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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUADIAN FUXIN GUANGZHOU ENERGY COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Huadian Fuxin Guangzhou Energy Company Limited* 華電福新廣州能源有限公司 (“Fuxin Guangzhou”) set out on pages 4 to 38, 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 38 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the “Company”) dated 8 November 2024 (the “Circular”) in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

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

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

Reporting Accountants' Responsibility

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

* For identification purpose only

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

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


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

Adjustments

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

Dividends

We refer to note 26(a) to the Historical Financial Information which contains information about dividend declared or paid by Fuxin Guangzhou during the Relevant Periods.



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

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN GUANGZHOU

Preparation of Historical Financial Information

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | <i>Notes</i> | 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> |
| Turnover | 6 | <u>2,561,106</u> | <u>3,116,126</u> | <u>3,441,242</u> | <u>1,831,676</u> | <u>1,451,052</u> |
| Operating expenses | | | | | | |
| Fuel costs | | (2,208,172) | (2,790,720) | (2,804,320) | (1,525,672) | (1,261,541) |
| Depreciation | | (121,808) | (121,770) | (125,099) | (61,062) | (64,978) |
| Repairs, maintenance and inspection | | (21,992) | (24,848) | (156,951) | (59,805) | (44,008) |
| Personnel costs | 7 | (30,089) | (29,630) | (38,108) | (13,719) | (13,671) |
| Taxes and surcharges | 8 | (3,571) | (4,998) | (28,338) | (10,295) | (8,414) |
| Other operating expenses | 11(b) | <u>(20,948)</u> | <u>(27,445)</u> | <u>(31,358)</u> | <u>(10,185)</u> | <u>(10,940)</u> |
| | | <u>(2,406,580)</u> | <u>(2,999,411)</u> | <u>(3,184,174)</u> | <u>(1,680,738)</u> | <u>(1,403,552)</u> |
| Operating profit | | 154,526 | 116,715 | 257,068 | 150,938 | 47,500 |
| Other revenue | 9 | 32,028 | 465 | 13 | 11 | 122 |
| Other net (loss)/income | 9 | (150) | 2 | (3,009) | (28) | - |
| Interest income from bank deposits | | 1,704 | 1,190 | 207 | 138 | 65 |
| Finance costs | 10 | <u>(69,589)</u> | <u>(70,955)</u> | <u>(57,582)</u> | <u>(31,559)</u> | <u>(23,232)</u> |
| Profit before taxation | 11(a) | 118,519 | 47,417 | 196,697 | 119,500 | 24,455 |
| Income tax expenses | 14 | <u>(20,368)</u> | <u>(13,318)</u> | <u>(48,147)</u> | <u>(25,730)</u> | <u>(1,728)</u> |
| Profit and total comprehensive income for the year/period | | <u>98,151</u> | <u>34,099</u> | <u>148,550</u> | <u>93,770</u> | <u>22,727</u> |

STATEMENTS OF FINANCIAL POSITION

| | Notes | As at 31 December | | | As at |
|--|-------|-------------------|------------------|------------------|------------------|
| | | 2021 | 2022 | 2023 | 30 June |
| | | RMB'000 | RMB'000 | RMB'000 | 2024 |
| | | | | | RMB'000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 2,102,634 | 1,983,361 | 2,005,430 | 1,941,424 |
| Construction in progress | 17 | 40,688 | 135,973 | 4,823 | 11,389 |
| Right-of-use assets | 18 | 70,896 | 69,323 | 67,751 | 66,965 |
| | | <u>2,214,218</u> | <u>2,188,657</u> | <u>2,078,004</u> | <u>2,019,778</u> |
| Current assets | | | | | |
| Inventories | 19 | 135 | 1,923 | 6,469 | 7,425 |
| Trade receivables | 20 | 235,297 | 295,640 | 274,554 | 389,537 |
| Deposits, other receivables and prepayments | 21 | 116,519 | 242,248 | 77,444 | 191,594 |
| Tax recoverable | | 31,170 | – | – | – |
| Cash and cash equivalents | 22 | 111,661 | 126,764 | 14,202 | 63,102 |
| | | <u>494,782</u> | <u>666,575</u> | <u>372,669</u> | <u>651,658</u> |
| Current liabilities | | | | | |
| Bank loans | 23(a) | 191,222 | 311,056 | 333,828 | 419,723 |
| Other loans | 23(b) | 45,221 | 266,312 | 115,163 | 300,261 |
| Trade payables | 24 | 152,898 | 46,922 | 86,785 | 55,033 |
| Other payables and contract liabilities | 25 | 101,794 | 106,140 | 55,689 | 72,221 |
| Tax payable | | – | 8,240 | 4,610 | 1,599 |
| | | <u>491,135</u> | <u>738,670</u> | <u>596,075</u> | <u>848,837</u> |
| Net current assets/(liabilities) | | <u>3,647</u> | <u>(72,095)</u> | <u>(223,406)</u> | <u>(197,179)</u> |
| Total assets less current liabilities | | <u>2,217,865</u> | <u>2,116,562</u> | <u>1,854,598</u> | <u>1,822,599</u> |
| Non-current liabilities | | | | | |
| Bank loans | 23(a) | 1,382,102 | 1,347,700 | 926,960 | 876,640 |
| Other loans | 23(b) | 141,000 | 40,000 | 90,000 | 85,000 |
| Deferred governments grants | | – | – | – | 594 |
| | | <u>1,523,102</u> | <u>1,387,700</u> | <u>1,016,960</u> | <u>962,234</u> |
| Net assets | | <u>694,763</u> | <u>728,862</u> | <u>837,638</u> | <u>860,365</u> |
| Capital and reserves | | | | | |
| Share capital | 26(b) | 519,000 | 519,000 | 519,000 | 519,000 |
| Reserves | 26(c) | 175,763 | 209,862 | 318,638 | 341,365 |
| Total equity | | <u>694,763</u> | <u>728,862</u> | <u>837,638</u> | <u>860,365</u> |

STATEMENTS OF CHANGES IN EQUITY

| | Share capital RMB'000 (note 26(b)) | Statutory reserves RMB'000 (note 26(c)) | Retained earnings RMB'000 | Total RMB'000 |
|---|---|--|---------------------------------|------------------|
| At 1 January 2021 | 519,000 | 7,761 | 69,851 | 596,612 |
| Profit and total comprehensive income for the year | – | – | 98,151 | 98,151 |
| Appropriation of general reserve | – | 9,815 | (9,815) | – |
| At 31 December 2021 and 1 January 2022 | 519,000 | 17,576 | 158,187 | 694,763 |
| Profit and total comprehensive income for the year | – | – | 34,099 | 34,099 |
| Appropriation of general reserve | – | 3,850 | (3,850) | – |
| Appropriation of specific reserve | – | 1,928 | (1,928) | – |
| At 31 December 2022 and 1 January 2023 | 519,000 | 23,354 | 186,508 | 728,862 |
| Profit and total comprehensive income for the year | – | – | 148,550 | 148,550 |
| Dividends recognised as distribution | – | – | (39,774) | (39,774) |
| Appropriation of general reserve | – | 14,529 | (14,529) | – |
| Appropriation of specific reserve | – | 27,625 | (27,625) | – |
| Utilisation of specific reserve | – | (26,958) | 26,958 | – |
| At 31 December 2023 and 1 January 2024 | 519,000 | 38,550 | 280,088 | 837,638 |
| Profit and total comprehensive income for the period | – | – | 22,727 | 22,727 |
| Appropriation of general reserve | – | 2,273 | (2,273) | – |
| Appropriation of specific reserve | – | 15,087 | (15,087) | – |
| Utilisation of specific reserve | – | (75) | 75 | – |
| At 30 June 2024 | <u>519,000</u> | <u>55,835</u> | <u>285,530</u> | <u>860,365</u> |
| At 1 January 2023 | 519,000 | 23,354 | 186,508 | 728,862 |
| Profit and total comprehensive income for the period (Unaudited) | – | – | 93,770 | 93,770 |
| Appropriation of general reserve (Unaudited) | – | 9,377 | (9,377) | – |
| Appropriation of specific reserve (Unaudited) | – | 13,812 | (13,812) | – |
| At 30 June 2023 (Unaudited) | <u>519,000</u> | <u>46,543</u> | <u>257,089</u> | <u>822,632</u> |

STATEMENTS OF CASH FLOWS

| | Year ended 31 December | | | Six months ended | |
|---|------------------------|----------------|---------------|------------------|---------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | | (Unaudited) | |
| Cash flows from operating activities | | | | | |
| Cash received from customers and others | 2,879,873 | 3,451,876 | 3,908,286 | 1,575,718 | 1,524,035 |
| Cash paid to suppliers, employees and others | (2,544,121) | (3,451,340) | (3,313,350) | (1,789,314) | (1,642,055) |
| Cash generated from/(used in) operations | 335,752 | 536 | 594,936 | (213,596) | (118,020) |
| Interest paid | (69,298) | (70,664) | (58,322) | (31,834) | (23,235) |
| PRC enterprise income tax (paid) refunded | (67,446) | 26,092 | (51,776) | (7,548) | (4,740) |
| Net cash generated from/(used in) operating activities | 199,008 | (44,036) | 484,838 | (252,978) | (145,995) |
| Cash flows from investing activities | | | | | |
| Payment for the purchase of property, plant and equipment, construction in progress | (321,468) | (147,593) | (59,527) | (26,501) | (20,850) |
| Interest received | 1,704 | 1,190 | 207 | 138 | 65 |
| Other investing activities | 504 | - | - | - | - |
| Net cash used in investing activities | (319,260) | (146,403) | (59,320) | (26,363) | (20,785) |
| Cash flows from financing activities | | | | | |
| Proceeds from loans | 273,000 | 974,621 | 4,035,100 | 1,168,000 | 1,560,000 |
| Repayment of loans | (132,125) | (769,079) | (4,533,406) | (958,346) | (1,344,320) |
| Dividends distribution | - | - | (39,774) | - | - |
| Net cash generated from/(used in) financing activities | 140,875 | 205,542 | (538,080) | 209,654 | 215,680 |
| Net increase/(decrease) in cash and cash equivalents | 20,623 | 15,103 | (112,562) | (69,687) | 48,900 |
| Cash and cash equivalents at beginning of the year/period | 91,038 | 111,661 | 126,764 | 126,764 | 14,202 |
| Cash and cash equivalents at end of the year/period | <u>111,661</u> | <u>126,764</u> | <u>14,202</u> | <u>57,077</u> | <u>63,102</u> |

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN GUANGZHOU

1. GENERAL INFORMATION

Huadian Fuxin Guangzhou Energy Company Limited (“Fuxin Guangzhou”) was established in Guangdong province of the People’s Republic of China (the “PRC”) on 8 December 2016 as a limited company and the office address is No. 109, Block 12, No. 96, Lixin XII Road, Xintang Town, Zengcheng District, Guangzhou, Guangdong, the PRC.

Fuxin Guangzhou is primarily engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate and ultimate holding company of Fuxin Guangzhou are Fujian Huadian Furui Energy Development Company Limited* (福建華電福瑞能源發展有限公司) and China Huadian Corporation Limited* (中國華電集團有限公司) both are limited liability companies established in the PRC.

The Historical Financial Information is presented in renminbi (“RMB”), which is also the function currency of Fuxin Guangzhou.

Statutory financial statements of Fuxin Guangzhou have been prepared and audited by WUYIGE Certified Public Accounts LLP for the years ended 31 December 2021 and 2022 and Pan-China Certified Public Accounts LLP for the year ended 31 December 2023 respectively.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Going Concern Assumption

At 30 June 2024, Fuxin Guangzhou had net current liabilities approximately RMB197,179,000. The directors of Fuxin Guangzhou are of the opinion that, taking into account the current operation of the Fuxin Guangzhou and the unutilised banking facilities available to Fuxin Guangzhou, the Fuxin Guangzhou has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

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

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

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

New and amendments to IFRSs issued but not yet effective

Fuxin Guangzhou has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

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

| | |
|---|--|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ² |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards – Volume 11 ² |

- ¹ Effective for annual periods beginning on or after 1 January 2025.
- ² Effective for annual periods beginning on or after 1 January 2026.
- ³ Effective for annual periods beginning on or after 1 January 2027.
- ⁴ Effective for annual periods beginning on or after a date to be determined.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

(a) Property, plant and equipment

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

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Fuxin Guangzhou and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

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

| | |
|---|---------------|
| Building | 25 – 30 years |
| Generators, machinery and equipment | 5 – 20 years |
| Motor vehicles, furniture, fixtures, equipment and others | 4 – 6 years |

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(b) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

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

(c) Leases

As a lessee

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

Right-of-use asset

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

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

| | |
|-----------------|----------|
| Land use rights | 50 years |
|-----------------|----------|

(d) Impairment of assets

(i) Impairment of financial assets

Fuxin Guangzhou recognises loss allowances for expected credit loss (the “ECL”) on trade receivables related to sales of electricity and heat, other receivables, cash and cash equivalents measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which Fuxin Guangzhou is exposed to credit risk.

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

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

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

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

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

Fuxin Guangzhou considers a financial asset to be credit-impaired when:

- (1) the borrower is unlikely to pay its credit obligations to Fuxin Guangzhou in full, without recourse by Fuxin Guangzhou to actions such as realising security (if any is held); or
- (2) the financial asset is more than 90 days past due unless Fuxin Guangzhou has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

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

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- construction in progress.

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, if measurable, or value in use, if determinable.

– *Reversals of impairment losses*

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

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

(e) **Inventories**

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

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

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(f) Trade receivables, deposits and other receivables (“Trade and other receivables”)

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

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

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institution, and short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

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

(h) Financial liabilities

Other financial liabilities

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

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

(i) Derecognition of financial assets or financial liabilities

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which Fuxin Guangzhou expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

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

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

(i) Electricity Income

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

(ii) Heat Income

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

(iii) Other income

Interest income

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

Government grants

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

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

(k) Income tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against

which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

(l) Borrowing costs

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

(m) Employee benefits

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

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

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

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

(n) Related parties

- (a) A person, or a close member of that person's family, is related to Fuxin Guangzhou if that person:
 - (i) has control or joint control over Fuxin Guangzhou;
 - (ii) has significant influence over Fuxin Guangzhou; or
 - (iii) is a member of the key management personnel of Fuxin Guangzhou or Fuxin Guangzhou's parent.
- (b) An entity is related to Fuxin Guangzhou if any of the following conditions applies:
 - (i) The entity and Fuxin Guangzhou are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either Fuxin Guangzhou or an entity related to Fuxin Guangzhou.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of the Company of which it is part, provides key management personnel services to Fuxin Guangzhou or to Fuxin Guangzhou's parent.

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

(o) **Dividends**

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgement

The following is the critical judgement, apart from those involving estimations (see below), that the directors of Fuxin Guangzhou have made in the process of applying the Fuxin Guangzhou's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Going concern basis

These financial information have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable Fuxin Guangzhou to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

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

In determining whether an asset is impaired, Fuxin Guangzhou has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No impairment loss of property, plant and equipment and right-of-use assets was recognised in the financial information during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024. For construction in progress, impairment loss of RMB2,705,000 has been recognised during the year ended 31 December 2023. No impairment loss has been recognised for the years ended 31 December 2021 and 2022 and period ended 30 June 2024.

(b) *Provision of ECLs on trade and other receivables*

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Fuxin Guangzhou's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Guangzhou's trade and other receivables are disclosed in notes 20, 21 and 29(b).

(c) *Depreciation*

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

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15.

Turnover represents the sale of electricity and heat. Major components of Fuxin Guangzhou's turnover are as follows:

| | Year ended 31 December | | | Six months ended 30 June | |
|---------------------|------------------------|------------------|------------------|--------------------------------|------------------|
| | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2023 RMB'000 (Unaudited) | 2024 RMB'000 |
| Sale of electricity | 2,454,059 | 2,972,940 | 3,264,696 | 1,751,882 | 1,364,737 |
| Sale of heat | 107,047 | 145,186 | 176,546 | 79,794 | 86,315 |
| | <u>2,561,106</u> | <u>3,116,126</u> | <u>3,441,242</u> | <u>1,831,676</u> | <u>1,451,052</u> |

The revenue from sale of electricity and heat are recognised at a point in time.

(b) Segment information

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

Geographical information

Fuxin Guangzhou's non-current assets are mainly located in the PRC. Fuxin Guangzhou's major customers are based in the PRC.

Information about major customers

Revenue from customer of the corresponding years/periods contributing over 10% of the total revenue of Fuxin Guangzhou is as follows:

| | Year ended 31 December | | | Six months ended 30 June | |
|-------------|------------------------|-----------------|-----------------|--------------------------------|-----------------|
| | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2023 RMB'000 (Unaudited) | 2024 RMB'000 |
| Customer A* | 2,454,059 | 2,972,940 | 3,264,696 | 1,751,882 | 1,364,737 |

* Revenue from sale of electricity.

7. PERSONNEL COSTS

| | Year ended 31 December | | | Six months ended 30 June | |
|---|------------------------|-----------------|-----------------|--------------------------------|-----------------|
| | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2023 RMB'000 (Unaudited) | 2024 RMB'000 |
| Wages, welfare and other benefits (note 12) | 17,019 | 19,374 | 26,568 | 8,649 | 8,614 |
| Retirement benefits (note 12 and note 28) | 4,798 | 5,969 | 7,014 | 3,101 | 2,894 |
| Other staff costs | 8,272 | 4,287 | 4,526 | 1,969 | 2,163 |
| | <u>30,089</u> | <u>29,630</u> | <u>38,108</u> | <u>13,719</u> | <u>13,671</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 AND LOSS

| | Year ended 31 December | | | Six months ended 30 June | |
|--|------------------------|------------|----------------|--------------------------|------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Other revenue | | | | | |
| Government grants (Note) | 32,026 | 173 | 10 | 10 | 6 |
| Others | 2 | 292 | 3 | 1 | 116 |
| | <u>32,028</u> | <u>465</u> | <u>13</u> | <u>11</u> | <u>122</u> |
| Other net (loss)/income | | | | | |
| Net income/(loss) from sale of materials | - | 3 | (23) | 2 | - |
| Others | (150) | (1) | (2,986) | (30) | - |
| | <u>(150)</u> | <u>2</u> | <u>(3,009)</u> | <u>(28)</u> | <u>-</u> |

Note: Government grants mainly represent the grants from government for purchase of power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

| | Year ended 31 December | | | Six months ended 30 June | |
|---------------------|------------------------|---------------|---------------|--------------------------|---------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Interests on loans | 69,380 | 70,645 | 57,511 | 31,559 | 23,228 |
| Other finance costs | 209 | 310 | 71 | - | 4 |
| | <u>69,589</u> | <u>70,955</u> | <u>57,582</u> | <u>31,559</u> | <u>23,232</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 |
| Depreciation | | | | | |
| - Property, plant and equipment | 120,235 | 120,197 | 123,526 | 60,276 | 64,192 |
| - Right-of-use assets | 1,573 | 1,573 | 1,573 | 786 | 786 |
| Total depreciation | 121,808 | 121,770 | 125,099 | 61,062 | 64,978 |
| Auditor's remuneration | | | | | |
| - Audit services | 24 | 520 | 250 | - | 77 |
| | <u>121,832</u> | <u>122,290</u> | <u>125,349</u> | <u>61,062</u> | <u>65,055</u> |

(b) Other operating expenses:

| | Year ended 31 December | | | Six months ended | |
|--------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | 30 June | |
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Power charges | 3,826 | 5,812 | 5,738 | 2,835 | 3,115 |
| Water charges | 806 | 546 | 1,263 | 713 | 1,415 |
| Others (note) | 16,316 | 21,087 | 24,357 | 6,637 | 6,410 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total other operating expenses | 20,948 | 27,445 | 31,358 | 10,185 | 10,940 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Note: It consists mainly of property management fees, insurance premiums, technical supervision services and other miscellaneous expenses.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2024

| | Salaries, allowance and benefit in kind RMB'000 | Retirement benefits RMB'000 | Bonuses RMB'000 | Total RMB'000 |
|---------------------------|--|-----------------------------------|--------------------|-------------------|
| Directors | | | | |
| Li Jian (note (iii)) | – | – | – | – |
| Hu Wanzhi (note (iv)) | – | – | – | – |
| Jiang Fenglong (note (v)) | 156 | 57 | 81 | 294 |
| Qiu Xiaojuan (note (vii)) | – | – | – | – |
| Chi Yufei (note (viii)) | – | – | – | – |
| Chen Hanchang (note (ix)) | – | – | – | – |
| Wang Yingming (note (x)) | 139 | 54 | 69 | 262 |
| Supervisors | | | | |
| Yu Jianmei (note (xi)) | – | – | – | – |
| Lin Huijian (note (xiii)) | – | – | – | – |
| Ma Xue (note (xiv)) | – | – | – | – |
| Wang Ping (note (xvi)) | – | – | – | – |
| Lu Yong (note (xvii)) | – | – | – | – |
| Liu Zhimin (note (xvii)) | 16 | 6 | 23 | 45 |
| Xie zhaoxue (note (xvii)) | 82 | 30 | 42 | 154 |
| Xu Tingting (note (xvii)) | 76 | 26 | 43 | 145 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 469 | 173 | 258 | 900 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

For the six months ended 30 June 2023 (Unaudited)

| | Salaries, allowance and benefit in kind RMB'000 | Retirement benefits RMB'000 | Bonuses RMB'000 | Total RMB'000 |
|----------------------------|--|-----------------------------------|--------------------|------------------|
| Directors | | | | |
| Li Jian (note (iii)) | - | - | - | - |
| Hu Wanzhi (note (iv)) | - | - | - | - |
| Jiang Fenglong (note (v)) | 164 | 49 | 108 | 321 |
| Qiu Xiaojuan (note (vii)) | - | - | - | - |
| Chi Yufei (note (viii)) | - | - | - | - |
| Chen Hanchang (note (ix)) | - | - | - | - |
| Wang Yingming (note (x)) | 138 | 40 | 87 | 265 |
| Supervisors | | | | |
| Yu Jianmei (note (xi)) | - | - | - | - |
| Li Fubing (note (xii)) | - | - | - | - |
| Lin Huijian (note (xiii)) | - | - | - | - |
| Ma Xue (note (xiv)) | - | - | - | - |
| Wang Ping (note (xvi)) | - | - | - | - |
| Lu Yong (note (xvii)) | - | - | - | - |
| Liu Zhimin (note (xviii)) | 96 | 31 | 145 | 272 |
| Xie zhaoxue (note (xviii)) | 79 | 26 | 135 | 240 |
| Xu Tingting (note (xvii)) | 70 | 23 | 120 | 213 |
| | <u>547</u> | <u>169</u> | <u>595</u> | <u>1,311</u> |

For the year ended 31 December 2023

| | Salaries, allowance and benefit in kind RMB'000 | Retirement benefits RMB'000 | Bonuses RMB'000 | Total RMB'000 |
|----------------------------|--|-----------------------------------|--------------------|------------------|
| Directors | | | | |
| Li Jian (note (iii)) | - | - | 29 | 29 |
| Hu Wanzhi (note (iv)) | - | - | - | - |
| Jiang Fenglong (note (v)) | 329 | 100 | 607 | 1,036 |
| Qiu Xiaojuan (note (vii)) | - | - | - | - |
| Chi Yufei (note (viii)) | - | - | - | - |
| Chen Hanchang (note (ix)) | - | - | - | - |
| Wang Yingming (note (x)) | 278 | 81 | 566 | 925 |
| Supervisors | | | | |
| Yu Jianmei (note (xi)) | - | - | - | - |
| Li Fubing (note (xii)) | - | - | - | - |
| Lin Huijian (note (xiii)) | - | - | - | - |
| Ma Xue (note (xiv)) | - | - | - | - |
| Wang Ping (note (xvi)) | - | - | - | - |
| Lu Yong (note (xvii)) | - | - | - | - |
| Liu Zhimin (note (xviii)) | 191 | 62 | 203 | 456 |
| Xie zhaoxue (note (xviii)) | 160 | 53 | 192 | 405 |
| Xu Tingting (note (xvii)) | 138 | 46 | 170 | 354 |
| | <u>1,096</u> | <u>342</u> | <u>1,767</u> | <u>3,205</u> |

For the year ended 31 December 2022

| | Salaries, allowance and benefit in kind RMB'000 | Retirement benefits RMB'000 | Bonuses RMB'000 | Total RMB'000 |
|----------------------------|--|-----------------------------------|--------------------|------------------|
| Directors | | | | |
| Xie Liguo (note (ii)) | 26 | 5 | 209 | 240 |
| Li Jian (note (iii)) | – | – | – | – |
| Hu Wanzhi (note (iv)) | – | – | – | – |
| Jiang Fenglong (note (v)) | 298 | 74 | 133 | 505 |
| Qiu Xiaojuan (note (vii)) | – | – | – | – |
| Wang Lu (note (vi)) | – | – | – | – |
| Chi Yufei (note (viii)) | – | – | – | – |
| Chen Hanchang (note (ix)) | – | – | – | – |
| Wang Yinming (note (x)) | 274 | 88 | 270 | 632 |
| Supervisors | | | | |
| Yu Jianmei (note (xi)) | – | – | – | – |
| Ma Xue (note (xiv)) | – | – | – | – |
| Wang Ping (note (xvi)) | – | – | – | – |
| Lu Yong (note (xv)) | – | – | – | – |
| Liu Zhimin (note (xvii)) | 197 | 63 | 135 | 395 |
| Xie Zhaoxue (note (xviii)) | 156 | 52 | 129 | 337 |
| Xu Tingting (note (xvii)) | 133 | 43 | 115 | 291 |
| | <u>1,084</u> | <u>325</u> | <u>991</u> | <u>2,400</u> |

For the year ended 31 December 2021

| | Salaries, allowance and benefit in kind RMB'000 | Retirement benefits RMB'000 | Bonuses RMB'000 | Total RMB'000 |
|----------------------------|--|-----------------------------------|--------------------|------------------|
| Directors | | | | |
| Wang Xin (note (i)) | – | – | 241 | 241 |
| Xie Liguo (note (ii)) | 439 | 77 | 323 | 839 |
| Hu Wanzhi (note (iv)) | – | – | – | – |
| Zhou Hui (note (vi)) | – | – | – | – |
| Qiu Xiaojuan (note (vii)) | – | – | – | – |
| Wang Lu (note (vi)) | – | – | – | – |
| Chen Hanchang (note (ix)) | – | – | – | – |
| Wang Yingming (note (x)) | 351 | 62 | 269 | 682 |
| Supervisors | | | | |
| Yu Jianmei (note (xi)) | – | – | – | – |
| Ma Xue (note (xiv)) | – | – | – | – |
| Zhu Deyuan (note (xv)) | – | – | – | – |
| Chen Hongwen (note (xv)) | – | – | – | – |
| Wang Ping (note (xvi)) | – | – | – | – |
| Li Yixu (note (xv)) | – | – | – | – |
| Lu Yong (note (xv)) | – | – | – | – |
| Liu Zhimin (note (xvii)) | 106 | 37 | 110 | 253 |
| Xie Zhaoxue (note (xviii)) | 81 | 27 | 96 | 204 |
| Xu Tingting (note (xvii)) | 70 | 22 | 85 | 177 |
| | <u>1,047</u> | <u>225</u> | <u>1,124</u> | <u>2,396</u> |

Notes:

- (i) Mr Wang Xin was appointed as Chairman of the Board in June 2020 and resigned in June 2021.
- (ii) Mr Xie Liguo was appointed as Chairman of the Board in June 2021 and resigned in October 2022.

- (iii) Mr Li Jian was appointed as Chairman of the Board in October 2022.
- (iv) Mr Hu Wanzhi was appointed as the Deputy Chairman in June 2020.
- (v) Mr Jiang Fenglong was appointed as a director in October 2022.
- (vi) Ms Zhou Hui and Mr Wang Lu were appointed as Directors in June 2020 and resigned in June 2021.
- (vii) Ms Qiu Xiaojuan was appointed as a Director in June 2021.
- (viii) Mr Chi Yufei was appointed as a Director in October 2022.
- (ix) Mr Chen Hanchang was appointed as a Director in June 2021.
- (x) Mr Wang Yingming was appointed as an employee director in February 2020.
- (xi) Ms Yu Jianmei was appointed as the Chairman of the Supervisory Board in June 2020.
- (xii) Mr Li Fubing was appointed as a Supervisor in October 2022 and resigned in June 2023.
- (xiii) Mr Lin Huijian was appointed as Supervisor in June 2023.
- (xiv) Ms Ma Xue was appointed as a Supervisor in June 2020.
- (xv) Mr Zhu Deyuan, Mr Chen Hongwen and Ms Li Yixu were appointed as Supervisors in June 2020 and resigned in June 2021.
- (xvi) Ms Wang Ping and Mr Lu Yong were appointed as Supervisors in June 2021.
- (xvii) Mr Liu Zhimin, Mr Xie Zhaoxue and Ms Xu Tingting were appointed as employee supervisors in June 2021.
- (xviii) The discretionary bonus is determined by directors' and supervisors' performance and Fuxin Guangzhou's performance and profitability and the prevailing market conditions.
- (xix) The directors and supervisors who have no emoluments because the directors' and supervisors' emoluments are borne by the parent company of Fuxin Guangzhou.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Fuxin Guangzhou during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included four, four, four, four (unaudited) and three directors respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining one, one, one, one (unaudited) and two highest paid employees who are neither directors nor supervisors of Fuxin Guangzhou are as follows:

| | Year ended 31 December | | | Six months ended 30 June | |
|-------------------------------|------------------------|------------|--------------|--------------------------|------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Salaries and other emoluments | 202 | 266 | 418 | 138 | 245 |
| Retirement benefits | 37 | 88 | 118 | 40 | 97 |
| Bonus | 27 | 273 | 707 | 87 | 144 |
| | <u>266</u> | <u>627</u> | <u>1,243</u> | <u>265</u> | <u>486</u> |

The number of the highest paid employees who are not the directors or supervisors of Fuxin Guangzhou whose remuneration fell within following bands is as follows:

| | Year ended 31 December | | | Six months ended 30 June | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | <i>Number of Individual</i> | <i>Number of Individual</i> | <i>Number of Individual</i> | <i>Number of Individual</i> | <i>Number of Individuals</i> |
| 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 | 2022 | 2023 | 2023 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Current tax – PRC | | | | | |
| Enterprise Income Tax | | | | | |
| Income tax expenses for the year/period | <u>20,368</u> | <u>13,318</u> | <u>48,147</u> | <u>25,730</u> | <u>1,728</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 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit before taxation | <u>118,519</u> | <u>47,417</u> | <u>196,697</u> | <u>119,500</u> | <u>24,455</u> |
| Notional PRC enterprise income tax at statutory tax rate of 25% | 29,630 | 11,854 | 49,174 | 29,875 | 6,114 |
| Income tax on concessionary rate <i>(Note (i))</i> | (11,853) | – | – | – | – |
| Others | <u>2,591</u> | <u>1,464</u> | <u>(1,027)</u> | <u>(4,145)</u> | <u>(4,386)</u> |
| | <u>20,368</u> | <u>13,318</u> | <u>48,147</u> | <u>25,730</u> | <u>1,728</u> |

Notes:

- (i) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. However, Fuxin Guangzhou operating in the PRC is eligible for tax concessions of "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for the year ended 31 December 2021. For the years ended December 2022 and 2023 and the six months ended 2024, tax rate of 25% is applied.
- (ii) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

No earning per share information is prepared as its inclusion, for the purpose of the Historical Financial information, is not meaningful.

16. PROPERTY, PLANT AND EQUIPMENT

| | Buildings <i>RMB'000</i> | Generators, machinery and equipment <i>RMB'000</i> | Motor vehicles, furniture, fixtures, equipment and others <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|-----------------------------|---|---|-------------------------|
| Cost | | | | |
| At 1 January 2021 | 422,541 | 1,831,769 | 4,098 | 2,258,408 |
| Additions | – | 15 | 1,313 | 1,328 |
| At 31 December 2021 and 1 January 2022 | 422,541 | 1,831,784 | 5,411 | 2,259,736 |
| Additions | – | – | 930 | 930 |
| Disposals/write-offs | – | – | (101) | (101) |
| At 31 December 2022 and 1 January 2023 | 422,541 | 1,831,784 | 6,240 | 2,260,565 |
| Transferred from construction in progress (<i>note 17</i>) | – | 145,595 | – | 145,595 |
| At 31 December 2023 and 1 January 2024 | 422,541 | 1,977,379 | 6,240 | 2,406,160 |
| Additions | – | 198 | – | 198 |
| Disposals/write-offs | – | (12) | – | (12) |
| At 30 June 2024 | 422,541 | 1,977,565 | 6,240 | 2,406,346 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | 5,555 | 29,622 | 1,685 | 36,862 |
| Charge for the year | 15,683 | 103,706 | 851 | 120,240 |
| At 31 December 2021 and 1 January 2022 | 21,238 | 133,328 | 2,536 | 157,102 |
| Charge for the year | 15,683 | 103,705 | 809 | 120,197 |
| Written back on disposals | – | – | (95) | (95) |
| At 31 December 2022 and 1 January 2023 | 36,921 | 237,033 | 3,250 | 277,204 |
| Charge for the year | 14,198 | 108,692 | 636 | 123,526 |
| At 31 December 2023 and 1 January 2024 | 51,119 | 345,725 | 3,886 | 400,730 |
| Charge for the year | 7,815 | 56,105 | 272 | 64,192 |
| At 30 June 2024 | 58,934 | 401,830 | 4,158 | 464,922 |

| | Buildings <i>RMB'000</i> | Generators, machinery and equipment <i>RMB'000</i> | Motor vehicles, furniture, fixtures, equipment and others <i>RMB'000</i> | Total <i>RMB'000</i> |
|-----------------------|-----------------------------|---|---|-------------------------|
| Net book value | | | | |
| At 30 June 2024 | 363,607 | 1,575,735 | 2,082 | 1,941,424 |
| At 31 December 2023 | 371,422 | 1,631,654 | 2,354 | 2,005,430 |
| At 31 December 2022 | 385,620 | 1,594,751 | 2,990 | 1,983,361 |
| At 31 December 2021 | 401,303 | 1,698,456 | 2,875 | 2,102,634 |

Note: As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Guangzhou was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB3,730,000, RMB3,603,000, RMB3,477,000 and RMB3,414,000 respectively from the relevant PRC government authorities. Subsequent to 30 June 2024, the relevant property certificates have been obtained.

17. CONSTRUCTION IN PROGRESS

| | As at 31 December | | | As at |
|---|-------------------|----------------|----------------|----------------|
| | 2021 | 2022 | 2023 | 30 June |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>2024</i> |
| | | | | <i>RMB'000</i> |
| At the beginning of the reporting period | 27,120 | 40,688 | 135,972 | 4,823 |
| Additions | 13,568 | 95,285 | 17,151 | 6,566 |
| Transferred to property, plant and equipment (<i>Note 16</i>) | – | – | (145,595) | – |
| Impairment loss (<i>Note</i>) | – | – | (2,705) | – |
| At the end of the reporting period | 40,688 | 135,973 | 4,823 | 11,389 |

Note: During the year ended 31 December 2023, it was identified that a certain preliminary project of Fuxin Guangzhou have no economic value for further development. As a result, the gross carrying amount of the project of approximately RMB7,528,000 was written down to its recoverable amount of RMB4,823,000. As at 31 December 2023, the accumulated impairment loss of construction in progress was approximately RMB2,705,000.

18. LEASE

Fuxin Guangzhou as a lessee

Fuxin Guangzhou has lease contracts for land use rights that were used in its operations. Leases of land use rights generally have lease terms of 50 years as at 31 December 2021, 2022, 2023 and 30 June 2024. Generally, Fuxin Guangzhou is restricted from assigning and subleasing the leased assets.

Right-of-use assets

(i) The carrying amounts of Fuxin Guangzhou's right-of-use assets are as follows:

| | As at 31 December | | | As at |
|-----------------|-------------------|---------------|---------------|---------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Land use rights | <u>70,896</u> | <u>69,323</u> | <u>67,751</u> | <u>66,965</u> |

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

| | For the year ended 31 December | | | As at 30 June | |
|-----------------|--------------------------------|--------------|--------------|---------------|------------|
| | 2021 | 2022 | 2023 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Land use rights | <u>1,573</u> | <u>1,573</u> | <u>1,573</u> | <u>786</u> | <u>786</u> |

19. INVENTORIES

| | As at 31 December | | | As at |
|---------------------------------------|-------------------|--------------|--------------|--------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Materials, components and spare parts | <u>135</u> | <u>1,923</u> | <u>6,469</u> | <u>7,425</u> |

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

20. TRADE RECEIVABLES

| | As at 31 December | | | As at |
|---|-------------------|----------------|----------------|----------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Trade receivables for the sale of electricity | 221,254 | 277,597 | 252,673 | 374,988 |
| Trade receivables for the sale of heat | <u>14,043</u> | <u>18,043</u> | <u>21,881</u> | <u>14,549</u> |
| | <u>235,297</u> | <u>295,640</u> | <u>274,554</u> | <u>389,537</u> |

(a) Ageing analysis

Fuxin Guangzhou allows a general credit period of 30 to 90 days to its customers. Fuxin Guangzhou does not hold any collateral over these balances. As at the end of each reporting periods, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

| | As at 31 December | | | As at |
|---------------|-------------------|----------------|----------------|----------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Within 1 year | <u>235,297</u> | <u>295,640</u> | <u>274,554</u> | <u>389,537</u> |

(b) Impairment of trade receivables

Fuxin Guangzhou has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, Fuxin Guangzhou determines the ECL on these items on a collective basis.

The information about the ECLs on Fuxin Guangzhou's trade receivables are disclosed in note 29. For the Relevant Periods, no ECL was recognised as the directors of Fuxin Guangzhou considered that the amount involved was immaterial.

21. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

| | As at 31 December | | | As at |
|---------------------|-------------------|----------------|---------------|----------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Financial assets | | | | |
| – Deposits | – | 2,920 | – | – |
| – Other receivables | 325 | – | – | – |
| | <u>325</u> | <u>2,920</u> | <u>–</u> | <u>–</u> |
| Prepayments | 116,194 | 239,328 | 77,444 | 191,594 |
| | <u>116,519</u> | <u>242,248</u> | <u>77,444</u> | <u>191,594</u> |

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs was recognised as the directors of Fuxin Guangzhou considered that the amount involved was immaterial. The information about the ECLs on Fuxin Guangzhou's deposits and other receivables are disclosed in note 29(b).

22. CASH AND CASH EQUIVALENTS

| | As at 31 December | | | As at |
|-------------------------------------|-------------------|----------------|---------------|---------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Cash at other financial institution | 111,661 | 126,764 | 14,202 | 63,102 |
| | <u>111,661</u> | <u>126,764</u> | <u>14,202</u> | <u>63,102</u> |

23. BORROWINGS

(a) Bank loans

| | As at 31 December | | | As at |
|---|-------------------|------------------|------------------|------------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Due: | | | | |
| Within 1 year | | | | |
| – short-term bank loans | 90,096 | 180,165 | 257,204 | 330,238 |
| – current portion of long-term bank loans | 101,126 | 130,891 | 76,624 | 89,485 |
| | <u>191,222</u> | <u>311,056</u> | <u>333,828</u> | <u>419,723</u> |
| After 1 year but within 2 years | 99,361 | 129,305 | 75,740 | 88,740 |
| After 2 years but within 5 years | 298,082 | 387,914 | 227,220 | 266,220 |
| After 5 years | 984,659 | 830,481 | 624,000 | 521,680 |
| | <u>1,382,102</u> | <u>1,347,700</u> | <u>926,960</u> | <u>876,640</u> |
| | <u>1,573,324</u> | <u>1,658,756</u> | <u>1,260,788</u> | <u>1,296,363</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. In each of the reporting period, Fuxin Guangzhou negotiated with banks and revised the repayment schedule.

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

| | As at 31 December | | | As at |
|-----------------------------|-------------------|------------------|------------------|------------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Floating interest rates at | | | | |
| 2023: ranging from 2.70% to | | | | |
| 3.00% per annum with | | | | |
| maturities up to 2038 | | | | |
| 2024: ranging from 2.60% to | | | | |
| 3.00% per annum with | | | | |
| maturities up to 2038 | | | 1,003,584 | 966,125 |
| Fixed interest rates at | | | | |
| 2021: ranging from 3.50% to | | | | |
| 3.90% per annum with | | | | |
| maturities up to 2034 | | | | |
| 2022: ranging from 3.00% to | | | | |
| 3.55% per annum with | | | | |
| maturities up to 2034 | | | | |
| 2023: ranging from 2.35% to | | | | |
| 2.80% per annum with | | | | |
| maturities up to 2024 | | | | |
| 2024: ranging from 2.30% to | | | | |
| 2.35% per annum with | | | | |
| maturities up to 2025 | 1,573,324 | 1,658,756 | 257,204 | 330,238 |
| | <u>1,573,324</u> | <u>1,658,756</u> | <u>1,260,788</u> | <u>1,296,363</u> |

(b) Other loans

| | As at 31 December | | | As at |
|--|-------------------|----------------|----------------|----------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| Due: | | | | |
| Within 1 year | | | | |
| – short-term other loans | 35,041 | 165,151 | 105,080 | 290,190 |
| – current portion of long-term other loans | 10,180 | 101,161 | 10,083 | 10,071 |
| | <u>45,221</u> | <u>266,312</u> | <u>115,163</u> | <u>300,261</u> |
| After 1 year but within 2 years | 101,000 | 5,000 | 10,000 | 10,000 |
| After 2 years but within 5 years | 15,000 | 15,000 | 30,000 | 30,000 |
| After 5 years | 25,000 | 20,000 | 50,000 | 45,000 |
| | <u>141,000</u> | <u>40,000</u> | <u>90,000</u> | <u>85,000</u> |
| | <u>186,221</u> | <u>306,312</u> | <u>205,163</u> | <u>385,261</u> |

All other loans are borrowed from China Huadian Finance Corporation Limited (“China Huadian Finance”), a fellow subsidiary of Fuxin Guangzhou. Other loans bear interest rates ranging from 3.80% to 4.17%, 2.95% to 3.70%, 2.50% to 2.7% and 2.30% to 2.70% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities up to 2030, 2030, 2033 and 2033 respectively.

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

| | As at 31 December | | | As at |
|--|-------------------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| | | | | RMB'000 |
| Loans from China Huadian Finance | | | | |
| Fixed interest rates at | | | | |
| 2021: ranging from 3.75% to 4.165% per annum, with maturities up to 2030 | | | | |
| 2022: ranging from 2.95% to 3.75% per annum, with maturities up to 2030 | | | | |
| 2023: ranging from 2.50% to 2.70% per annum, with maturities up to 2033 | | | | |
| 2024: ranging from 2.30% to 2.70% per annum, with maturities up to 2033 | | | | |
| | 186,221 | 306,312 | 205,163 | 385,261 |

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the current liabilities include all bank loans and other loan that are scheduled to repay within one year.

24. TRADE PAYABLES

As at the end of each reporting period, the ageing analysis of trade payables, presented based on the invoice date, is as follows:

| | As at 31 December | | | As at |
|---------------|-------------------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| | | | | RMB'000 |
| Within 1 year | 95,120 | 46,922 | 67,567 | 41,622 |
| 1 to 2 years | 39,016 | - | 19,218 | 13,411 |
| Over 2 years | 18,762 | - | - | - |
| | 152,898 | 46,922 | 86,785 | 55,033 |

The average credit period on purchase of goods is 30-90 days. Fuxin Guangzhou has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

25. OTHER PAYABLES AND CONTRACT LIABILITIES

| | As at 31 December | | | As at |
|----------------------------------|-------------------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| | | | | RMB'000 |
| Financial liabilities | | | | |
| - Construction deposits | 66,645 | 55,768 | 19,091 | 17,410 |
| - Wages payables | 623 | 616 | 175 | 29 |
| - Others (Note (i)) | 500 | 359 | 242 | 368 |
| | 67,768 | 56,743 | 19,508 | 17,807 |
| Other tax payables | 32,659 | 49,391 | 36,181 | 54,414 |
| Contract liabilities (Note (ii)) | 1,367 | 6 | - | - |
| | 101,794 | 106,140 | 55,689 | 72,221 |

Notes:

- (i) Others mainly include payables on service fees, water charges and other miscellaneous items.
- (ii) Contract liabilities mainly relate to the deposits received from customers for sale of heat. Fuxin Guangzhou expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.
- (iii) All of the other payables of Fuxin Guangzhou are expected to be settled within one year or are repayable on demand.

26. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 30 June 2023, a final dividend of approximately RMB39,774,000 was declared and paid to shareholders for 2022. No dividend was paid or proposed during the years ended 31 December 2021 and 2023 and the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Fuxin Guangzhou's registered, fully paid up capital is tabled below.

| | Registered and fully paid up capital | | | |
|--|--------------------------------------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 2024 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At the beginning and the end of reporting period | 519,000 | 519,000 | 519,000 | 519,000 |

(c) Statutory surplus reserve

General reserve

According to Fuxin Guangzhou's Articles of Association, Fuxin Guangzhou is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, Fuxin Guangzhou is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(d) Distributability of reserve

According to Fuxin Guangzhou's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

(e) Capital management

Fuxin Guangzhou's capital management objectives are:

- to ensure Fuxin Guangzhou's ability to continue as a going concern;

- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

In order to maintain and improve the capital structure, Fuxin Guangzhou may adjust the amount of dividends paid to shareholders.

27. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders, fellow subsidiaries that had material transactions with Fuxin Guangzhou are as follows:

| Name of related parties | Nature of relationship |
|--|-------------------------------------|
| China Huadian Corporation Limited (“China Huadian”) | Ultimate shareholder of the Company |
| Guodian Nanjing Automation Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| Huadian Property Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| China Huadian Engineering Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| Huadian Electric Power Research Institute Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| China Huadian Finance Company Limited | Fellow subsidiary of the Company |
| Huadian Jiangsu Energy Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries | Fellow subsidiaries of the Company |
| Huadian Commercial Factoring (Tianjin) Company Limited | A fellow subsidiary of the Company |

Note: Fuxin Guangzhou had the following material transactions with related parties during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024:

| | Year ended 31 December | | | Six months ended 30 June | |
|---|------------------------|-----------------|-----------------|--------------------------|-----------------|
| | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | 2023 RMB'000 | 2024 RMB'000 |
| Purchase of construction service and equipment from Fellow subsidiaries | 8,012 | 49,003 | 131,956 | 31,063 | 37,963 |
| Loans obtained from Fellow subsidiaries | 85,000 | 665,000 | 2,903,000 | 1,028,000 | 890,000 |
| Repayment of loans to Fellow subsidiaries | 75,000 | 545,000 | 3,004,000 | 1,153,000 | 710,000 |
| Payment of interest to Fellow subsidiaries | 7,881 | 11,967 | 5,140 | 2,442 | 4,097 |
| Interest income from Fellow subsidiaries | 1,698 | 1,181 | 136 | 136 | 61 |

28. RETIREMENT PLANS

Fuxin Guangzhou is required to make contributions to retirement plans operated by the State at range from 15% to 20% of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, Fuxin Guangzhou participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. Fuxin Guangzhou has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Fuxin Guangzhou to reduce the existing level of contribution.

Fuxin Guangzhou's contribution to these plans amounted to approximately RMB4,798,000, RMB5,969,000, RMB7,014,000, RMB3,101,000 (unaudited) and RMB2,894,000 during the relevant periods and six months ended 30 June 2023 which was charged to the statement of profit or loss and other comprehensive income (note 7).

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

| | As at 31 December | | | As at |
|-----------------------------|-------------------|------------------|------------------|------------------|
| | 2021 | 2022 | 2023 | 30 June |
| | RMB'000 | RMB'000 | RMB'000 | 2024 |
| | | | | RMB'000 |
| Financial assets | | | | |
| At amortised cost | | | | |
| – Trade receivables | 235,297 | 295,640 | 274,554 | 389,537 |
| – Other receivables | 325 | 2,920 | – | – |
| – Cash and cash equivalents | 111,661 | 126,764 | 14,202 | 63,102 |
| | <u>347,283</u> | <u>425,324</u> | <u>288,756</u> | <u>452,639</u> |
| Financial liabilities | | | | |
| At amortised cost | <u>1,980,211</u> | <u>2,068,733</u> | <u>1,572,244</u> | <u>1,754,464</u> |

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Fuxin Guangzhou's business.

Fuxin Guangzhou's exposure to these risks and the financial risk management policies and practices used by Fuxin Guangzhou to manage these risks are described below.

(a) Interest rate risk

Fuxin Guangzhou is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 23). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 100%, 100%, 32% and 43% of total borrowings of Fuxin Guangzhou respectively. Fuxin Guangzhou historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Fuxin Guangzhou is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 22 and 23 for details).

Sensitivity analysis

The sensitivity analysis below indicates Fuxin Guangzhou's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by Fuxin Guangzhou at the end of the reporting period. The impact on Fuxin Guangzhou's profit after tax (and equity) and equity is estimated as an annualised impact on interest expense of such a change in interest rates.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Guangzhou's profit after tax and decreased Fuxin Guangzhou's total equity by approximately nil, nil, RMB7,527,000 and RMB7,246,000 respectively.

(b) Credit risk

Fuxin Guangzhou's credit risk is primarily attributable to trade receivables, deposits and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on liquid funds is limited because the counterparties are banks and other financial institution with high credit ratings.

In respect of trade receivables, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade receivables are due within 30 to 90 days from the date of billing. Normally, Fuxin Guangzhou does not obtain collateral from customers.

Fuxin Guangzhou's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Guangzhou has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 96%, 95%, 95% and 94% of the total trade receivables respectively were due from Fuxin Guangzhou's largest customer and 98%, 98% and 98% of the total trade receivables respectively were due from Fuxin Guangzhou's five largest customers. The credit risk on the customers is limited because the largest customer is government owned company whose revenue accounted for more than 95% of total sales during the relevant periods.

Fuxin Guangzhou measures loss allowances for trade receivables at an amount equal to lifetime ECLs, ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Fuxin Guangzhou's view of economic conditions over the expected lives of the receivables. No impairment for trade receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

In respect of deposits and other receivables, Fuxin Guangzhou adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

No significant collectability issues have been identified in the past. None of Fuxin Guangzhou's financial assets are secured by collateral or other credit enhancements.

Fuxin Guangzhou does not provide any guarantees which would expose Fuxin Guangzhou to credit risk.

Further quantitative disclosures in respect of Fuxin Guangzhou's exposure to credit risk arising from trade receivables are set out in note 20.

(c) Liquidity risk

In the management of liquidity risk, Fuxin Guangzhou monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Fuxin Guangzhou's board when the borrowings exceed certain predetermined levels of authority. Fuxin Guangzhou's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

At 31 December 2022, 2023 and the six months ended 2024, Fuxin Guangzhou had net current liabilities of approximately RMB72,095,000, RMB223,406,000, and RMB197,179,000. With regards to its future capital commitments and other financing requirements, Fuxin Guangzhou has unutilised banking facilities of approximately RMB3.3 billion, RMB2.5 billion, RMB3.3 billion and RMB3.6 billion as at 31 December 2021, 2022, 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Fuxin Guangzhou's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Fuxin Guangzhou can be required to pay:

At 30 June 2024

| | Contractual undiscounted cash outflow | | | | 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 | 449,131 | 113,108 | 324,582 | 616,466 | 1,503,287 | 1,296,363 |
| Other loans | 307,113 | 12,295 | 35,265 | 50,403 | 405,076 | 385,261 |
| Trade payables | 55,033 | – | – | – | 55,033 | 55,033 |
| Other payables | 17,807 | – | – | – | 17,807 | 17,807 |
| | <u>829,084</u> | <u>125,403</u> | <u>359,847</u> | <u>666,869</u> | <u>1,981,203</u> | <u>1,754,464</u> |

At 31 December 2023

| | 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 | 364,752 | 102,504 | 294,427 | 744,059 | 1,505,742 | 1,260,788 |
| Other loans | 118,293 | 12,430 | 35,670 | 56,676 | 223,069 | 205,163 |
| Trade payables | 86,785 | – | – | – | 86,785 | 86,785 |
| Other payables | 19,508 | – | – | – | 19,508 | 19,508 |
| | <u>589,338</u> | <u>114,934</u> | <u>330,097</u> | <u>800,735</u> | <u>1,835,104</u> | <u>1,572,244</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 | 365,225 | 176,222 | 501,549 | 997,420 | 2,040,415 | 1,658,756 |
| Other loans | 271,483 | 6,480 | 18,330 | 21,784 | 318,077 | 306,312 |
| Trade payables | 46,922 | – | – | – | 46,922 | 46,922 |
| Other payables | 56,743 | – | – | – | 56,743 | 56,743 |
| | <u>740,373</u> | <u>182,702</u> | <u>519,879</u> | <u>1,019,204</u> | <u>2,462,157</u> | <u>2,068,733</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 | 250,001 | 153,263 | 436,538 | 1,244,520 | 2,084,322 | 1,573,324 |
| Other loans | 51,638 | 105,537 | 19,373 | 28,552 | 205,111 | 186,221 |
| Trade payables | 152,898 | – | – | – | 152,898 | 152,898 |
| Other payables | 67,768 | – | – | – | 67,768 | 67,768 |
| | <u>522,305</u> | <u>258,810</u> | <u>455,911</u> | <u>1,273,072</u> | <u>2,510,099</u> | <u>1,980,211</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 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>1,634,408</u> | <u>1,669,341</u> | <u>1,619,738</u> | <u>1,599,575</u> | <u>100,083</u> | <u>106,473</u> | <u>95,071</u> | <u>99,856</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 Fuxin Guangzhou.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Fuxin Guangzhou's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

| | Loans <i>RMB'000</i> | Dividend payables <i>RMB'000</i> | Total <i>RMB'000</i> |
|--------------------------------------|-------------------------|--|-------------------------|
| As at 1 January 2021 | 1,618,588 | – | 1,618,588 |
| Financing cash flows | 140,875 | – | 140,875 |
| Interest paid | (69,298) | – | (69,298) |
| Interest expense | 69,380 | – | 69,380 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 December 2021 | 1,759,545 | – | 1,759,545 |
| Financing cash flows | 205,542 | – | 205,542 |
| Interest paid | (70,664) | – | (70,664) |
| Interest expense | 70,645 | – | 70,645 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 December 2022 | 1,965,068 | – | 1,965,068 |
| Financing cash flows | (498,306) | (39,774) | (538,080) |
| Dividends recognised as distribution | – | 39,774 | 39,774 |
| Interest paid | (58,322) | – | (58,322) |
| Interest expense | 57,511 | – | 57,511 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 December 2023 | 1,465,951 | – | 1,465,951 |
| Financing cash flows | 215,680 | – | 215,680 |
| Interest paid | (23,235) | – | (23,235) |
| Interest expense | 23,228 | – | 23,228 |
| | <hr/> | <hr/> | <hr/> |
| As at 30 June 2024 | <u>1,681,624</u> | <u>–</u> | <u>1,681,624</u> |

C. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there have been no material events subsequent to the reporting period, which require adjustment or disclosure in accordance with IFRSs.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Fuxin Guangzhou in respect of any period subsequent to 30 June 2024.