23,457</u></u>	<u><u>23,059</u></u>	<u><u>15,801</u></u>	<u><u>28,081</u></u>	<u><u>32,208</u></u>

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. Its 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:
Amendments to IFRS 10 and IAS 28	Lack of Exchangeability ¹
IFRS 18	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
IFRS 19	Presentation and Disclosure in Financial Statements ³
Amendments to IFRS 9 and IFRS 7	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS Accounting Standards	Amendments to the Classification and Measurement of Financial Instruments ²
	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 embodied 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
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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 reflect 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 significant 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
	<u>445,212</u>	<u>392,160</u>	<u>502,233</u>	<u>303,169</u>	<u>249,657</u>

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*	<u>436,538</u>	<u>379,872</u>	<u>477,287</u>	<u>294,646</u>	<u>237,090</u>

* 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
	<u>25,827</u>	<u>25,940</u>	<u>29,450</u>	<u>10,605</u>	<u>10,831</u>

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	-
	<u>20,025</u>	<u>13,245</u>	<u>7,529</u>	<u>4,264</u>	<u>2,696</u>
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)	-	-	-
	<u>33</u>	<u>18</u>	<u>208</u>	<u>(116)</u>	<u>67</u>

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
				<i>(Unaudited)</i>	
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
	<u>12,720</u>	<u>11,346</u>	<u>7,755</u>	<u>4,268</u>	<u>2,971</u>

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
				<i>(Unaudited)</i>	
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
	<u>61,983</u>	<u>61,001</u>	<u>63,123</u>	<u>30,846</u>	<u>30,005</u>
Total depreciation and amortisation					
Auditor's remuneration					
– Audit services	28	28	28	–	–
	<u>28</u>	<u>28</u>	<u>28</u>	<u>–</u>	<u>–</u>

(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
				<i>(Unaudited)</i>	
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
	<u>14,412</u>	<u>18,221</u>	<u>33,305</u>	<u>7,159</u>	<u>10,804</u>
Total other operating expenses					

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 <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Lei Yaowu (<i>Note i</i>)	195	32	227
Li Shijun	240	57	297
Tan Jingbo (<i>Note iv</i>)	–	–	–
Supervisor			
Liu Xinglin	121	29	150
	<u>556</u>	<u>118</u>	<u>674</u>

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Yu Gongyue (<i>Note ii</i>)	122	24	146
Lei Yaowu (<i>Note i</i>)	89	22	111
Li Shijun	248	45	293
Tan Jingbo (<i>Note iv</i>)	203	42	245
Supervisor			
Liu Xinglin	112	28	140
	<u>774</u>	<u>161</u>	<u>935</u>

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Yu Gongyue (<i>Note ii</i>)	402	24	426
Lei Yaowu (<i>Note i</i>)	539	66	605
Li Shijun	947	91	1,038
Tan Jingbo (<i>Note iv</i>)	513	42	555
Supervisor			
Liu Xinglin	308	56	364
	<u>2,709</u>	<u>279</u>	<u>2,988</u>

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind	Retirement benefits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors			
Yu Gongyue (<i>Note ii</i>)	418	88	506
Li Shijun	672	83	755
Tan Jingbo (<i>Note iv</i>)	543	74	617
Wang Mingxiang (<i>Note iii</i>)	–	–	–
Supervisor			
Liu Xinglin	294	59	353
	<u>1,927</u>	<u>304</u>	<u>2,231</u>

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind	Retirement benefits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors			
Wang Mingxiang (<i>Note iii</i>)	559	55	614
Li Shijun	559	78	637
Tan Jingbo (<i>Note iv</i>)	428	59	487
Supervisor			
Liu Xinglin	305	54	359
	<u>1,851</u>	<u>246</u>	<u>2,097</u>

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 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Salaries and other emoluments	236	463	521	194	328
Retirement benefits	18	64	36	36	67
	<u>254</u>	<u>527</u>	<u>557</u>	<u>230</u>	<u>395</u>

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 Number of Individuals	2022 Number of Individuals	2023 Number of Individuals	2023 Number of Individuals (Unaudited)	2024 Number of Individuals
Nil-Hong Kong Dollars ("HK\$") 1,000,000	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>

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 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 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	<u>(2,455)</u>	<u>(57)</u>	<u>(105)</u>	<u>(105)</u>	<u>–</u>
	8,029	11,008	13,526	14,866	8,200
Deferred tax					
Origination and reversal of temporary differences	<u>(163)</u>	<u>5</u>	<u>(11,690)</u>	<u>–</u>	<u>26</u>
Income tax expenses for the year/period	<u>7,866</u>	<u>11,013</u>	<u>1,836</u>	<u>14,866</u>	<u>8,226</u>

(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
				<i>(Unaudited)</i>	
Profit before taxation	<u>40,774</u>	<u>44,728</u>	<u>4,397</u>	<u>61,750</u>	<u>53,791</u>
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	<u>127</u>	<u>(112)</u>	<u>842</u>	<u>(467)</u>	<u>(5,262)</u>
	<u>7,866</u>	<u>11,013</u>	<u>1,836</u>	<u>14,866</u>	<u>8,226</u>

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				
Charge for the year	52,204	495,561	7,849	555,614
Written back on disposals/write-offs	4,825	24,001	407	29,233
	–	(497)	–	(497)
At 30 June 2024	<u>57,029</u>	<u>519,065</u>	<u>8,256</u>	<u>584,350</u>
Net book value				
At 30 June 2024	<u>111,192</u>	<u>400,344</u>	<u>5,142</u>	<u>516,678</u>
At 31 December 2023	<u>116,017</u>	<u>422,519</u>	<u>5,549</u>	<u>544,085</u>
At 31 December 2022	<u>138,491</u>	<u>526,305</u>	<u>2,215</u>	<u>667,011</u>
At 31 December 2021	<u>148,515</u>	<u>567,378</u>	<u>1,723</u>	<u>717,616</u>

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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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	RMB'000
				(Unaudited)	
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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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	—	—
Total	971	851	726	740

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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 (<i>note 16</i>)	(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 <i>RMB'000</i>
At 31 December 2022 and 1 January 2023	1,352
Charge for the year	<u>1,046</u>
At 31 December 2023 and 1 January 2024	2,398
Charge for the year	<u>275</u>
At 30 June 2024	<u><u>2,673</u></u>
Net book value	
At 30 June 2024	<u><u>3,629</u></u>
At 31 December 2023	<u><u>3,904</u></u>
At 31 December 2022	<u><u>2,166</u></u>
At 31 December 2021	<u><u>2,131</u></u>

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
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
				<i>RMB'000</i>
Materials, components and spare parts	<u>1,586</u>	<u>3,858</u>	<u>4,519</u>	<u>3,598</u>

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
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2024
				<i>RMB'000</i>
Trade receivables for the sale of electricity	44,761	46,302	27,755	52,710
Trade receivables for the sale of heat	<u>853</u>	<u>265</u>	<u>1,804</u>	<u>4,578</u>

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Less: allowance for impairment	45,614	46,567	29,559	57,288
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>45,614</u>	<u>46,567</u>	<u>29,559</u>	<u>57,288</u>

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Analysed into:				
– At amortised cost	<u>45,614</u>	<u>46,567</u>	<u>29,559</u>	<u>57,288</u>

(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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	<u>45,614</u>	<u>46,567</u>	<u>29,559</u>	<u>57,288</u>

(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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
– Deposits	48	41	41	41
– Other receivables	30,643	7,005	7,005	7,110
	<u>30,691</u>	<u>7,046</u>	<u>7,046</u>	<u>7,151</u>
Less: allowance for impairment (Note)	–	–	–	–
	<u>30,691</u>	<u>7,046</u>	<u>7,046</u>	<u>7,151</u>
Deductible Value Added Tax	–	2,563	–	12
Prepayments	75	828	554	9,266
	<u>30,766</u>	<u>10,437</u>	<u>7,600</u>	<u>16,429</u>

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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash at financial institutions	<u>23,457</u>	<u>23,059</u>	<u>15,801</u>	<u>32,208</u>

24. BORROWINGS

(a) Bank loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– current portion of long-term bank loans	<u>245</u>	<u>178</u>	<u>138</u>	<u>113</u>

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	<u>211,000</u>	<u>171,000</u>	<u>156,000</u>	<u>140,000</u>
	<u>211,245</u>	<u>171,178</u>	<u>156,138</u>	<u>140,113</u>

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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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	<u>211,245</u>	<u>171,178</u>	<u>156,138</u>	<u>140,113</u>

(b) Loans from shareholders

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– current portion of long-term loans				
from shareholders	<u>7,872</u>	<u>8,202</u>	<u>8,546</u>	<u>8,725</u>
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	<u>16,175</u>	<u>6,678</u>	<u>–</u>	<u>–</u>
	<u>51,103</u>	<u>42,901</u>	<u>34,355</u>	<u>29,903</u>
	<u>58,975</u>	<u>51,103</u>	<u>42,901</u>	<u>38,628</u>

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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	<u>98,009</u>	<u>95,416</u>	<u>64,682</u>	<u>46,898</u>

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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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 (<i>Note (i)</i>)	3,384	135	3,528	6,591
	<u>18,731</u>	<u>15,894</u>	<u>17,669</u>	<u>20,215</u>
Other tax payables	10,074	5,495	461	3,111
	<u>28,805</u>	<u>21,389</u>	<u>18,130</u>	<u>23,326</u>

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 Credited/ 1 January 2021 RMB'000	(charged) to profit or loss RMB'000	At 31 December 2021 and 2022 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 31 December 2022 and 2023 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 31 December 2023 and 2024 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 30 June 2024 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
	<u>1,488</u>	<u>163</u>	<u>1,651</u>	<u>(5)</u>	<u>1,646</u>	<u>11,690</u>	<u>13,336</u>	<u>(26)</u>	<u>13,310</u>

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 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
At the beginning and the end of reporting period	<u>294,360</u>	<u>294,360</u>	<u>294,360</u>	<u>294,360</u>

(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	RMB'000
	<i>(Unaudited)</i>				
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
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Deposits, other receivables and prepayments				
Huadian Furui	121	–	–	–
A fellow subsidiary	<u>–</u>	<u>172</u>	<u>285</u>	<u>7,564</u>
Cash and cash equivalents				
A fellow subsidiary	<u>23,457</u>	<u>23,059</u>	<u>15,801</u>	<u>32,208</u>
Other loans				
Fellow subsidiaries	<u>(49,056)</u>	<u>(48,055)</u>	<u>–</u>	<u>–</u>
Trade payables				
Fellow subsidiaries	<u>(69,051)</u>	<u>(64,569)</u>	<u>(23,721)</u>	<u>(22,265)</u>
Other payables				
Fellow subsidiaries	<u>(7,176)</u>	<u>(7,931)</u>	<u>(4,634)</u>	<u>(4,576)</u>
Loans from shareholders				
Guangzhou City Development and Guangzhou University Energy	<u>(58,975)</u>	<u>(51,103)</u>	<u>(42,901)</u>	<u>(38,628)</u>
Lease liabilities				
Guangzhou City Development	<u>(971)</u>	<u>(851)</u>	<u>(726)</u>	<u>(740)</u>

(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	<u>264</u>	<u>368</u>	<u>315</u>	<u>197</u>	<u>185</u>
	<u>2,351</u>	<u>2,758</u>	<u>3,545</u>	<u>1,165</u>	<u>1,069</u>

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 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).

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				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
	<u>99,762</u>	<u>76,672</u>	<u>52,406</u>	<u>96,647</u>
Financial liabilities				
At amortised cost	<u>438,746</u>	<u>384,376</u>	<u>284,120</u>	<u>248,584</u>

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					Carrying Amount RMB'000
	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	
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
	<u>84,519</u>	<u>54,998</u>	<u>83,865</u>	<u>51,318</u>	<u>274,700</u>	<u>249,324</u>

At 31 December 2023

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	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	
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
	<u>100,246</u>	<u>55,826</u>	<u>97,285</u>	<u>61,820</u>	<u>315,177</u>	<u>284,846</u>

At 31 December 2022

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	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		
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
	<u>132,389</u>	<u>101,517</u>	<u>104,288</u>	<u>96,569</u>	<u>434,763</u>	<u>385,227</u>

At 31 December 2021

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	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		
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
	<u>140,341</u>	<u>129,969</u>	<u>107,940</u>	<u>131,362</u>	<u>509,612</u>	<u>439,717</u>

(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.

	2021		31 December 2022		2023		30 June 2024	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Fixed rate borrowings	<u>108,031</u>	<u>108,309</u>	<u>99,158</u>	<u>99,010</u>	<u>42,901</u>	<u>42,806</u>	<u>38,628</u>	<u>38,562</u>

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.