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

Introduction

We report on the historical financial information of Shanghai Huadian Minhang Energy Company Limited* 上海華電閔行能源有限公司 (“Shanghai Minhang”) set out on pages 4 to 46, 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 46 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the “Company”) dated 8 November 2024 (the “Circular”) in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

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

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

Reporting Accountants' Responsibility

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

* For identification purpose only

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

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

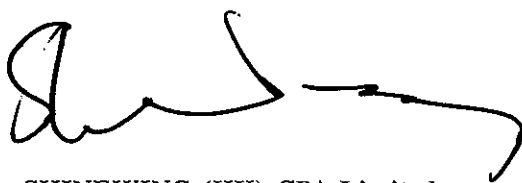
Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 29(a) to the Historical Financial Information which states that no dividends have been paid or declared by Shanghai Minhang during the Relevant Periods.

Handwritten signature of Wong Hon Kei, Anthony, consisting of a stylized cursive name followed by a horizontal line and the initials '6/6'.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF SHANGHAI MINHANG

Preparation of Historical Financial Information

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Six months ended	
		2021	2022	2023	30 June	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(Unaudited)</i>	
Turnover	6	<u>814,500</u>	<u>980,291</u>	<u>1,106,343</u>	<u>569,014</u>	<u>526,980</u>
Operating expenses						
Fuel costs		(567,861)	(735,359)	(841,555)	(439,050)	(395,151)
Depreciation and amortisation		(78,889)	(82,889)	(89,276)	(43,290)	(45,068)
Repairs, maintenance and inspection		(55,120)	(52,035)	(67,607)	(19,223)	(26,563)
Personnel costs	7	(45,238)	(48,111)	(50,207)	(19,031)	(18,602)
Impairment losses on other receivables and property, plant and equipment		-	-	(3,116)	-	(833)
Research and development costs		(1,628)	(1,545)	(5,673)	-	-
Taxes and surcharges	8	(6,553)	(7,470)	(7,467)	(4,024)	(4,545)
Other operating expenses	11(b)	<u>(12,588)</u>	<u>(13,681)</u>	<u>(14,009)</u>	<u>(4,719)</u>	<u>(3,591)</u>
		<u>(767,877)</u>	<u>(941,090)</u>	<u>(1,078,910)</u>	<u>(529,337)</u>	<u>(494,353)</u>
Operating profit		46,623	39,201	27,433	39,677	32,627
Other revenue	9	20,394	21,048	26,836	9,883	16,839
Other net income (expenses)	9	2,275	(230)	(3,388)	(686)	34
Interest income from bank deposits		476	433	348	67	70
Finance costs	10	<u>(31,416)</u>	<u>(25,616)</u>	<u>(19,137)</u>	<u>(10,169)</u>	<u>(8,063)</u>
Profit before taxation	11(a)	38,352	34,836	32,092	38,772	41,507
Income tax (expense) credit	14	<u>2,085</u>	<u>(965)</u>	<u>(4,062)</u>	<u>(5,102)</u>	<u>(9,384)</u>
Profit and total comprehensive income for the year/period		<u><u>40,437</u></u>	<u><u>33,871</u></u>	<u><u>28,030</u></u>	<u><u>33,670</u></u>	<u><u>32,123</u></u>

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current assets					
Property, plant and equipment	16	1,158,379	1,137,257	1,042,253	985,443
Right-of-use assets	17(a)	64,448	62,126	62,324	61,163
Construction in progress	18	48,004	1,268	5,579	9,810
Intangible assets	19	1,780	1,568	1,271	1,125
Other non-current assets		–	–	–	283
Deferred tax assets	27	15,053	14,088	14,930	13,736
		<u>1,287,664</u>	<u>1,216,307</u>	<u>1,126,357</u>	<u>1,071,560</u>
Current assets					
Inventories	20	909	650	616	641
Trade receivables	21	87,666	108,701	124,585	96,084
Deposits, other receivables and prepayments	22	2,815	4,758	3,035	5,156
Tax recoverable		–	–	1,730	–
Cash and cash equivalents	23	11,062	8,647	8,218	40,556
		<u>102,452</u>	<u>122,756</u>	<u>138,184</u>	<u>142,437</u>
Current liabilities					
Bank loans	24(a)	522,835	286,659	328,474	307,025
Loans from a shareholder	24(b)	–	123	67	150,012
Other loans	24(c)	10,168	133,953	–	–
Lease liabilities	17(b)	676	–	758	190
Trade payables	25	187,339	180,788	137,136	83,193
Other payables and contract liabilities	26	15,546	6,256	7,230	9,681
Tax payable		–	–	–	3,874
		<u>736,564</u>	<u>607,779</u>	<u>473,665</u>	<u>553,975</u>
Net current liabilities		<u>(634,112)</u>	<u>(485,023)</u>	<u>(335,481)</u>	<u>(411,538)</u>
Total assets less current liabilities		<u>653,552</u>	<u>731,284</u>	<u>790,876</u>	<u>660,022</u>

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current liabilities					
Bank loans	24(a)	186,465	140,799	178,926	173,926
Loans from a shareholder	24(b)	--	150,000	150,000	--
Other loans	24(c)	49,800	--	--	--
Deferred government grant	28(a)	59,205	50,651	42,554	38,252
Deferred income	28(b)	55,087	52,968	54,500	50,825
		<u>350,557</u>	<u>394,418</u>	<u>425,980</u>	<u>263,003</u>
Net assets		<u>302,995</u>	<u>336,866</u>	<u>364,896</u>	<u>397,019</u>
Capital and reserves					
Share capital	29(b)	295,020	295,020	295,020	295,020
Reserves	29(c)	<u>7,975</u>	<u>41,846</u>	<u>69,876</u>	<u>101,999</u>
Total equity		<u>302,995</u>	<u>336,866</u>	<u>364,896</u>	<u>397,019</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 (note 29(b))	Statutory reserves RMB'000 (note 29(c))	(Accumulated losses) retained earnings RMB'000	Total RMB'000
At 1 January 2021	295,020	–	(32,462)	262,558
Profit and total comprehensive income for the year	–	–	40,437	40,437
At 31 December 2021 and 1 January 2022	295,020	–	7,975	302,995
Profit and total comprehensive income for the year	–	–	33,871	33,871
Appropriation of general reserve	–	2,706	(2,706)	–
Appropriation of specific reserve	–	735	(735)	–
At 31 December 2022 and 1 January 2023	295,020	3,441	38,405	336,866
Profit and total comprehensive income for the year	–	–	28,030	28,030
Appropriation of general reserve	–	2,420	(2,420)	–
Appropriation of specific reserve	–	10,456	(10,456)	–
Utilisation of specific reserve	–	(7,477)	7,477	–
At 31 December 2023 and 1 January 2024	295,020	8,840	61,036	364,896
Profit and total comprehensive income for the period	–	–	32,123	32,123
Appropriation of specific reserve	–	5,752	(5,752)	–
Utilisation of specific reserve	–	(2,576)	2,576	–
At 30 June 2024	<u>295,020</u>	<u>12,016</u>	<u>89,983</u>	<u>397,019</u>
At 1 January 2023	295,020	3,441	38,405	336,866
Profit and total comprehensive income for the period (Unaudited)	–	–	33,670	33,670
Appropriation of specific reserve	–	5,228	(5,228)	–
At 30 June 2023 (Unaudited)	<u>295,020</u>	<u>8,669</u>	<u>66,847</u>	<u>370,536</u>

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended	
	2021	2022	2023	30 June	
	RMB'000	RMB'000	RMB'000	2023	2024
			RMB'000	RMB'000	
				<i>(Unaudited)</i>	
Cash flows from operating activities					
Cash received from customers and others	942,600	1,105,324	1,253,305	656,046	628,106
Cash paid to suppliers, employees and others	<u>(798,191)</u>	<u>(987,101)</u>	<u>(1,113,380)</u>	<u>(566,729)</u>	<u>(541,743)</u>
Cash generated from operations	144,409	118,223	139,925	89,317	86,363
Interest paid	(31,491)	(25,819)	(19,291)	(10,306)	(8,157)
PRC enterprise income tax paid	<u>—</u>	<u>—</u>	<u>(6,634)</u>	<u>(1,576)</u>	<u>(2,586)</u>
Net cash from operating activities	<u>112,918</u>	<u>92,404</u>	<u>114,000</u>	<u>77,435</u>	<u>75,620</u>
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(67,950)	(37,048)	(60,188)	(45,242)	(16,412)
Proceeds from disposal of property, plant and equipment	—	—	31	27	36
Interest received	<u>476</u>	<u>433</u>	<u>348</u>	<u>67</u>	<u>70</u>
Net cash used in investing activities	<u>(67,474)</u>	<u>(36,615)</u>	<u>(59,809)</u>	<u>(45,148)</u>	<u>(16,306)</u>

	Year ended 31 December			Six months ended	
	2021	2022	2023	30 June	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Cash flows from financing activities					
Loans					
– Proceeds from loans	530,981	736,218	717,286	432,028	316,786
– Repayment of loans	(571,460)	(793,746)	(771,196)	(455,332)	(343,194)
Lease liabilities					
– Repayment of principal portion of the lease liabilities	<u>(682)</u>	<u>(676)</u>	<u>(710)</u>	<u>(358)</u>	<u>(568)</u>
Net cash used in financing activities	<u>(41,161)</u>	<u>(58,204)</u>	<u>(54,620)</u>	<u>(23,662)</u>	<u>(26,976)</u>
Net increase (decrease) in cash and cash equivalents	4,283	(2,415)	(429)	8,625	32,338
Cash and cash equivalents at beginning of the year/period	<u>6,779</u>	<u>11,062</u>	<u>8,647</u>	<u>8,647</u>	<u>8,218</u>
Cash and cash equivalents at end of the year/period	<u><u>11,062</u></u>	<u><u>8,647</u></u>	<u><u>8,218</u></u>	<u><u>17,272</u></u>	<u><u>40,556</u></u>

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF SHANGHAI MINHANG

1. GENERAL INFORMATION

Shanghai Huadian Minhang Energy Company Limited (“Shanghai Minhang”) was established in Shanghai of the People’s Republic of China (the “PRC”) on 23 November 2011 as a limited company and the office address is Room 103, Building 6, No. 3669 Jindu Road, Minhang District, Shanghai, the PRC.

Shanghai Minhang is principally engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

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

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

Statutory financial statements of Shanghai Minhang for each of the three years ended 31 December 2023 have been audited by Baker Tilly China Certified Public Accountants.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

Going concern assumption

As at 30 June 2024, Shanghai Minhang had net current liabilities of approximately RMB411,538,000. The sole director of Shanghai Minhang is of the opinion that, taking into account the current operation of Shanghai Minhang and the unutilised banking facilities available to Shanghai Minhang, Shanghai Minhang has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

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

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

New and amendments to IFRSs issued but not yet effective

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

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

* For identification purpose only

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

The sole director of Shanghai Minhang anticipates that the application of new and amendments to IFRSs will have no material impact on the results and the financial position of Shanghai Minhang.

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

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

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

(a) Property, plant and equipment

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

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

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

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

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

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

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

(b) Leases

As a lessee

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

(i) Right-of-use asset

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

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

Building	2 years
Land use rights	50 years

(ii) Lease liability

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

Subsequent to the commencement date, Shanghai Minhang measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(c) Construction in progress

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

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

(d) Intangible assets

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

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

Software	10 years
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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.

(e) Impairment of assets

(i) Impairment of financial assets

Shanghai Minhang recognises loss allowances for expected credit loss (the "ECL") on trade receivables related to sales of electricity and heat, other receivables, restricted deposits and cash and cash equivalents. The ECLs are measured on either of the following bases:

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

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

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

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

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

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

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

Shanghai Minhang considers a financial asset to be credit-impaired when:

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

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

(ii) Impairment of other assets

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

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

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

(f) Inventories

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

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

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

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

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

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

(h) Cash and cash equivalents

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

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

(i) Financial liabilities and equity instruments

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

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

(j) Derecognition of financial assets or financial liabilities

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

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

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

(k) Revenue recognition

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

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

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

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

(i) Electricity income

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

(ii) Heat income

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

(iii) *Other income*

Interest income

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

Government grants

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

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

Upfront installation fees

Upfront installation fee received for connecting the customers' premises to the heat network of Shanghai Minhang is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(l) **Income tax**

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

(m) Borrowing costs

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

(n) Employee benefits

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

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

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

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

(o) Related parties

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

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

(p) Dividends

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the accounting policies

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

(a) *Going concern basis*

The Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the availability of funding from bank to enable Shanghai Minhang to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2.]

Key sources of estimation uncertainty

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

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

In determining whether an asset is impaired, Shanghai Minhang has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of approximately RMB833,000 was recognised on property, plant and equipment during the six months ended 30 June 2024. Except for the above, no impairment loss was recognised on non-current assets during the Relevant Periods.

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

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

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

(c) *Depreciation and amortisation*

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

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
– Sale of electricity	682,739	835,471	926,663	476,348	443,079
– Sale of heat	131,761	144,820	179,680	92,666	83,901
	<u>814,500</u>	<u>980,291</u>	<u>1,106,343</u>	<u>569,014</u>	<u>526,980</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 sale of electricity and heat are with an original expected duration of one year or less. Accordingly, Shanghai Minhang has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

The chief operating decision maker reviews Shanghai Minhang's revenue and profit as a whole, which are determined in accordance with Shanghai Minhang's accounting policies, for resources allocation and performance assessment. Therefore, Shanghai Minhang has only one operating and reportable segment and no further segment information is presented in the financial information.

Geographical information

Shanghai Minhang's non-current assets are located in the PRC. All Shanghai Minhang's customers are based in the PRC.

Information about major customers

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Customer A*	<u>682,739</u>	<u>835,471</u>	<u>926,663</u>	<u>476,348</u>	<u>443,079</u>

* Revenue from sale of electricity

7. PERSONNEL COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, welfare and other benefits	29,846	31,155	33,724	11,374	11,145
Retirement benefits (note 31)	9,003	10,147	10,782	4,649	4,446
Other staff costs	6,389	6,809	5,701	3,008	3,011
	<u>45,238</u>	<u>48,111</u>	<u>50,207</u>	<u>19,031</u>	<u>18,602</u>

8. TAXES AND SURCHARGES

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

9. OTHER REVENUE AND NET INCOME (EXPENSES)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Other revenue					
Government grants (Note)	3,644	2,773	8,257	–	6,974
Amortisation of government grants (note 28(a))	8,317	8,554	8,597	4,674	4,302
Revenue from upfront installation fees for heating networks (note 28(b))	8,180	9,097	9,484	4,857	5,326
Others	253	624	498	352	237
	<u>20,394</u>	<u>21,048</u>	<u>26,836</u>	<u>9,883</u>	<u>16,839</u>
Other net income (expenses)					
(Loss) gain on disposal of property, plant and equipment	(28)	4	39	14	18
Loss on written-off of property, plant and equipment	–	–	(3,120)	(724)	–
Net income from sale of materials	2,303	–	24	24	16
Others	–	(234)	(331)	–	–
	<u>2,275</u>	<u>(230)</u>	<u>(3,388)</u>	<u>(686)</u>	<u>34</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
				(Unaudited)	
Interests on loans	31,368	25,551	19,091	10,149	8,052
Interest on lease liabilities	40	62	43	19	9
Other finance costs	8	3	3	1	2
	<u>31,416</u>	<u>25,616</u>	<u>19,137</u>	<u>10,169</u>	<u>8,063</u>

11. PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Amortisation					
– Intangible assets	307	298	297	148	146
Depreciation					
– Property, plant and equipment	76,374	80,269	87,709	41,982	43,761
– Right-of-use assets	2,208	2,322	1,270	1,160	1,161
	<u>78,889</u>	<u>82,889</u>	<u>89,276</u>	<u>43,290</u>	<u>45,068</u>
Total depreciation and amortisation					
Auditor's remuneration					
– Audit services	33	33	33	–	–
– Non-audit services	97	123	–	–	–
Impairment losses under expected credit loss model, net					
– Other receivables	–	–	3,116	–	–
Impairment losses on property, plant and equipment	–	–	–	–	833
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>833</u>

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Power charges	40	272	119	50	66
Water charges	1,913	1,609	1,497	908	164
Others	10,635	11,800	12,393	3,761	3,361
Total other operating expenses	12,588	13,681	14,009	4,719	3,591

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

For the six months ended 30 June 2024

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Total RMB'000
Directors			
Fang Yong (Note i)	99	10	109
Hua Yudong (Note ii)	198	21	219
Supervisors			
Zhu Fenge (Note iii)	–	–	–
Dai Yuanrong (Note iv)	–	–	–
	<u>297</u>	<u>31</u>	<u>328</u>

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Total RMB'000
Director			
Fang Yong (Note i)	295	25	320
Supervisor			
Zhu Fenge (Note iii)	–	–	–
	<u>295</u>	<u>25</u>	<u>320</u>

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Director			
Fang Yong (<i>Note i</i>)	769	56	825
Supervisor			
Zhu Fenge (<i>Note iii</i>)	—	—	—
	<u>769</u>	<u>56</u>	<u>825</u>

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Director			
Fang Yong (<i>Note i</i>)	750	60	810
Supervisor			
Zhu Fenge (<i>Note iii</i>)	—	—	—
	<u>750</u>	<u>60</u>	<u>810</u>

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Director			
Fang Yong (<i>Note i</i>)	794	58	852
Supervisor			
Zhu Fenge (<i>Note iii</i>)	—	—	—
	<u>794</u>	<u>58</u>	<u>852</u>

Notes:

- (i) Mr. Fang Yong resigned as a director in January 2024.
- (ii) Mr. Hua Yudong was appointed as a director in January 2024.
- (iii) Ms. Zhu Fenge resigned as a supervisor in March 2024.
- (iv) Mr. Dai Yuanrong was appointed as a supervisor in March 2024.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Shanghai Minhang during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included one, one, one, one (unaudited) and one director respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining four, four, four, four (unaudited) and four highest paid employees who are not a director or supervisor of Shanghai Minhang are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	2,484	2,395	2,208	898	999
Retirement benefits	162	183	163	82	92
	<u>2,646</u>	<u>2,578</u>	<u>2,371</u>	<u>980</u>	<u>1,091</u>

The number of the highest paid employees who are not the director or supervisor of Shanghai Minhang whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals
Nil-Hong Kong Dollars ("HK\$") 1,000,000	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

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

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

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax – PRC					
Enterprise Income Tax					
Charge for the year	–	–	4,904	5,102	8,190
Deferred tax					
Origination and reversal of temporary differences and tax losses	(2,085)	965	(842)	–	1,194
Income tax expenses (credit) for the year/period	<u>(2,085)</u>	<u>965</u>	<u>4,062</u>	<u>5,102</u>	<u>9,384</u>

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Profit before taxation	<u>38,352</u>	<u>34,836</u>	<u>32,092</u>	<u>38,772</u>	<u>41,507</u>
Notional PRC enterprise income tax at statutory tax rate of 25% (Note i)	9,588	8,709	8,023	9,693	10,377
Tax effect of non-deductible expenses	395	378	452	–	98
Tax effect of non-taxable income	(6,717)	–	–	–	–
Tax effect of super deduction on research and development cost (Note ii)	(305)	(291)	(1,418)	–	–
Utilisation of tax losses previously not recognised	(4,088)	(9,428)	(1,000)	(1,000)	–
Others	<u>(958)</u>	<u>1,597</u>	<u>(1,995)</u>	<u>(3,591)</u>	<u>(1,091)</u>
	<u>(2,085)</u>	<u>965</u>	<u>4,062</u>	<u>5,102</u>	<u>9,384</u>

Notes:

- (i) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 on the estimated assessable profit for the year determined in accordance with relevant enterprise income tax rules and regulations.
- (ii) Shanghai Minhang was entitled 75%, 75% and 100% additional tax deduction of research and development cost incurred during the years ended 31 December 2021, 2022 and 2023 respectively according to relevant PRC tax regulations.

15. EARNINGS PER SHARE

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

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Generators machinery and equipment RMB'000	Motor vehicles, furniture, fixtures, equipment and others RMB'000	Total RMB'000
Cost				
At 1 January 2021	155,626	1,210,352	3,967	1,369,945
Transferred from construction in progress (note 18)	–	147,105	167	147,272
Disposals/write-offs	–	(285)	(54)	(339)
At 31 December 2021 and 1 January 2022	155,626	1,357,172	4,080	1,516,878
Additions	–	–	213	213
Transferred from construction in progress (note 18)	–	58,530	419	58,949
Disposals/write-offs	–	(228)	(463)	(691)

	Buildings RMB'000	Generators machinery and equipment RMB'000	Motor vehicles, furniture, fixtures, equipment and others RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	155,626	1,415,474	4,249	1,575,349
Additions	–	2,789	368	3,157
Transferred from construction in progress (<i>note 18</i>)	–	17,441	–	17,441
Disposals/write-offs	–	(29,936)	(457)	(30,393)
At 31 December 2023 and 1 January 2024	155,626	1,405,768	4,160	1,565,554
Additions	–	71	178	249
Disposals/write-offs	–	(12,465)	–	(12,465)
At 30 June 2024	<u>155,626</u>	<u>1,393,374</u>	<u>4,338</u>	<u>1,553,338</u>
Accumulated depreciation and impairment				
At 1 January 2021	27,798	252,019	2,615	282,432
Charge for the year	4,946	71,083	345	76,374
Written back on disposals/write-offs	–	(257)	(50)	(307)
At 31 December 2021 and 1 January 2022	32,744	322,845	2,910	358,499
Charge for the year	4,946	75,029	294	80,269
Written back on disposals/write-offs	–	(228)	(448)	(676)
At 31 December 2022 and 1 January 2023	37,690	397,646	2,756	438,092
Charge for the year	4,863	82,744	102	87,709
Written back on disposals/write-offs	–	(2,056)	(444)	(2,500)
At 31 December 2023 and 1 January 2024	42,553	478,334	2,414	523,301
Charge for the period	2,173	41,494	94	43,761
Impairment loss (<i>note i</i>)	–	833	–	833
At 30 June 2024	<u>44,726</u>	<u>520,661</u>	<u>2,508</u>	<u>567,895</u>
Net book value				
At 30 June 2024	<u>110,900</u>	<u>872,713</u>	<u>1,830</u>	<u>985,443</u>
At 31 December 2023	<u>113,073</u>	<u>927,434</u>	<u>1,746</u>	<u>1,042,253</u>
At 31 December 2022	<u>117,936</u>	<u>1,017,828</u>	<u>1,493</u>	<u>1,137,257</u>
At 31 December 2021	<u>122,882</u>	<u>1,034,327</u>	<u>1,170</u>	<u>1,158,379</u>

Notes:

- (i) During the six months ended 30 June 2024, the management conducted impairment reviews on the recoverable amounts of certain idle machinery and equipment with carrying amount of approximately RMB833,000. As a result, impairment losses of approximately RMB833,000 have been recognised in profit or loss.
- (ii) Shanghai Minhang is still in a process of obtaining the certificate of ownership for building with the carrying amount of RMB83,769,000, RMB81,340,000, RMB78,909,000 and RMB77,694,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024 respectively. In the opinion of the sole director, based on the advice from Shanghai Minhang's external legal adviser, the absence of the building certificate does not impair its carrying value to Shanghai Minhang.

17. LEASE

As a lessee

Shanghai Minhang has lease contracts for various items of buildings and land use rights that were used in its operations. Leases of buildings generally have lease terms of 2 years, while land use rights generally have lease terms of 50 years. Generally, Shanghai Minhang is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Buildings	736	–	734	367
Land use rights	63,712	62,126	61,590	60,796
	<u>64,448</u>	<u>62,126</u>	<u>62,324</u>	<u>61,163</u>

During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, additions to right-of-use assets due to new lease of buildings are amounted to RMB1,358,000, nil, RMB1,468,000 and nil respectively.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Buildings	622	736	734	367
Land use rights	1,586	1,586	536	794
	<u>2,208</u>	<u>2,322</u>	<u>1,270</u>	<u>1,161</u>

(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	<u>676</u>	<u>–</u>	<u>758</u>	<u>190</u>
Analysed into:				
Current portion	<u>676</u>	<u>–</u>	<u>758</u>	<u>190</u>

The weighted average incremental borrowing rate applied to lease liabilities is 3.85%. The total cash outflow for leases for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 was RMB722,000, RMB738,000, RMB753,000, RMB377,000 and RMB577,000.

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
At the beginning of reporting period	74,378	48,004	1,268	5,579
Additions	120,898	12,213	21,752	4,231
Transferred to property, plant and equipment (<i>note 16</i>)	<u>(147,272)</u>	<u>(58,949)</u>	<u>(17,441)</u>	<u>–</u>
At the end of reporting period	<u>48,004</u>	<u>1,268</u>	<u>5,579</u>	<u>9,810</u>

19. INTANGIBLE ASSETS

	Software
	RMB'000
Cost	
At 1 January 2021	3,050
Additions	<u>25</u>
At 31 December 2021 and 1 January 2022	3,075
Additions	<u>86</u>
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>3,161</u>
Accumulated amortisation	
At 1 January 2021	988
Charge for the year	<u>307</u>
At 31 December 2021 and 1 January 2022	1,295
Charge for the year	<u>298</u>

	Software <i>RMB'000</i>
At 31 December 2022 and 1 January 2023	1,593
Charge for the year	<u>297</u>
At 31 December 2023 and 1 January 2024	1,890
Charge for the year	<u>146</u>
At 30 June 2024	<u><u>2,036</u></u>
Net book value	
At 30 June 2024	<u><u>1,125</u></u>
At 31 December 2023	<u><u>1,271</u></u>
At 31 December 2022	<u><u>1,568</u></u>
At 31 December 2021	<u><u>1,780</u></u>

Intangible assets represent software which is amortised on a straight-line basis over ten years.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB307,000, RMB298,000, RMB297,000, RMB148,000 (unaudited) and RMB146,000 respectively are included in "Depreciation and amortisation" in the statements of profit or loss and other comprehensive income.

20. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Materials, components and spare parts	<u>909</u>	<u>650</u>	<u>616</u>	<u>641</u>

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

21. TRADE RECEIVABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables for the sale of electricity	71,229	87,157	104,182	81,750
Trade receivables for the sale of heat	<u>16,437</u>	<u>21,544</u>	<u>20,403</u>	<u>14,334</u>
	<u><u>87,666</u></u>	<u><u>108,701</u></u>	<u><u>124,585</u></u>	<u><u>96,084</u></u>

(a) Ageing analysis

Shanghai Minhang allows a general credit period of 30 to 90 days to its customers. At the end of each reporting period, the ageing analysis of trade receivables presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	<u>87,666</u>	<u>108,701</u>	<u>124,585</u>	<u>96,084</u>

(b) Impairment of trade receivables

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

The expected credit loss rates for trade receivables are minimal. At the end of each reporting period, ECLs of trade receivables of Shanghai Minhang was nil. Shanghai Minhang does not hold any collateral over these balances.

The information about the ECLs on Shanghai Minhang's trade receivables are disclosed in note 32(b).

22. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Financial assets				
– Deposits	162	94	115	109
– Machinery and equipment related receivables	868	825	100	1,800
– Other receivables	<u>325</u>	<u>–</u>	<u>4,146</u>	<u>4,208</u>
	1,355	919	4,361	6,117
Less: allowance for impairment (<i>Note</i>)	<u>–</u>	<u>–</u>	<u>(3,116)</u>	<u>(3,116)</u>
	1,355	919	1,245	3,001
Prepayments	1,460	3,829	1,782	2,147
Others	<u>–</u>	<u>10</u>	<u>8</u>	<u>8</u>
	<u>2,815</u>	<u>4,758</u>	<u>3,035</u>	<u>5,156</u>

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, ECLs of other receivables of Shanghai Minhang amounted to approximately nil, nil, RMB3 million and RMB3 million respectively. The information about the ECLs on Shanghai Minhang's deposits and other receivables are disclosed in note 32(b).

23. CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash at bank and in hand	73	85	31	55
Cash at financial institutions	10,989	8,562	8,187	40,501
	<u>11,062</u>	<u>8,647</u>	<u>8,218</u>	<u>40,556</u>

24. BORROWINGS

(a) Bank loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term bank loans	417,479	286,533	328,461	302,010
– current portion of long-term bank loans	105,356	126	13	5,015
	<u>522,835</u>	<u>286,659</u>	<u>328,474</u>	<u>307,025</u>
After 1 year but within 2 years	–	–	79,926	173,926
After 2 years but within 5 years	78,750	59,927	99,000	–
After 5 years	107,715	80,872	–	–
	<u>186,465</u>	<u>140,799</u>	<u>178,926</u>	<u>173,926</u>
	<u>709,300</u>	<u>427,458</u>	<u>507,400</u>	<u>480,951</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured and denominated in RMB. None of the bank loans contain financial covenants.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Floating interest rates ranging from 2021: 3.45% to 3.70% per annum with maturities up to 2022; 2022: 2.70% to 3.38% per annum with maturities up to 2023; 2023: 2.20% to 2.30% per annum with maturities up to 2024; 2024: 2.20% to 2.30% per annum with maturities up to 2025	417,479	286,533	328,461	302,010
Floating interest rates ranging from 2021: 3.99% to 4.05% per annum with maturities up to 2030; 2022: 2.60% to 3.15% per annum with maturities up to 2028; 2023: 2.60% per annum with maturities up to 2026; 2024: 2.40% to 2.69% per annum with maturities up to 2026	291,821	140,925	178,939	178,941
	<u>709,300</u>	<u>427,458</u>	<u>507,400</u>	<u>480,951</u>

(b) Loans from a shareholder

	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 loans from a shareholder	–	123	67	150,012
After 1 year but within 2 years	–	–	150,000	–
After 2 years but within 5 years	–	150,000	–	–
	–	150,000	150,000	–
	–	150,123	150,067	150,012

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Loans from China Huadian				
Fixed interest rates of 2.69% per annum with maturities up to 2025	–	150,123	150,067	150,012

(c) Other loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term other loans	10,011	84,097	–	–
– current portion of long-term other loans	157	49,856	–	–
	10,168	133,953	–	–
After 1 year but within 2 years	49,800	–	–	–
	59,968	133,953	–	–

Other loans are mainly borrowed from China Huadian Finance, a fellow subsidiary of Shanghai Minhang. Other loans bear interest rates ranging from 2.85% to 3.75% per annum, as at 31 December 2021 and 2022 respectively, with maturities from 2022 to 2023.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Loans from China Huadian Finance				
Floating interest rates ranging from 2.85% to 3.75% per annum with maturities up to 2023	59,968	133,953	–	–

25. TRADE PAYABLES

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	161,330	129,942	109,940	58,623
1 to 2 years	4,481	30,115	2,940	6,283
Over 2 years	21,528	20,731	24,256	18,287
	<u>187,339</u>	<u>180,788</u>	<u>137,136</u>	<u>83,193</u>

26. 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	3,952	3,475	1,764	1,570
– Others (<i>Note (i)</i>)	868	1,426	1,931	1,141
	<u>4,820</u>	<u>4,901</u>	<u>3,695</u>	<u>2,711</u>
Other tax payables	10,641	1,270	3,082	3,778
Contract liabilities	85	85	453	3,192
	<u>15,546</u>	<u>6,256</u>	<u>7,230</u>	<u>9,681</u>

Notes:

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

Contract liabilities

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract liabilities arising from:				
Sale of heat	–	–	368	3,107
Others	85	85	85	85
	<u>85</u>	<u>85</u>	<u>453</u>	<u>3,192</u>

Contract liabilities mainly relate to the deposits received from customers for sale of heat and others. Shanghai Minhang expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

Revenue recognised during the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB119,000, nil, nil and RMB368,000 respectively. There was no revenue recognised in each of the reporting period that related to performance obligations that were satisfied in a prior year.

27. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

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

	At 1 January 2021 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 31 December 2021 and 1 January 2022 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 31 December 2022 and 1 January 2023 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 31 December 2023 and 1 January 2024 RMB'000	Credited/ (charged) to profit or loss RMB'000	At 30 June 2024 RMB'000
Impairment of assets	-	-	-	-	-	779	779	-	779
Right-of-use assets	-	(184)	(184)	184	-	(184)	(184)	92	(92)
Lease liabilities	-	169	169	(169)	-	190	190	(143)	47
Deferred income and deferred government grants	12,968	2,100	15,068	(980)	14,088	57	14,145	(1,143)	13,002
	<u>12,968</u>	<u>2,085</u>	<u>15,053</u>	<u>(965)</u>	<u>14,088</u>	<u>842</u>	<u>14,930</u>	<u>(1,194)</u>	<u>13,736</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Minhang has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB41,713,000, RMB4,002,000, nil and nil respectively due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
2021	20,430	15	-	-
2022	17,296	3,987	-	-
2023	<u>3,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>41,713</u>	<u>4,002</u>	<u>-</u>	<u>-</u>

28. DEFERRED GOVERNMENT GRANT/DEFERRED INCOME

(a) Deferred government grants

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
At the beginning of reporting period	64,668	59,205	50,651	42,554
Additions	2,854	–	500	–
Recognised to profit and loss	<u>(8,317)</u>	<u>(8,554)</u>	<u>(8,597)</u>	<u>(4,302)</u>
At the end of reporting period	<u>59,205</u>	<u>50,651</u>	<u>42,554</u>	<u>38,252</u>

Deferred income recognised in the statements of financial position arises from the government grants received. The government grants were provided by local government for the purposes of providing support for certain construction projects. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant plant and machineries.

(b) Deferred income

Deferred income represents the unearned portion of upfront installation fees received for connecting the customers' premises to the heat network of Shanghai Minhang. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB8 million, RMB9 million, RMB9 million, RMB5 million (unaudited) and RMB5 million respectively are included in "Other revenue" in the statements of profit or loss and other comprehensive income (note 9).

29. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was paid or proposed during the three years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Shanghai Minhang's registered and fully paid up capital is tabled below.

	Registered capital and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning and end of year/period	<u>295,020</u>	<u>295,020</u>	<u>295,020</u>	<u>295,020</u>

(c) Reserves

(i) Statutory surplus reserve

General reserve

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

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

Specific reserve

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

(d) Distributability of reserve

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

(e) Capital management

Shanghai Minhang's capital management objectives are:

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

In order to maintain and improve the capital structure, Shanghai Minhang may adjust the amount of dividends paid to shareholders and return capital to shareholders to reduce its liabilities to assets ratio.

30. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Shanghai Minhang are as follows:

Name of related parties	Nature of relationship
China Huadian Fujian Furui	Ultimate holding company of Shanghai Minhang Immediate holding company of Shanghai Minhang
China Huadian Advanced Training Centre	A fellow subsidiary of Shanghai Minhang
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Capital Holdings Company Limited	A fellow subsidiary of Shanghai Minhang
China Huadian Finance	A fellow subsidiary of Shanghai Minhang
Huadian Tibet Energy Company Limited	A fellow subsidiary of Shanghai Minhang
China Huadian Group Carbon Assets Operation Company Limited	A fellow subsidiary of Shanghai Minhang
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of Shanghai Minhang
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of Shanghai Minhang

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Purchase of construction service and equipment from					
Fellow subsidiaries	<u>–</u>	<u>5,814</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loans proceeds obtained from					
China Huadian	–	150,000	–	–	–
A fellow subsidiary	<u>90,000</u>	<u>240,000</u>	<u>249,620</u>	<u>149,620</u>	<u>180,000</u>
Loans repaid to					
Fellow Subsidiaries	<u>180,100</u>	<u>166,100</u>	<u>383,420</u>	<u>193,620</u>	<u>180,000</u>
Interest expenses to					
China Huadian	–	3,049	4,091	2,746	2,051
A fellow subsidiary	<u>2,098</u>	<u>4,340</u>	<u>1,948</u>	<u>1,332</u>	<u>209</u>
Interest income from					
A fellow subsidiary	<u>476</u>	<u>387</u>	<u>93</u>	<u>63</u>	<u>28</u>
Other service expenses paid to					
China Huadian	–	1,951	1,942	536	822
Fellow subsidiaries	<u>42,636</u>	<u>28,938</u>	<u>35,821</u>	<u>6,865</u>	<u>18,770</u>
					As at
					30 June
					2024
					RMB'000
Construction in progress – construction and construction material prepayments					
Fujian Furui	<u>155</u>	<u>848</u>	<u>1,453</u>	<u>1,624</u>	
Deposits, other receivables and prepayments					
Fellow subsidiaries	<u>68</u>	<u>71</u>	<u>–</u>	<u>–</u>	
Cash and cash equivalents					
A fellow subsidiary	<u>10,989</u>	<u>8,562</u>	<u>8,187</u>	<u>40,501</u>	
Loans from a shareholder					
China Huadian	<u>–</u>	<u>(150,123)</u>	<u>(150,067)</u>	<u>(150,012)</u>	

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Other loans				
A fellow subsidiary	<u>(59,968)</u>	<u>(133,953)</u>	<u>–</u>	<u>–</u>
Trade payables				
Fellow subsidiaries	<u>(41,139)</u>	<u>(43,894)</u>	<u>(47,393)</u>	<u>(26,259)</u>
Other payables				
Fellow subsidiaries	<u>(210)</u>	<u>(221)</u>	<u>(114)</u>	<u>(114)</u>
Contract liabilities				
Fellow subsidiaries	<u>–</u>	<u>–</u>	<u>(30)</u>	<u>(118)</u>

(b) Transactions with key management personnel

Remuneration for key management personnel of Shanghai Minhang, including amounts paid to Shanghai Minhang's sole director and supervisors as disclosed in note 12 and the highest paid employees as disclosed in note 13, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and other emoluments	3,278	3,145	2,977	1,193	1,296
Retirement benefits	<u>220</u>	<u>243</u>	<u>219</u>	<u>107</u>	<u>123</u>
	<u>3,498</u>	<u>3,388</u>	<u>3,196</u>	<u>1,300</u>	<u>1,419</u>

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

(c) Contributions to defined contribution retirement plans

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

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

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

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

Having considered the potential for transactions to be impacted by related party relationships, Shanghai Minhang's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the financial information, the sole director believes that the following transactions are collectively significant for disclosure purpose:

- *sale of electricity to the grid*

Shanghai Minhang sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024, management estimates that the aggregate amount of Shanghai Minhang's significant transactions with other government-related entities are at least 99%, 99%, 99% and 99% of its sale of electricity.

- *depositing and borrowing*

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

- *other transactions*

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

31. RETIREMENT PLANS

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

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

Shanghai Minhang's contribution to these plans amounted to approximately RMB9 million, RMB10 million, RMB11 million, RMB5 million (unaudited) and RMB4 million during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 which was charged to the statements of profit or loss and other comprehensive income (note 7).

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
At amortised cost				
– Trade receivables	87,666	108,701	124,585	96,084
– Other receivables	1,355	919	1,245	3,001
– Cash and cash equivalents	11,062	8,647	8,218	40,556
	<u>100,083</u>	<u>118,267</u>	<u>134,048</u>	<u>139,641</u>
Financial liabilities				
At amortised cost	<u>961,427</u>	<u>897,223</u>	<u>798,298</u>	<u>716,867</u>

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

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

(a) Interest rate risk

Shanghai Minhang is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 24). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 0%, 21%, 23% and 24% of total borrowings of Shanghai Minhang respectively. Shanghai Minhang historically has not used any financial instruments to hedge potential fluctuation in interest rate.

Shanghai Minhang is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 23 and 24 for details). Shanghai Minhang's cash flow interest rate risk is mainly concentrated on the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

Sensitivity analysis

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Shanghai Minhang's profit after tax and decreased Shanghai Minhang's total equity by approximately RMB5,770,000, RMB4,212,000, RMB3,806,000 and RMB4,732,000 respectively.

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

(b) Credit risk

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

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

Shanghai Minhang's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Shanghai Minhang has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 80%, 80%, 84%, and 84% of the total trade receivables respectively were due from Shanghai Minhang's largest customer and 89%, 88%, 90% and 92% of the total trade receivables respectively were due from Shanghai Minhang's five largest customers.

For cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the Relevant Periods and the six months ended 30 June 2024 was limited to 12-month ECLs.

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

In respect of other receivables, Shanghai Minhang adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. Loss allowance in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the Relevant Period is as follows:

Loss allowance	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit- impaired (Stage 3) RMB'000	Total RMB'000
At 1 January 2023	–	–	–	–
Impairment loss recognised	–	–	3,116	3,116
At 31 December 2023 and 30 June 2024	–	–	3,116	3,116

No impairment for other receivables is made as at 31 December 2021 and 2022, as the amount of impairment measured under ECLs model is considered insignificant.

Shanghai Minhang does not provide any guarantees which would expose Shanghai Minhang to credit risk.

Further quantitative disclosures in respect of Shanghai Minhang's exposure to credit risk arising from trade receivables are set out in note 21.

(c) Liquidity risk

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

At 30 June 2024, Shanghai Minhang had net current liabilities of approximately RMB411,538,000. With regards to its future financing requirements, Shanghai Minhang has unutilised banking facilities of approximately RMB424,371,000 as at 30 June 2024.

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

At 30 June 2024

	Contractual undiscounted cash outflow				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	314,326	176,263	–	–	490,589	480,951
Loans from a shareholder	152,912	–	–	–	152,912	150,012
Trade payables	83,193	–	–	–	83,193	83,193
Lease liabilities	192	–	–	–	192	190
Other payables	2,711	–	–	–	2,711	2,711
	553,334	176,263	–	–	729,597	717,057

At 31 December 2023

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within	More than	More than	More than	Total	
	1 year or on demand	1 year but less than 2 years	2 years but less than 5 years			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bank loans	336,869	84,058	99,652	--	520,579	507,400
Loans from a shareholder	4,102	150,873	--	--	154,975	150,067
Trade payables	137,136	--	--	--	137,136	137,136
Lease liabilities	769	--	--	--	769	758
Other payables	3,695	--	--	--	3,695	3,695
	<u>482,571</u>	<u>234,931</u>	<u>99,652</u>	<u>--</u>	<u>817,154</u>	<u>799,056</u>

At 31 December 2022

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within	More than	More than	More than	Total	
	1 year or on demand	1 year but less than 2 years	2 years but less than 5 years			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bank loans	292,738	4,106	68,934	80,887	446,665	427,458
Loans from a shareholder	4,158	4,035	150,873	--	159,066	150,123
Other loans	137,077	--	--	--	137,077	133,953
Trade payables	180,788	--	--	--	180,788	180,788
Other payables	4,901	--	--	--	4,901	4,901
	<u>619,662</u>	<u>8,141</u>	<u>219,807</u>	<u>80,887</u>	<u>928,497</u>	<u>897,223</u>

At 31 December 2021

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within	More than	More than	More than	Total	
	1 year or on demand	1 year but less than 2 years	2 years but less than 5 years			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bank loans	541,444	7,452	94,735	114,426	758,057	709,300
Other loans	12,299	51,560	--	--	63,859	59,968
Trade payables	187,339	--	--	--	187,339	187,339
Lease liabilities	686	--	--	--	686	676
Other payables	4,820	--	--	--	4,820	4,820
	<u>746,588</u>	<u>59,012</u>	<u>94,735</u>	<u>114,426</u>	<u>1,014,761</u>	<u>962,103</u>

(d) Fair values

(i) Financial instruments carried at other than fair value

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

	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>-</u>	<u>-</u>	<u>150,123</u>	<u>145,546</u>	<u>150,067</u>	<u>145,453</u>	<u>150,012</u>	<u>148,396</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 Shanghai Minhang.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loans RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2021	809,831	-	809,831
Financing cash flows	(40,479)	(682)	(41,161)
New leases	-	1,358	1,358
Interest paid	(31,451)	(40)	(31,491)
Interest expense	<u>31,368</u>	<u>40</u>	<u>31,408</u>
As at 31 December 2021	769,268	676	769,944
Financing cash flows	(57,528)	(676)	(58,204)
Interest paid	(25,757)	(62)	(25,819)
Interest expense	<u>25,551</u>	<u>62</u>	<u>25,613</u>
As at 31 December 2022	711,534	-	711,534
Financing cash flows	(53,910)	(710)	(54,620)
New leases	-	1,468	1,468
Interest paid	(19,248)	(43)	(19,291)
Interest expense	<u>19,091</u>	<u>43</u>	<u>19,134</u>
As at 31 December 2023	657,467	758	658,225
Financing cash flows	(26,408)	(568)	(26,976)
Interest paid	(8,148)	(9)	(8,157)
Interest expense	<u>8,052</u>	<u>9</u>	<u>8,061</u>
As at 30 June 2024	<u>630,963</u>	<u>190</u>	<u>631,153</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 Shanghai Minhang in respect of any period subsequent to 30 June 2024.