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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HUADIAN FUXIN JIANGMEN ENERGY CO., LTD.* (華電福新江門能源有限公司) TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of Huadian Fuxin Jiangmen Energy Co., Ltd.* (華電福新江門能源有限公司) ("Fuxin Jiangmen") set out on pages 4 to 43, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the "Relevant Periods"), and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 4 to 43 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the "Company") dated 8 November 2024 (the "Circular") in connection with the proposed major transactions and connected transaction.

Directors' Responsibility for the Historical Financial Information

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

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

Reporting Accountants' Responsibility

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

* For identification purpose only

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

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

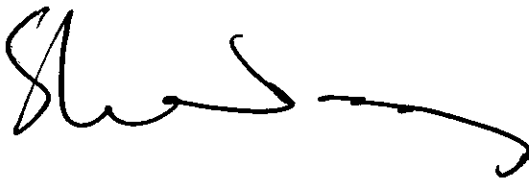
Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 29(a) to the Historical Financial Information which contains information about dividend declared or paid by Fuxin Jiangmen during the Relevant Periods.



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

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN JIANGMEN

Preparation of Historical Financial Information

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended	
	Notes	2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(Unaudited)</i>	
Turnover	6	<u>630,183</u>	<u>784,967</u>	<u>1,095,064</u>	<u>566,724</u>	<u>464,062</u>
Operating expenses						
Fuel costs		(490,605)	(733,070)	(914,010)	(478,186)	(396,154)
Depreciation and amortisation		(40,944)	(44,089)	(44,099)	(21,792)	(22,780)
Repairs, maintenance and inspection		(13,834)	(18,372)	(26,626)	(14,743)	(9,961)
Personnel costs	7	(19,231)	(22,000)	(30,434)	(9,847)	(11,278)
Taxes and surcharges	8	(2,644)	(3,404)	(8,371)	(4,030)	(3,110)
Other operating expenses	11(b)	<u>(14,617)</u>	<u>(14,468)</u>	<u>(12,431)</u>	<u>(8,189)</u>	<u>(5,911)</u>
		<u>(581,875)</u>	<u>(835,403)</u>	<u>(1,035,971)</u>	<u>(536,787)</u>	<u>(449,194)</u>
Operating profit/(loss)		48,308	(50,436)	59,093	29,937	14,868
Other revenue	9	12,026	1,733	11,995	5,090	6,829
Other net income/(loss)	9	174	103	1,206	(614)	167
Interest income from bank deposits		368	319	138	99	33
Finance costs	10	<u>(25,754)</u>	<u>(26,703)</u>	<u>(24,209)</u>	<u>(12,788)</u>	<u>(10,498)</u>
Profit/(loss) before taxation		35,122	(74,984)	48,223	21,724	11,399
Income tax (expenses)/credit	14	<u>(5,337)</u>	<u>18,903</u>	<u>(12,534)</u>	<u>(3,494)</u>	<u>(3,139)</u>
Profit/(loss) and total comprehensive income/(expense) for the year/period		<u>29,785</u>	<u>(56,081)</u>	<u>35,689</u>	<u>18,230</u>	<u>8,260</u>

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	820,418	767,824	742,575	727,106
Right-of-use assets	17(a)	29,350	28,497	27,644	27,217
Construction in progress	18	4,114	19,275	2,570	1,863
Intangible assets	19	188	458	323	257
Deferred tax assets	28	–	18,903	6,369	3,230
		<u>854,070</u>	<u>834,957</u>	<u>779,481</u>	<u>759,673</u>
Current assets					
Inventories	20	3,728	4,256	4,311	3,356
Trade debtors receivable	21	56,776	104,850	79,458	110,653
Deposits, other receivables and prepayments	22	40,749	52,947	70,047	65,367
Tax recoverable		1,189	–	–	–
Restricted deposits	23	–	–	6,975	6,975
Cash and cash equivalents	24	28,230	31,841	20,357	40,567
		<u>130,672</u>	<u>193,894</u>	<u>181,148</u>	<u>226,918</u>
Current liabilities					
Bank loans	25(a)	89,775	80,048	126,885	186,381
Other loans	25(b)	30,034	83,162	47,598	30,052
Lease liabilities	17(b)	48	55	62	58
Trade creditors payable	26	125,761	39,685	18,730	14,235
Other payables and contract liabilities	27	16,140	23,877	12,909	18,151
		<u>261,758</u>	<u>226,827</u>	<u>206,184</u>	<u>248,877</u>
Net current liabilities		<u>(131,086)</u>	<u>(32,933)</u>	<u>(25,036)</u>	<u>(21,959)</u>
Total assets less current liabilities		<u>722,984</u>	<u>802,024</u>	<u>754,445</u>	<u>737,714</u>

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current liabilities					
Bank loans	25(a)	510,770	538,712	496,987	502,047
Other loans	25(b)	–	108,512	67,000	37,000
Lease liabilities	17(b)	632	578	547	496
		<u>511,402</u>	<u>647,802</u>	<u>564,534</u>	<u>539,543</u>
Net assets		<u>211,582</u>	<u>154,222</u>	<u>189,911</u>	<u>198,171</u>
Capital and reserves					
Share capital	29(b)	178,117	200,369	200,369	200,369
Reserves	29(c)	33,465	(46,147)	(10,458)	(2,198)
Total equity		<u>211,582</u>	<u>154,222</u>	<u>189,911</u>	<u>198,171</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 <i>(note 29(b))</i>	Statutory reserves RMB'000	Retained earnings/ (accumulated loss) RMB'000	Total RMB'000
At 1 January 2021	154,085	3,680	24,032	181,797
Profit and total comprehensive income for the year	–	–	29,785	29,785
Capitalisation of retained earnings	24,032	–	(24,032)	–
Appropriation of general reserve	–	26,646	(26,646)	–
At 31 December 2021 and 1 January 2022	178,117	30,326	3,139	211,582
Loss and total comprehensive expenses for the year	–	–	(56,081)	(56,081)
Capitalisation of retained earnings	22,252	–	(22,252)	–
Appropriation of specific reserve	–	580	(580)	–
Dividend distributions	–	–	(1,279)	(1,279)
At 31 December 2022 and 1 January 2023	200,369	30,906	(77,053)	154,222
Profit and total comprehensive income for the year	–	–	35,689	35,689
Appropriation of specific reserve	–	8,483	(8,483)	–
Utilisation of specific reserve	–	(5,097)	5,097	–
At 31 December 2023 and 1 January 2024	200,369	34,292	(44,750)	189,911
Profit and total comprehensive income for the period	–	–	8,260	8,260
Appropriation of specific reserve	–	5,721	(5,721)	–
Utilisation of specific reserve	–	(5,970)	5,970	–
At 30 June 2024	<u>200,369</u>	<u>34,043</u>	<u>(36,241)</u>	<u>198,171</u>
At 1 January 2023	200,369	30,906	(77,053)	154,222
Profit and total comprehensive income for the period (Unaudited)	–	–	18,230	18,230
Appropriation of specific reserve (Unaudited)	–	4,242	(4,242)	–
Utilisation of specific reserve (Unaudited)	–	(2,683)	2,683	–
At 30 June 2023 (Unaudited)	<u>200,369</u>	<u>32,465</u>	<u>(60,382)</u>	<u>172,452</u>

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	30 June 2023 RMB'000 (Unaudited)	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and others	706,936	835,338	1,271,672	636,779	497,628
Cash paid to suppliers, employees and others	(606,154)	(922,050)	(1,164,566)	(579,332)	(477,795)
CASH GENERATED FROM/ (USED IN) OPERATIONS	100,782	(86,712)	107,106	57,447	19,833
Interest paid	(25,506)	(26,586)	(24,314)	(12,910)	(10,584)
PRC enterprise income tax (paid)/refunded	(3,223)	1,189	-	-	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	72,053	(112,109)	82,792	44,537	9,249
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of purchase of property, plant and equipment, construction in progress	(61,580)	(63,119)	(15,620)	(4,904)	(6,136)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets	-	42	60	-	-
Interest received	368	319	138	99	33
Placement of restricted deposits	-	-	(6,975)	-	-
NET CASH (USED IN) INVESTING ACTIVITIES	(61,212)	(62,758)	(22,397)	(4,805)	(6,103)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans	150,000	375,400	249,861	83,000	103,000
Repayment of loans	(159,840)	(195,589)	(321,681)	(122,394)	(85,902)
Lease liabilities					
- Payment of principal portion of the lease liabilities	(189)	(54)	(59)	(28)	(34)
Dividends paid	-	(1,279)	-	-	-
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(10,029)	178,478	(71,879)	(39,422)	17,064
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	812	3,611	(11,484)	310	20,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	27,418	28,230	31,841	31,841	20,357
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	28,230	31,841	20,357	32,151	40,567

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN JIANGMEN

1. GENERAL INFORMATION

Huadian Fuxin Jiangmen Energy Co., Ltd.* (華電福新江門能源有限公司) (“Fuxin Jiangmen”) was established in Guangdong province of the People’s Republic of China (the “PRC”) on 27 April 2013 as a limited company. The registered office and the principal place of business of Fuxin Jiangmen is at A-03-b02, Baotang Road Section, Jiangsha Demonstration Park, Jiangmen Advanced Manufacturing Industry.

Fuxin Jiangmen are principally engaged in the generation and sale of electricity and heat in the PRC. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

Its immediate and ultimate holding company of Fuxin Jiangmen are Fujian Huadian Furui Energy Development Co., Ltd.* (福建華電福瑞能源發展有限公司) (“Huadian Furui”) and China Huadian Corporation Limited* (中國華電集團有限公司) (“China Huadian”) respectively. Both are incorporated in the PRC with limited liability.

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

Statutory financial statements of Fuxin Jiangmen have been audited by WUYIGE Certified Public Accountants (LLP) for each of the years ended 31 December 2021 and 2022. Statutory financial statements of Fuxin Jiangmen have been audited by Pan-China Certified Public Accountants for the year ended 31 December 2023.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

Going concern

At 30 June 2024, Fuxin Jiangmen had net current liabilities of approximately RMB21,959,000. The directors of Fuxin Jiangmen are of the opinion that, taking into account the current operation of Fuxin Jiangmen and the unutilised banking facilities available to Fuxin Jiangmen, Fuxin Jiangmen has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

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

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

New and amendments to IFRSs issued but not yet effective

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

Amendments to IAS 21	The effect of change in foreign exchange rates:
Amendments to IFRS 10 and IAS 28	Lack of Exchangeability ¹
IFRS 18	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
IFRS 19	Presentation and Disclosure in Financial Statements ³
Amendments to IFRS 9 and IFRS 7	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IFRS Accounting Standards	Amendments to the Classification and Measurement of Financial Instruments ²
	Annual Improvements to IFRS Accounting Standard – volume 11 ²

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

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

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

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

* For identification purpose only

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

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

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

The material accounting policies information are set out below.

(a) Property, plant and equipment

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

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with Fuxin Jiangmen's accounting policy.

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

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

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

Buildings	25 – 45 years
Generators, machinery and equipment	5 – 30 years
Motor vehicles, furniture, fixtures, equipment and others	5 – 10 years

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

(b) Construction in progress

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

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

(c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(d)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software licenses	10 years
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Both the period and method for amortisation are reviewed annually.

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

(d) Impairment of assets

(i) Impairment of financial assets

Fuxin Jiangmen recognises loss allowances for expected credit loss (the “ECL”) on trade debtors receivable related to sales of electricity and heat, other receivables, restricted deposits, cash and cash equivalents and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

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

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

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

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

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

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

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

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

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

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

(ii) Impairment of other assets

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

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

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

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

- *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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

(e) Inventories

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

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

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

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

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

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

(g) Cash and cash equivalents

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

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

(h) Financial liabilities and equity instruments

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

(i) Equity instruments

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

(ii) Financial liabilities

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

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

(i) Derecognition of financial assets or financial liabilities

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

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

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

(j) Revenue recognition

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

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

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

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

(i) Electricity income

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

(ii) Heat income

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

(iii) Other income

Interest income

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

Government grants

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

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

(k) Income tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Fuxin Jiangmen intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

(l) Borrowing costs

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

(m) Employee benefits

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

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

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

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

(n) Related parties

- (a) A person, or a close member of that person's family, is related to Fuxin Jiangmen if that person:
- (i) has control or joint control over Fuxin Jiangmen;
 - (ii) has signification influence over Fuxin Jiangmen; or
 - (iii) is a member of the key management personnel of Fuxin Jiangmen or Fuxin Jiangmen's parent.

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

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

(o) Dividends

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgment

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

Critical judgement in applying the accounting policies

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

(a) Going concern basis

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

Key sources of estimation uncertainty

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

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

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

(b) Provision of ECLs on trade and other receivables

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Fuxin Jiangmen's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Jiangmen's trade and other receivables are disclosed in notes 21, 22 and 32(b).

(c) Depreciation and amortisation

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

(d) Deferred tax assets

As disclosed in note 28(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Fuxin Jiangmen uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise tax loss and deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future periods.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
- Sale of electricity	513,427	641,300	960,921	502,665	398,933
- Sale of heat	116,756	143,667	134,143	64,059	65,129
	<u>630,183</u>	<u>784,967</u>	<u>1,095,064</u>	<u>566,724</u>	<u>464,062</u>

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

Transaction price allocated to the remaining performance obligations for contracts

The contracts for sales of electricity and heat are with an original expected duration of one year or less. Accordingly, Fuxin Jiangmen has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) **Segment information**

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

Geographical information

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

Information about major customers

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Customer A*	513,427	641,300	960,921	502,665	398,933
Customer B^	N/A#	104,255	N/A#	N/A#	N/A#

* Revenue from sale of electricity

^ Revenue from sale of heat

Less than 10% of the total sales

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Wages, welfare and other benefits	12,915	14,866	21,359	6,277	7,050
Retirement benefits (note 31)	3,704	4,031	5,633	1,863	2,172
Other staff costs	2,612	3,103	3,442	1,707	2,056
	19,231	22,000	30,434	9,847	11,278

The above amounts included the directors' and superiors' emoluments as disclosed in note 12.

8. TAXES AND SURCHARGES

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

9. OTHER REVENUE AND NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Other revenue					
Government grants <i>(Note)</i>	6,996	1,711	11,927	5,090	6,729
Others	5,030	22	68	--	100
	<u>12,026</u>	<u>1,733</u>	<u>11,995</u>	<u>5,090</u>	<u>6,829</u>
Other net income/(loss)					
Gain on disposal of property, plant and equipment, and intangible assets	--	25	36	--	--
Net income from sale of materials	292	244	1,959	174	196
Others	(118)	(166)	(789)	(788)	(29)
	<u>174</u>	<u>103</u>	<u>1,206</u>	<u>(614)</u>	<u>167</u>

Note: Government grants mainly represent refund of value added tax. There is no unfulfilled condition relating to those grants.

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Interest on loans	25,679	26,571	24,116	12,735	10,471
Interest on lease liabilities	63	59	55	28	25
Other finance costs	12	73	38	25	2
	<u>25,754</u>	<u>26,703</u>	<u>24,209</u>	<u>12,788</u>	<u>10,498</u>

11. PROFIT/(LOSS) FOR THE YEAR/PERIOD

(a) Profit/(loss) before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Amortisation					
– Intangible assets	10	55	104	52	66
Depreciation					
– Property, plant and equipment	40,081	43,181	43,142	21,313	22,287
– Right-of-use assets	853	853	853	427	427

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total depreciation and amortisation	40,944	44,089	44,099	21,792	22,780
Auditor's remuneration					
– Audit services	184	256	130	65	260
Cost of inventories recognised	490,605	733,070	914,010	478,186	396,154

(b) Other operating expense:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Power charges	4,565	5,297	2,954	1,301	1,641
Water charges	1,424	747	1,114	533	532
Others	8,628	8,424	8,363	6,355	3,738
Total other operating expenses	14,617	14,468	12,431	8,189	5,911

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

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

30 June 2024

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Retirement benefits	Bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
CHU Xubo	–	233	58	–	291
YE Zhifei	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
WANG Lu	–	–	–	–	–
CHI Yufei	–	–	–	–	–
Supervisors					
LIN Huijian	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	99	22	–	121
	–	332	80	–	412

30 June 2023 (Unaudited)

	Directors' and supervisors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Total <i>RMB'000</i>
Directors					
CHU Xubo	-	241	48	-	289
YE Zhifei	-	-	-	-	-
CHEN Zhiyong	-	-	-	-	-
WANG Lu	-	-	-	-	-
CHI Yufei	-	-	-	-	-
Supervisors					
LIN Huijian	-	-	-	-	-
XIAN Huanzhen	-	-	-	-	-
ZHOU Zhiyang	-	85	18	-	103
	-	326	66	-	392

31 December 2023

	Directors' and supervisors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Total <i>RMB'000</i>
Directors					
CHU Xubo	-	914	98	-	1,012
YE Zhifei	-	-	-	-	-
CHEN Zhiyong	-	-	-	-	-
WANG Lu	-	-	-	-	-
CHI Yufei	-	-	-	-	-
Supervisors					
LIN Huijian	-	-	-	-	-
XIAN Huanzhen	-	-	-	-	-
ZHOU Zhiyang	-	258	38	-	296
	-	1,172	136	-	1,308

31 December 2022

	Directors' and supervisors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Total <i>RMB'000</i>
Directors					
CHU Xubo	–	723	80	–	803
YE Zhifei	–	–	–	–	–
SUN Peng ⁽⁹⁾	–	–	–	–	–
CHI Yufei ⁽¹¹⁾	–	–	–	–	–
CHEN Zhiyong	–	9	–	–	9
WANG Lu	–	–	–	–	–
Supervisors					
LI Fubing ⁽¹⁰⁾	–	–	–	–	–
LIN Huijian ⁽¹²⁾	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
ZHOU Zhiyang	–	206	35	–	241
	–	938	115	–	1,053

31 December 2021

	Directors' and supervisors' fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Bonuses <i>RMB'000</i>	Total <i>RMB'000</i>
Directors					
HUANG Yanzhang ⁽²⁾	–	138	–	–	138
CHU Xubo ⁽¹⁾	–	382	68	–	450
YE Zhifei	–	–	–	–	–
WANG Feng ⁽⁷⁾	–	–	–	–	–
LI Shijun ⁽⁸⁾	–	–	–	–	–
CHEN Zhiyong	–	–	–	–	–
SUN Peng ⁽⁹⁾	–	–	–	–	–
WANG Lu ⁽³⁾	–	–	–	–	–
Supervisors					
ZHU Deyuan ⁽⁶⁾	–	–	–	–	–
XIAN Huanzhen	–	–	–	–	–
SI Liang ⁽⁵⁾	–	149	26	–	175
LI Fubing ⁽¹⁰⁾	–	–	–	–	–
ZHOU Zhiyang ⁽⁴⁾	–	185	22	–	207
	–	854	116	–	970

- (1) Appointed as director in August 2021.
- (2) Resigned as director in August 2021.
- (3) Appointed as director in December 2021.
- (4) Appointed as supervisor in December 2021.
- (5) Resigned as supervisor in December 2021.
- (6) Resigned as supervisor in December 2021.
- (7) Resigned as director in December 2021.
- (8) Resigned as director in December 2021.
- (9) Appointed as director in August 2021 and resigned in June 2022.
- (10) Appointed as supervisor in August 2021 and resigned in June 2022.
- (11) Appointed as director in June 2022.
- (12) Appointed as supervisor in June 2022.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Fuxin Jiangmen during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included 3, 1, 2, 1 (unaudited) and 2 directors and supervisors respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining 2, 4, 3, 4 (unaudited) and 3 highest paid employees who are not a director and supervisor of Fuxin Jiangmen are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and other emoluments	835	1,575	1,491	854	567
Retirement benefits	132	213	149	110	136
	<u>967</u>	<u>1,788</u>	<u>1,640</u>	<u>964</u>	<u>703</u>

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	<i>Number of Individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>	<i>Number of Individuals</i>
Nil-Hong Kong Dollars ("HK\$") 1,000,000	<u>2</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax – PRC					
Enterprise Income Tax					
Charge for the year	5,337	–	–	–	–
Deferred tax					
Origination and reversal of temporary differences and tax losses (note 28(a))	–	(18,903)	12,534	3,494	3,139
Income tax expenses/(credit) for the year/period	<u>5,337</u>	<u>(18,903)</u>	<u>12,534</u>	<u>3,494</u>	<u>3,139</u>

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit/(loss) before taxation	<u>35,122</u>	<u>(74,984)</u>	<u>48,223</u>	<u>21,724</u>	<u>11,399</u>
Notional PRC enterprise income tax at statutory tax rate of 25%	8,781	(18,746)	12,056	5,431	2,850
Income tax on concessionary (Note (i))	(3,513)	–	–	–	–
Tax effect of non-deductible expenses	195	–	478	–	289
Tax effect of non-taxable income	<u>(126)</u>	<u>(157)</u>	<u>–</u>	<u>(1,937)</u>	<u>–</u>
	<u>5,337</u>	<u>(18,903)</u>	<u>12,534</u>	<u>3,494</u>	<u>3,139</u>

Note:

(i) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25%. However, Fuxin Jiangmen operating is eligible for tax concessions of "High and New Technology Enterprise" and was eligible to a preferential tax rate of 15% for the year ended 31 December 2021. For the years ended December 2022 and 2023 and the six months ended 2023 and 2024, tax rate of 25% is applied.

15. EARNINGS (LOSS) PER SHARE

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

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings <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	201,201	666,644	3,033	870,878
Additions	–	2,599	545	3,144
Transferred from construction in progress (<i>note 18</i>)	–	62,142	–	62,142
At 31 December 2021 and 1 January 2022	201,201	731,385	3,578	936,164
Additions	–	–	740	740
Transferred from construction in progress (<i>note 18</i>)	222	361	469	1,052
Disposals/write-offs	(3,858)	(7,062)	(507)	(11,427)
At 31 December 2022 and 1 January 2023	197,565	724,684	4,280	926,529
Transferred from construction in progress (<i>note 18</i>)	9,205	8,712	–	17,917
Disposals/write-offs	–	–	(337)	(337)
At 31 December 2023 and 1 January 2024	206,770	733,396	3,943	944,109
Additions	–	5,668	308	5,976
Transferred from construction in progress (<i>note 18</i>)	681	125	36	842
At 30 June 2024	<u>207,451</u>	<u>739,189</u>	<u>4,287</u>	<u>950,927</u>

	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>
Accumulated depreciation and impairment				
At 1 January 2021	9,516	64,322	1,827	75,665
Charge for the year	6,457	33,313	311	40,081
At 31 December 2021 and 1 January 2022				
At 31 December 2021 and 1 January 2022	15,973	97,635	2,138	115,746
Charge for the year	6,050	36,700	431	43,181
Written back on disposals	–	–	(222)	(222)
At 31 December 2022 and 1 January 2023				
At 31 December 2022 and 1 January 2023	22,023	134,335	2,347	158,705
Charge for the year	6,601	36,393	148	43,142
Written back on disposals	–	–	(313)	(313)
At 31 December 2023 and 1 January 2024				
At 31 December 2023 and 1 January 2024	28,624	170,728	2,182	201,534
Charge for the period	3,337	18,864	86	22,287
At 30 June 2024				
At 30 June 2024	31,961	189,592	2,268	223,821
Net book value				
At 30 June 2024	175,490	549,597	2,019	727,106
At 31 December 2023	178,146	562,668	1,761	742,575
At 31 December 2022	175,542	590,349	1,933	767,824
At 31 December 2021	185,228	633,750	1,440	820,418

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen was in the process of obtaining the certificates of ownership for buildings with carrying values of approximately RMB8,817,000, RMB8,589,000, RMB8,361,000 and RMB8,256,000 respectively from the relevant PRC government authorities. In the opinion of the directors, the absence of formal title to these properties does not impair their values, as Fuxin Jiangmen has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

17. LEASE

Fuxin Jiangmen as a lessee

Fuxin Jiangmen has lease contracts for land use rights that were used in its operations. During the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of land use rights generally have lease terms 10 to 40 years.

(a) *Right-of-use assets*

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Land use rights	29,350	28,497	27,644	27,217

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	853	853	853	427	427

(b) *Lease liabilities*

Amounts payable under lease liabilities

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within one year	48	55	62	58
After one year and within two years	54	65	79	77
After than two years and within five years	223	253	309	310
After five years	355	260	159	109
	680	633	609	554
Analysed into:				
Current portion	48	55	62	58
Non-current portion	632	578	547	496

The weighted average incremental borrowing rates applied to lease liabilities at 4.65% as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. The total cash outflow for leases for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 were approximately RMB252,000, RMB113,000, RMB114,000, RMB57,000 (unaudited) and RMB59,000 respectively.

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
At 1 January	8,173	4,114	19,275	2,570
Additions	58,083	16,213	1,212	135
Transferred to property, plant and equipment (<i>note 16</i>)	(62,142)	(1,052)	(17,917)	(842)
At 31 December/30 June	<u>4,114</u>	<u>19,275</u>	<u>2,570</u>	<u>1,863</u>

19. INTANGIBLE ASSETS

	Software licenses RMB'000
Cost	
At 1 January 2021	92
Additions	<u>191</u>
At 31 December 2021 and 1 January 2022	283
Additions	<u>325</u>
At 31 December 2022 and 1 January 2023	608
Write-offs	<u>(52)</u>
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>556</u>
Accumulated amortisation	
At 1 January 2021	85
Charge for the year	<u>10</u>
At 31 December 2021 and 1 January 2022	95
Charge for the year	<u>55</u>
At 31 December 2022 and 1 January 2023	150
Charge for the year	104
Written back on write-offs	<u>(21)</u>
At 31 December 2023 and 1 January 2024	233
Charge for the period	<u>66</u>
At 30 June 2024	<u>299</u>
Net book value	
At 30 June 2024	<u>257</u>
At 31 December 2023	<u>323</u>
At 31 December 2022	<u>458</u>
At 31 December 2021	<u>188</u>

The amortisation recognised for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB10,000, RMB55,000, RMB104,000, RMB52,000 (unaudited) and RMB66,000 respectively are included in “Depreciation and amortisation” in the statements of profit or loss and other comprehensive income.

20. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Materials, components and spare parts	3,728	4,256	4,311	3,356

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

21. TRADE DEBTORS RECEIVABLE

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade debtors for the sale of electricity	38,245	89,607	66,438	97,635
Trade debtors for the sale of heat	18,531	15,243	13,020	13,018
Less: allowance for impairment	—	—	—	—
	<u>56,776</u>	<u>104,850</u>	<u>79,458</u>	<u>110,653</u>

(a) Ageing analysis

Fuxin Jiangmen allows a general credit period of 30 to 90 days to its customers. Fuxin Jiangmen does not hold any collateral over these balances. At the end of each reporting period, the ageing analysis of trade debtors receivable (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	<u>56,776</u>	<u>104,850</u>	<u>79,458</u>	<u>110,653</u>

(b) Impairment of trade debtors receivable

Impairment loss in respect of trade debtors receivable is recorded using an allowance account unless Fuxin Jiangmen is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors receivable directly. Fuxin Jiangmen has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Fuxin Jiangmen determines the ECL on these items on a collective basis.

No impairment loss has been recognised during the Relevant Periods as the amounts are insignificant.

The information about the ECLs on Fuxin Jiangmen's trade debtors receivable is disclosed in note 32(b).

22. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
– Deposits	4,447	4,522	973	965
– Other receivables	104	62	659	659
	<u>4,551</u>	<u>4,584</u>	<u>1,632</u>	<u>1,624</u>
Other tax receivables	5,325	–	–	–
Prepayments	30,873	48,363	68,415	63,743
	<u>36,198</u>	<u>48,363</u>	<u>68,415</u>	<u>63,743</u>
	<u>40,749</u>	<u>52,947</u>	<u>70,047</u>	<u>65,367</u>

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs of deposits and other receivables of Fuxin Jiangmen have been recognised. The information about the ECLs on Fuxin Jiangmen's deposits and other receivables are disclosed in note 32(b).

23. RESTRICTED DEPOSITS

Restricted deposits mainly represent other financial institutions with maturity of over three months.

24. CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash at financial institutions	28,230	31,841	20,357	40,567
	<u>28,230</u>	<u>31,841</u>	<u>20,357</u>	<u>40,567</u>

25. BORROWINGS

(a) Bank loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term bank loans	20,022	–	50,036	86,058
– current portion of long-term bank loans	69,753	80,048	76,849	100,323
	<u>89,775</u>	<u>80,048</u>	<u>126,885</u>	<u>186,381</u>
After 1 year but within 2 years	29,000	64,727	82,221	87,833
After 2 years but within 5 years	6,000	74,681	54,655	73,038
After 5 years	475,770	399,304	360,111	341,176
	<u>510,770</u>	<u>538,712</u>	<u>496,987</u>	<u>502,047</u>
	<u>600,545</u>	<u>618,760</u>	<u>623,872</u>	<u>688,428</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Floating interest rates ranging from				
2021: 3.70% to 3.90% per annum				
with maturities up to 2030				
2022: 2.75% to 3.30% per annum				
with maturities up to 2037				
2023: 2.60% to 3.10% per annum				
with maturities up to 2037				
2024: 2.60% to 2.75% per annum				
with maturities up to 2037	580,523	618,760	573,836	602,370
Fixed interest rates ranging from				
2021: 3.60% to 3.75% per annum				
with maturities up to 2022				
2022: Nil				
2023: 2.30% to 2.40% per annum				
with maturities up to 2024				
2024: 2.28% to 3.20% per annum				
with maturities up to 2025	20,022	–	50,036	86,058
	<u>600,545</u>	<u>618,760</u>	<u>623,872</u>	<u>688,428</u>

(b) Other loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term other loans	30,034	50,044	–	–
– current portion of long-term other loans	–	33,118	47,598	30,052
	<u>30,034</u>	<u>83,162</u>	<u>47,598</u>	<u>30,052</u>
After 1 year but within 2 years	–	66,500	45,000	30,000
After 2 years but within 5 years	–	42,012	22,000	7,000
	<u>–</u>	<u>108,512</u>	<u>67,000</u>	<u>37,000</u>
	<u>30,034</u>	<u>191,674</u>	<u>114,598</u>	<u>67,052</u>

Other loans are mainly borrowed from China Huadian Finance Corporation Limited (中國華電集團財務有限公司) (“China Huadian Finance”).

Other loans bear interest rates at or ranging from 3.75%, 2.80% to 3.00%, 2.80% and 2.80% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities from 2022, 2023 to 2025, 2025 to 2026 and 2026 respectively.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Loans from China Huadian Finance				
Floating interest rates ranging from				
2022: 3.00% per annum, with				
maturities up to 2025				
2023: 2.80% per annum, with				
maturities up to 2026				
2024: 2.80% per annum, with				
maturities up to 2026	–	141,630	114,598	67,052
Fixed interest rates ranging from				
2021: 3.75% per annum, with				
maturities up to 2022				
2022: 2.90% per annum, with				
maturities up to 2023	30,034	50,044	–	–
	<u>30,034</u>	<u>191,674</u>	<u>114,598</u>	<u>67,052</u>

26. TRADE CREDITORS PAYABLE

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	61,328	34,486	13,320	9,444
1 to 2 years	39,213	1,210	1,721	1,286
Over 2 years	25,220	3,989	3,689	3,505
	<u>125,761</u>	<u>39,685</u>	<u>18,730</u>	<u>14,235</u>

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

27. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial liabilities				
– Construction deposits	10,656	9,310	1,653	1,547
– Wages payable	264	618	303	161
– Others (Note (i))	398	336	243	204
	<u>11,318</u>	<u>10,264</u>	<u>2,199</u>	<u>1,912</u>
Other tax payables	4,822	13,613	10,710	16,239
	<u>16,140</u>	<u>23,877</u>	<u>12,909</u>	<u>18,151</u>

Notes:

- (i) Others mainly include payables on service fees, water charges and other miscellaneous items.
- (ii) All of the other payables of Fuxin Jiangmen are expected to be settled within one year or are repayable on demand.

28. DEFERRED TAXATION

Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the movements during the Relevant Periods are as follows:

	At		At		At		At	
	1 January	Credited to profit or loss	1 January	Credited to profit or loss	1 January	Credited to profit or loss		
	2021	2022	2022	2023	2023	2024	30 June	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Tax losses	-	-	18,903	18,903	(12,567)	6,336	(3,134)	3,202
Right-of-use assets	-	-	-	-	(119)	(119)	9	(110)
Lease liabilities	-	-	-	-	152	152	(14)	138
	<u>-</u>	<u>-</u>	<u>18,903</u>	<u>18,903</u>	<u>(12,534)</u>	<u>6,369</u>	<u>(3,139)</u>	<u>3,230</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Fuxin Jiangmen has unused estimated tax losses of approximately Nil, RMB75,612,000, RMB25,344,000 and RMB12,808,000 respectively. Deferred tax has been recognised for such losses. The tax losses incurred by Fuxin Jiangmen will expire in five years from the year in which the loss originated.

29. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to resolutions passed at the directors' meetings held on 30 June 2022, a interim dividend of RMB1,279,000, is declared and paid to shareholders for 2022. No dividend was paid or proposed for the years end 31 December 2021 and 2023 and during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

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

	Registered and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	154,085	178,117	200,369	200,369
Capitalisation of retained earnings	24,032	22,252	–	–
At end of year/period	<u>178,117</u>	<u>200,369</u>	<u>200,369</u>	<u>200,369</u>

(c) Reserves

(i) Statutory surplus reserve

General reserve

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

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

Specific reserve

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

(d) **Distributability of reserve**

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

(e) **Capital management**

Fuxin Jiangmen's capital management objectives are:

- to ensure Fuxin Jiangmen's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

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

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) **Transactions with shareholders and fellow subsidiaries**

Shareholders and fellow subsidiaries that had material transactions with Fuxin Jiangmen are as follows:

Name of related parties	Nature of relationship
China Huadian	Ultimate shareholder of Fuxin Jiangmen
Huadian Power International Corporation Limited	Fellow subsidiaries of Fuxin Jiangmen
Huadian Furui	Immediate holding company of Fuxin Jiangmen
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen
Huadian Property Company Limited	Fellow subsidiaries of Fuxin Jiangmen
China Huadian Finance	Fellow subsidiaries of Fuxin Jiangmen
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Fuxin Jiangmen

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

(b) **Transactions with shareholders and fellow subsidiaries**

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Purchases of fuel from a fellow subsidiary	5,584	6,097	–	–	–
Purchase of construction services and equipment from fellow subsidiaries	55,039	9,713	13,764	6,282	3,517
Loans proceeds obtained from a fellow subsidiary	–	200,000	77,000	–	–
Loans repaid to a fellow subsidiary	30,000	38,500	191,500	52,500	10,000

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
Interest paid and payable to a fellow subsidiary	844	5,449	5,213	3,070	1,356
Interest income from a fellow subsidiary	362	309	136	98	32
Management service expenses paid to fellow subsidiaries	1,829	2,741	2,667	1,255	970
Other service expenses paid to Fellow subsidiaries	1,474	1,888	1,656	–	326

	As at 31 December			As at 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
Deposits, other receivables and prepayments					
Fellow subsidiaries	7,752	6,491	–	–	18
Cash and cash equivalents and restricted deposits					
Fellow subsidiary	28,230	31,841	27,332	27,332	47,542
Other loans					
Fellow subsidiary	(30,034)	(191,674)	(114,598)	(114,598)	(67,052)
Trade creditors payable					
Fellow subsidiaries	(6,293)	(3,156)	(3,992)	(3,992)	(1,213)

(c) Transactions with key management personnel

Remuneration for key management personnel of Fuxin Jiangmen, including amounts paid to Fuxin Jiangmen's directors and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
Salaries and other remunerations	1,689	2,513	2,663	1,180	899
Retirement benefits	248	328	285	176	216
	1,937	2,841	2,948	1,356	1,115

Total remuneration is included in "personnel costs" (see note 7).

(d) Contributions to defined contribution retirement plans

Fuxin Jiangmen participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. At the end of each reporting period, there were no material outstanding contributions to post-employment benefit plans.

(e) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of Fuxin Jiangmen (“other government-related entities”). The majority of the business activities of Fuxin Jiangmen are conducted with other government-related entities.

The transactions between Fuxin Jiangmen and other government-related entities are conducted in the ordinary course of Fuxin Jiangmen’s business within normal business operations. Fuxin Jiangmen has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, Fuxin Jiangmen’s approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the Historical Financial Information, the directors believe that the following transactions are collectively significant for disclosure purpose:

- *sale of electricity to the grid*

Fuxin Jiangmen sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government.

- *depositing and borrowing*

Fuxin Jiangmen deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People’s Bank of China.

- *other transactions*

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

31. RETIREMENT PLANS

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

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

Fuxin Jiangmen’s contribution to these plans amounted to approximately RMB3,704,000, RMB4,031,000, RMB5,633,000, RMB1,863,000 (unaudited) and RMB2,172,000 during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 which was charged to the statements of profit or loss and other comprehensive income (note 7).

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
At amortised cost				
– Trade debtors receivable	56,776	104,850	79,458	110,653
– Other receivables	4,551	4,584	1,632	1,624
– Restricted deposits	–	–	6,975	6,975
– Cash and cash equivalents	28,230	31,841	20,357	40,567
	<u>89,557</u>	<u>141,275</u>	<u>108,422</u>	<u>159,819</u>
Financial liabilities				
At amortised cost	<u>767,658</u>	<u>860,383</u>	<u>759,399</u>	<u>771,627</u>

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

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

(a) Interest rate risk

Fuxin Jiangmen is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 25). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 7.94%, 6.17%, 6.78% and 11.39% of total borrowings of Fuxin Jiangmen respectively. Fuxin Jiangmen historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Fuxin Jiangmen is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 25 and 24 for details).

Sensitivity analysis

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Jiangmen's profit/loss after tax and decreased/increase Fuxin Jiangmen's total equity by approximately RMB4,354,000, RMB5,703,000, RMB5,163,000 and RMB5,021,000 respectively.

(b) Credit risk

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

In respect of trade debtors receivable, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing.

Fuxin Jiangmen's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Jiangmen has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 67%, 85%, 83% and 88% of the total trade debtors receivable respectively were due from Fuxin Jiangmen's largest customer and 99%, 100%, 98% and 98% from the five largest customers respectively.

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

(c) *Liquidity risk*

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

At 30 June 2024, Fuxin Jiangmen had net current liabilities of approximately RMB21,959,000. With regards to its future capital commitments and other financing requirements, Fuxin Jiangmen has unutilised banking facilities of approximately RMB1,568 million as at 30 June 2024.

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

At 30 June 2024

	Contractual undiscounted cash outflow				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	203,647	100,777	102,152	353,349	759,925	688,428
Other loans	31,876	31,036	7,085	–	69,997	67,052
Trade creditors payable	14,235	–	–	–	14,235	14,235
Lease liabilities	104	116	376	115	711	554
Other payables	1,912	–	–	–	1,912	1,912
	<u>251,774</u>	<u>131,929</u>	<u>109,613</u>	<u>353,464</u>	<u>846,780</u>	<u>772,181</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	144,515	96,650	88,071	379,779	709,015	623,872
Other loans	50,804	46,637	22,575	–	120,016	114,598
Trade creditors payable	18,730	–	–	–	18,730	18,730
Lease liabilities	111	122	389	171	793	609
Other payables	2,199	–	–	–	2,199	2,199
	<u>216,359</u>	<u>143,409</u>	<u>111,035</u>	<u>379,950</u>	<u>850,753</u>	<u>760,008</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	99,900	82,010	115,742	436,064	733,716	618,760
Other loans	88,786	69,755	42,443	–	200,984	191,674
Trade creditors payable	39,685	–	–	–	39,685	39,685
Lease liabilities	109	114	358	290	871	633
Other payables	10,264	–	–	–	10,264	10,264
	<u>238,744</u>	<u>151,879</u>	<u>158,543</u>	<u>436,354</u>	<u>985,520</u>	<u>861,016</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	112,354	48,207	60,664	539,877	761,102	600,545
Other loans	30,327	–	–	–	30,327	30,034
Trade creditors payable	125,761	–	–	–	125,761	125,761
Lease liabilities	107	108	350	412	977	680
Other payables	11,318	–	–	–	11,318	11,318
	<u>279,867</u>	<u>48,315</u>	<u>61,014</u>	<u>540,289</u>	<u>929,485</u>	<u>768,338</u>

(d) Fair values

(i) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

	2021		31 December 2022		2023		30 June 2024	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Fixed rate borrowings	<u>50,056</u>	<u>50,056</u>	<u>50,044</u>	<u>50,044</u>	<u>50,036</u>	<u>50,036</u>	<u>86,058</u>	<u>86,058</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 Jiangmen.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loans <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payables <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2021	640,451	720	–	641,171
Financing cash flows	(9,840)	(189)	–	(10,029)
Other non-cash adjustments	(268)	149	–	(119)
Interest paid	(25,443)	(63)	–	(25,506)
Interest expense	25,679	63	–	25,742
As at 31 December 2021	630,579	680	–	631,259
Financing cash flows	179,811	(54)	(1,279)	178,478
Other non-cash adjustments	–	7	–	7
Dividends recognised as distribution	–	–	1,279	1,279
Interest paid	(26,527)	(59)	–	(26,586)
Interest expense	26,571	59	–	26,630
As at 31 December 2022	810,434	633	–	811,067
Financing cash flows	(71,820)	(59)	–	(71,879)
Other non-cash adjustments	(1)	35	–	34
Interest paid	(24,259)	(55)	–	(24,314)
Interest expense	24,116	55	–	24,171
As at 31 December 2023	738,470	609	–	739,079
Financing cash flows	17,098	(34)	–	17,064
Other non-cash adjustments	–	(21)	–	(21)
Interest paid	(10,559)	(25)	–	(10,584)
Interest expense	10,471	25	–	10,496
As at 30 June 2024	<u>755,480</u>	<u>554</u>	<u>–</u>	<u>756,034</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 Jiangmen in respect of any period subsequent to 30 June 2024.