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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER COMPANY LIMITED TO THE DIRECTORS OF HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Introduction

We report on the historical financial information of CHD Guigang Electric Power Company Limited* 中國華電集團貴港發電有限公司 (“Guigang Electric Power”), Huadian Nanning New Energy Company Limited* 華電南寧新能源有限公司 (“Nanning New Energy”) and Hubei Huadian Creative World New Energy Company Limited* 湖北華電創意天地新能源有限公司 (“Hubei Huadian”) (collectively, “Guigang Electric Power Group”) set out on pages 4 to 51, which comprises the combined statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024 (the “Relevant Periods”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages 4 to 51 forms an integral part of this report, which has been prepared for inclusion in the circular of the Huadian Power International Corporation Limited (the “Company”) dated 8 November 2024 (the “Circular”) in connection with the major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

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

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

Reporting Accountants' Responsibility

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

* For identification purpose only

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

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

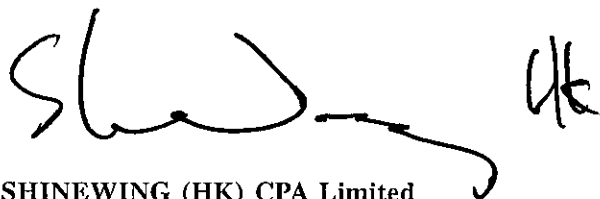
Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 51 have been made.

Dividends

We refer to note 31(a) to the Historical Financial Information which contains information about dividend declared or paid by Guigang Electric Power Group during the Relevant Periods.



SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER GROUP

Preparation of Historical Financial Information

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

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

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Turnover	6	<u>2,388,169</u>	<u>2,265,104</u>	<u>2,993,901</u>	<u>1,387,537</u>	<u>1,098,998</u>
Operating expenses						
Fuel costs		(2,221,267)	(2,186,356)	(2,332,470)	(1,166,607)	(805,590)
Depreciation and amortisation		(238,271)	(239,853)	(233,325)	(128,225)	(120,316)
Repairs, maintenance and inspection		(72,087)	(109,838)	(104,773)	(35,757)	(49,810)
Personnel costs	7	(112,871)	(124,860)	(125,627)	(50,802)	(60,338)
Taxes and surcharges	8	(13,111)	(11,906)	(13,950)	(5,868)	(5,806)
Other operating expenses	11(b)	<u>(28,689)</u>	<u>(37,929)</u>	<u>(41,140)</u>	<u>(16,008)</u>	<u>(17,601)</u>
		<u>(2,686,296)</u>	<u>(2,710,742)</u>	<u>(2,851,285)</u>	<u>(1,403,267)</u>	<u>(1,059,461)</u>
Operating (loss) profit		(298,127)	(445,638)	142,616	(15,730)	39,537
Other revenue	9	42,947	60,870	18,091	7,065	5,934
Other net income	9	31,787	25,628	20,125	8,986	5,235
Interest income from bank deposits		2,813	3,322	2,463	2,237	398
Finance costs	10	<u>(116,944)</u>	<u>(94,194)</u>	<u>(70,447)</u>	<u>(41,336)</u>	<u>(22,204)</u>
(Loss) profit before taxation	11(a)	<u>(337,524)</u>	<u>(450,012)</u>	<u>112,848</u>	<u>(38,778)</u>	<u>28,900</u>
Income tax credit (expense)	14	<u>33,318</u>	<u>58,462</u>	<u>(25,265)</u>	<u>3,290</u>	<u>(9,703)</u>
(Loss) profit and total comprehensive (expense) income for the year/period		<u><u>(304,206)</u></u>	<u><u>(391,550)</u></u>	<u><u>87,583</u></u>	<u><u>(35,488)</u></u>	<u><u>19,197</u></u>
(Loss) profit and total comprehensive (expense) income for the year/period attributable to:						
Owners of Guigang Electric Power		(306,938)	(393,029)	87,553	(34,275)	16,560
Non-controlling interests		<u>2,732</u>	<u>1,479</u>	<u>30</u>	<u>(1,213)</u>	<u>2,637</u>
		<u><u>(304,206)</u></u>	<u><u>(391,550)</u></u>	<u><u>87,583</u></u>	<u><u>(35,488)</u></u>	<u><u>19,197</u></u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current assets					
Property, plant and equipment	16	2,317,009	2,088,344	1,871,041	1,754,379
Right-of-use assets	17	117,223	117,117	113,722	112,025
Construction in progress	18	9,701	24,048	55,390	53,785
Intangible assets	19	9,812	9,244	10,687	10,005
Other non-current assets	20	1,280	–	447	2,358
Deferred tax assets	29	120,650	179,112	153,862	143,569
		<u>2,575,675</u>	<u>2,417,865</u>	<u>2,205,149</u>	<u>2,076,121</u>
Current assets					
Inventories	21	288,944	145,338	194,438	185,013
Trade receivables and bills receivables	22	351,369	302,648	307,460	150,401
Deposits, other receivables and prepayments	23	42,822	78,033	27,617	145,494
Tax recoverable		–	89	–	–
Cash and cash equivalents	24	189,969	827,969	402,024	142,723
		<u>873,104</u>	<u>1,354,077</u>	<u>931,539</u>	<u>623,631</u>
Current liabilities					
Bank loans	25(a)	1,175,927	984,926	449,737	99,064
Loans from a shareholder	25(b)	6,865	70,385	57,171	129,266
Other loans	25(c)	360,264	476,820	168,105	139,983
Amount due to parent company	26	291,896	27,625	153,170	–
Trade and bills payables	27	169,430	261,589	63,660	61,039
Other payables and contract liabilities	28	32,338	36,515	44,996	34,822
Tax payable		–	–	15	–
		<u>2,036,720</u>	<u>1,857,860</u>	<u>936,854</u>	<u>464,174</u>
Net current (liabilities) assets		<u>(1,163,616)</u>	<u>(503,783)</u>	<u>(5,315)</u>	<u>159,457</u>
Total assets less current liabilities		<u>1,412,059</u>	<u>1,914,082</u>	<u>2,199,834</u>	<u>2,235,578</u>

		As at 31 December			As at
	Notes	2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current liabilities					
Bank loans	25(a)	444,044	269,931	419,800	598,549
Loans from a shareholder	25(b)	122,120	128,029	119,909	50,300
Other loans	25(c)	690,756	477,340	234,336	144,956
Deferred government grant		9,662	7,992	6,308	5,467
Deferred income	30	12,739	9,602	6,174	4,377
Deferred tax liabilities	29	2,131	2,131	2,131	1,556
		<u>1,281,452</u>	<u>895,025</u>	<u>788,658</u>	<u>805,205</u>
Net assets		<u>130,607</u>	<u>1,019,057</u>	<u>1,411,176</u>	<u>1,430,373</u>
Capital and reserves					
Share capital	31(b)	981,203	2,261,203	2,588,159	2,588,159
Reserves	31(c)	<u>(831,103)</u>	<u>(1,222,949)</u>	<u>(1,157,792)</u>	<u>(1,139,123)</u>
		150,100	1,038,254	1,430,367	1,449,036
Non-controlling interests		<u>(19,493)</u>	<u>(19,197)</u>	<u>(19,191)</u>	<u>(18,663)</u>
Total equity		<u>130,607</u>	<u>1,019,057</u>	<u>1,411,176</u>	<u>1,430,373</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 <i>(note 31(b))</i>	Capital reserve RMB'000 <i>(note 31(c))</i>	Statutory reserves RMB'000 <i>(note 31(c))</i>	Accumulated losses RMB'000	Subtotal RMB'000	Non- Controlling interests RMB'000	Total RMB'000
At 1 January 2021	912,773	8,983	47,369	(582,703)	386,422	(20,039)	366,383
(Loss) profit and total comprehensive (expenses) income for the year	-	-	-	(304,752)	(304,752)	546	(304,206)
Capital injection	68,430	-	-	-	68,430	-	68,430
At 31 December 2021 and 1 January 2022	981,203	8,983	47,369	(887,455)	150,100	(19,493)	130,607
(Loss) profit and total comprehensive (expenses) income for the year	-	-	-	(391,846)	(391,846)	296	(391,550)
Capital injection	1,280,000	-	-	-	1,280,000	-	1,280,000
Appropriation of specific reserve	-	-	2,072	(2,072)	-	-	-
Utilisation of specific reserve	-	-	(91)	91	-	-	-
At 31 December 2022 and 1 January 2023	2,261,203	8,983	49,350	(1,281,282)	1,038,254	(19,197)	1,019,057
Profit and total comprehensive income for the year	-	-	-	87,577	87,577	6	87,583
Capital injection	326,956	-	-	-	326,956	-	326,956
Appropriation of specific reserve	-	-	22,594	(22,594)	-	-	-
Utilisation of specific reserve	-	-	(23,710)	23,710	-	-	-
Dividend paid	-	-	-	(22,420)	(22,420)	-	(22,420)
At 31 December 2023 and 1 January 2024	2,588,159	8,983	48,234	(1,215,009)	1,430,367	(19,191)	1,411,176
Profit and total comprehensive income for the period	-	-	-	18,669	18,669	528	19,197
Appropriation of specific reserve	-	-	14,547	(14,547)	-	-	-
Utilisation of specific reserve	-	-	(7,944)	7,944	-	-	-
At 30 June 2024	<u>2,588,159</u>	<u>8,983</u>	<u>54,837</u>	<u>(1,202,943)</u>	<u>1,449,036</u>	<u>(18,663)</u>	<u>1,430,373</u>
At 1 January 2023	2,261,203	8,983	49,350	(1,281,282)	1,038,254	(19,197)	1,019,057
Loss and total comprehensive expenses for the period (Unaudited)	-	-	-	(35,246)	(35,246)	(242)	(35,488)
Appropriation of specific reserve	-	-	11,297	(11,297)	-	-	-
Utilisation of specific reserve	-	-	(1,682)	1,682	-	-	-
Dividend paid	-	-	-	(22,420)	(22,420)	-	(22,420)
At 30 June 2023 (Unaudited)	<u>2,261,203</u>	<u>8,983</u>	<u>58,965</u>	<u>(1,348,563)</u>	<u>980,588</u>	<u>(19,439)</u>	<u>961,149</u>

COMBINED 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	2,576,856	2,751,320	3,473,061	1,677,326	1,442,608
Cash paid to suppliers, employees and others	<u>(2,665,483)</u>	<u>(2,834,577)</u>	<u>(3,079,607)</u>	<u>(1,548,356)</u>	<u>(1,378,174)</u>
Cash (used in) generated from operations	(88,627)	(83,257)	393,454	128,970	64,434
Interest paid	<u>(101,303)</u>	<u>(114,621)</u>	<u>(71,068)</u>	<u>(42,192)</u>	<u>(22,256)</u>
Net cash (used in) from operating activities	<u>(189,930)</u>	<u>(197,878)</u>	<u>322,386</u>	<u>86,778</u>	<u>42,178</u>
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(63,949)	(55,570)	(47,835)	(14,643)	(15,122)
Proceeds from disposal of property, plant and equipment	23	9	3	–	–
Interest received	<u>2,813</u>	<u>3,322</u>	<u>2,463</u>	<u>2,237</u>	<u>398</u>
Net cash used in investing activities	<u>(61,113)</u>	<u>(52,239)</u>	<u>(45,369)</u>	<u>(12,406)</u>	<u>(14,724)</u>
Cash flows from financing activities					
Loans					
– Proceeds from loans	2,011,230	1,698,660	853,100	630,556	250,300
– Repayment of loans	<u>(1,740,140)</u>	<u>(2,119,390)</u>	<u>(1,687,729)</u>	<u>(1,323,695)</u>	<u>(537,055)</u>

	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>	
Bill financing					
– Proceeds from bank					
acceptance bills discounted	29,324	49,847	–	–	–
– Repayment of bank					
acceptance bills	–	(20,000)	(49,847)	–	–
Capital injection	68,430	1,280,000	192,030	–	–
Dividends paid	–	–	(10,089)	–	–
Other financing activities	–	(1,000)	(427)	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash from (used in)					
 financing activities	<u>368,844</u>	<u>888,117</u>	<u>(702,962)</u>	<u>(693,139)</u>	<u>(286,755)</u>
Net increase (decrease) in cash					
 and cash equivalents	117,801	638,000	(425,945)	(618,767)	(259,301)
Cash and cash equivalents at					
 beginning of the year/period	<u>72,168</u>	<u>189,969</u>	<u>827,969</u>	<u>827,969</u>	<u>402,024</u>
Cash and cash equivalents at					
 end of the year/period	<u>189,969</u>	<u>827,969</u>	<u>402,024</u>	<u>209,202</u>	<u>142,723</u>

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF GUIGANG ELECTRIC POWER GROUP

1. GENERAL INFORMATION AND GROUP REORGANISATION

CHD Guigang Electric Power Company Limited (“Guigang Electric Power”) established in the People’s Republic of China (the “PRC”) on 18 September 2003 with limited liability. The share capital of Guigang Electric Power is RMB2,088 million. The principal activities of Guigang Electric Power are investment, development, operation and management of thermal power plant projects. The registered office and the principal place of business of Guigang Electric Power is at Wule, Guigang City, Guangxi, the PRC.

Guigang Electric Power, Huadian Nanning New Energy Company Limited* 華電南寧新能源有限公司 (“Nanning New Energy”) and Hubei Huadian Creative World New Energy Company Limited* 湖北華電創意天地新能源有限公司 (“Hubei Huadian”) (collectively, “Guigang Electric Power Group”) are principally engaged in the investment, development, operation and management of thermal power plant projects. Its main product is electric power.

Its immediate and ultimate holding company of Guigang Electric Power are CPD Power Plant Operation Co., Ltd.* 中國華電集團發電運營有限公司 (“Operation Company”) and China Huadian Corporation Limited* 中國華電集團有限公司 (“China Huadian”) respectively, both are limited liability companies established in the PRC.

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

As at the date of this report, Guigang Electric Power had direct interests in its subsidiaries, which are private limited liability companies established in PRC, the particulars of which are set out below:

Name	Place and date of incorporation	Registered and fully paid up capital RMB	Proportion of ownership interest and voting rights		Principal activities
			Direct	Indirect	
Nanning New Energy	The PRC 26 April 2011	467,178,800	100%	–	Generation and sale of electricity, heat in PRC
Hubei Huadian	The PRC 20 May 2013	32,550,000	80%	–	Generation and sale of electricity, heat in PRC

None of the subsidiaries have non-controlling interest that are material to Guigang Electric Power Group.

Group reorganisation

Pursuant to the completion of the acquisition of 100% and 80% equity interests in Nanning New Energy and Hubei Huadian respectively on 28 October 2024, (the “Acquisition”), Guigang Electric Power became the immediate holding company of the Nanning New Energy and Hubei Huadian and hence Guigang Electric Power, Nanning New Energy and Hubei Huadian now comprising Guigang Electric Power Group. The companies now comprising Guigang Electric Power Group were under the common control of the controlling shareholder before and after the Acquisition. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Acquisition had been completed at the beginning of the Relevant Periods.

* For identification purposes only

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

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholder prior to the Acquisition are presented as non-controlling interests in equity in applying the principles of merger accounting.

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

Non-controlling interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

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

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

New and amendments to IFRSs issued but not yet effective

Guigang Electric Power Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

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

(a) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by Guigang Electric Power Group. Control is achieved when Guigang Electric Power Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

- the size of Guigang Electric Power Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Guigang Electric Power Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that Guigang Electric Power Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

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

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

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

(b) Property, plant and equipment

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

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

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

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

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

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

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

(c) **Leases**

As a lessee

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

(i) *Right-of-use asset*

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

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

Buildings	20 years
Land use rights	50 years

(ii) *Lease liability*

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

Subsequent to the commencement date, Guigang Electric Power Group measures the lease liability by:

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

(iii) *Sale and leaseback transaction*

Guigang Electric Power Group acts as a seller-lessee

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

(d) **Construction in progress**

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

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

(e) Intangible assets

When Guigang Electric Power Group has a right to charge for usage of the concession infrastructure as consideration for providing construction services in a service concession arrangement, it recognises an intangible asset at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and impairment losses (see note 4(f)(ii)).

Other intangible assets are stated at cost less accumulated amortisation and impairment losses (see note 4(f)(ii)).

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

Concession assets	the shorter of remaining concession period or 25 years
Software	10 years

Both the period and method for amortisation are reviewed annually.

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

(f) Impairment of assets

(i) Impairment of financial assets

Guigang Electric Power Group recognises loss allowances for expected credit loss (the "ECL") on trade receivables and bills receivables related to sales of electricity and heat, other receivables and cash and cash equivalents. The ECLs are measured on either of the following bases:

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

The maximum period considered when estimating ECLs is the maximum contractual period over which Guigang Electric Power Group is exposed to credit risk.

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

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

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

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

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

Guigang Electric Power Group considers a financial asset to be credit-impaired when:

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

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

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired.

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

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

– *Calculation of recoverable amount*

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

– *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

(g) Inventories

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

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

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

(h) Trade receivables and bills receivables, deposits and other receivables (“Trade and other receivables”)

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

(i) Cash and cash equivalents

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

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

(j) Financial liabilities

Financial liabilities including bank loans, loans from a shareholder, other loans, amount due to parent company, trade and bills payables and other payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

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

(k) Derecognition of financial assets or financial liabilities

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

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

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

(I) Revenue recognition

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

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

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

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

(i) Electricity income

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

(ii) Heat income

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

(iii) Other income

Interest income

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

Government grants

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

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

Upfront installation fees

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

(m) Income tax

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

(n) Employee benefits

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

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

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

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

(o) Related parties

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

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

(p) Dividends

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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

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

In determining whether an asset is impaired, Guigang Electric Power Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less costs of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. No impairment loss was recognised on non-current assets during the Relevant Periods and the six months ended 30 June 2023.

(b) Provision of ECLs on trade and other receivables

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Guigang Electric Power Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future. Information about the ECLs on Guigang Electric Power Group's trade and other receivables are disclosed in notes 22, 23 and 34(b).

(c) Depreciation and amortisation

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

(d) Deferred tax assets

As disclosed in note 29(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Guigang Electric Power Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Revenue from contracts with customers within the scope of IFRS 15

Turnover represents the sale of electricity and heat. Major components of Guigang Electric Power Group's turnover are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
- Sale of electricity	2,362,917	2,188,940	2,900,421	1,345,481	1,052,942
- Sale of heat	25,252	76,164	93,480	42,056	46,056
	<u>2,388,169</u>	<u>2,265,104</u>	<u>2,993,901</u>	<u>1,387,537</u>	<u>1,098,998</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 from sale of electricity and heat are with an original expected duration of one year or less. Accordingly, Guigang Electric Power Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

(b) Segment information

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

Geographical information

Guigang Electric Power Group's non-current assets are located in the PRC. All Guigang Electric Power Group's customers are based in the PRC.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Guigang Electric Power Group is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Customer A*	<u>2,211,170</u>	<u>2,055,270</u>	<u>2,701,270</u>	<u>1,345,481</u>	<u>1,035,020</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
Wages, welfare and other benefits	76,125	79,792	80,914	29,566	34,774
Retirement benefits (note 33)	23,326	23,989	25,827	12,792	14,094
Other staff costs	<u>13,420</u>	<u>21,079</u>	<u>18,886</u>	<u>8,444</u>	<u>11,470</u>
	<u>112,871</u>	<u>124,860</u>	<u>125,627</u>	<u>50,802</u>	<u>60,338</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

	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
Other revenue					
Government grants (<i>Note</i>)	27,362	54,557	11,181	6,198	916
Revenue from upfront installation fees for heating networks (<i>note 30</i>)	3,474	3,601	3,665	–	1,833
Others	12,111	2,712	3,245	867	3,185
	<u>42,947</u>	<u>60,870</u>	<u>18,091</u>	<u>7,065</u>	<u>5,934</u>
Other net income					
Loss on disposal/written-off of property, plant and equipment	(68)	(54)	(540)	–	–
Net income from sale of materials	35,341	25,747	20,835	9,146	5,235
Others	(3,486)	(65)	(170)	(160)	–
	<u>31,787</u>	<u>25,628</u>	<u>20,125</u>	<u>8,986</u>	<u>5,235</u>

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

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Interest on loans	103,700	88,623	68,545	39,821	22,071
Other finance costs	13,244	5,571	1,902	1,515	133
	<u>116,944</u>	<u>94,194</u>	<u>70,447</u>	<u>41,336</u>	<u>22,204</u>

11. (LOSS) PROFIT BEFORE TAXATION

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Amortisation					
– Intangible assets	1,914	772	766	383	682
Depreciation					
– Property, plant and equipment	233,143	235,823	229,164	126,144	117,937
– Right-of-use assets	<u>3,214</u>	<u>3,258</u>	<u>3,395</u>	<u>1,698</u>	<u>1,697</u>
Total depreciation and amortisation	238,271	239,853	233,325	128,225	120,316
Auditor's remuneration					
– Audit services	85	85	85	–	–
Expense relating to short-term leases	<u>693</u>	<u>697</u>	<u>955</u>	<u>407</u>	<u>317</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
Heating	733	1,109	286	115	369
Power charges	2,903	4,088	3,849	1,748	2,425
Water charges	414	3,650	6,622	3,365	3,176
Others	<u>24,639</u>	<u>29,082</u>	<u>30,383</u>	<u>10,780</u>	<u>11,631</u>
Total other operating expenses	<u>28,689</u>	<u>37,929</u>	<u>41,140</u>	<u>16,008</u>	<u>17,601</u>

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

For the six months ended 30 June 2024

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Directors				
Mei Yuzhan	148	60	96	304
Li Wensheng (<i>Note v</i>)	143	44	96	283
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Guan Youzheng	–	–	–	–
Supervisors				
Yuan Wai	63	29	77	169
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	<u>354</u>	<u>133</u>	<u>269</u>	<u>756</u>

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Directors				
Mei Yuzhan	147	49	90	286
Li Wensheng (<i>Note v</i>)	140	43	72	255
Zhang Yunfeng	–	–	–	–
Zhang Qixian	–	–	–	–
Guan Youzheng (<i>Note iii</i>)	–	–	–	–
Supervisors				
Yuan Wai	56	28	54	138
Hou Zhitao	–	–	–	–
Jia Guorong	–	–	–	–
	<u>343</u>	<u>120</u>	<u>216</u>	<u>679</u>

For the year ended 31 December 2023

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Directors				
Mei Yuzhan	295	99	448	842
Li Wensheng (Note v)	277	87	414	778
Zhang Yunfeng	-	-	-	-
Zhang Qixian	-	-	-	-
Guan Youzheng	-	-	-	-
Supervisors				
Yuan Wai	125	57	190	372
Hou Zhitao	-	-	-	-
Jia Guorong	-	-	-	-
	<u>697</u>	<u>243</u>	<u>1,052</u>	<u>1,992</u>

For the year ended 31 December 2022

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Directors				
Mei Yuzhan (Note i)	273	100	235	608
Li Wensheng (Note v)	351	78	318	747
Zhang Yunfeng	-	-	-	-
Zhang Qixian	-	-	-	-
Li Jingsheng (Note ii)	-	-	-	-
Supervisors				
Yuan Wai	126	54	166	346
Hou Zhitao	-	-	-	-
Jia Guorong	-	-	-	-
	<u>750</u>	<u>232</u>	<u>719</u>	<u>1,701</u>

For the year ended 31 December 2021

	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Directors				
Huang Bingquan (Note iv)	273	75	320	668
Zhang Yunfeng	-	-	-	-
Zhang Qixian	-	-	-	-
Li Jingsheng (Note ii)	-	-	-	-
Supervisors				
Yuan Wai	97	16	146	259
Hou Zhitao	-	-	-	-
Jia Guorong	-	-	-	-
	<u>370</u>	<u>91</u>	<u>466</u>	<u>927</u>

Notes:

- (i) Mr. Mei Yuzhan was appointed as a director and chairman in January 2022.
- (ii) Mr. Li Jingsheng was appointed as a director in August 2021 and resigned in December 2022.
- (iii) Mr. Guan Youzheng was appointed as a director in January 2023.
- (iv) Mr. Huang Bingquan resigned as a director in December 2021.
- (v) Mr. Li Wensheng was appointed as a director in September 2022.
- (vi) No directors and supervisors of Guigang Electric Power Group waived any remuneration during the Relevant Periods and the six months ended 30 June 2023 and their emoluments shown above were mainly for their services as directors of Guigang Electric Power Group.
- (vii) The discretionary bonus is determined having regard to their performance and Guigang Electric Power Group's performance and profitability and the prevailing market conditions.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	936	830	794	393	397
Retirement benefits	263	305	297	149	134
Bonus	1,182	1,782	1,028	266	213
	<u>2,381</u>	<u>2,917</u>	<u>2,119</u>	<u>808</u>	<u>744</u>

The number of the highest paid employees who are not the directors of Guigang Electric Power whose remuneration fell within following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals	Number of Individuals
Nil-HKS1,000,000	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>

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

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

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (Unaudited)	2024 RMB'000
Current tax – PRC Enterprise Income Tax					
Charge for the year	–	–	15	–	–
Over-provision in respect of prior years	–	–	–	–	(15)
	–	–	15	–	(15)
Deferred tax					
Origination and reversal of temporary differences and tax losses	(33,318)	(58,462)	25,250	(3,290)	9,718
Income tax (credit) expense for the year/period	<u>(33,318)</u>	<u>(58,462)</u>	<u>25,265</u>	<u>(3,290)</u>	<u>9,703</u>

(b) Reconciliation between income tax and accounting (loss) 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
Loss (profit) before taxation	<u>(337,524)</u>	<u>(450,012)</u>	<u>112,848</u>	<u>(38,778)</u>	<u>28,900</u>
Notional PRC enterprise income tax at statutory tax rate of 25%	(84,381)	(112,503)	28,212	(9,695)	7,225
Tax effect of non-deductible expenses	1,391	1,557	1,518	651	1,068
Tax effect of concessionary rate (Note a)	38,544	38,268	(18,016)	2,104	(5,969)
Tax effect of non-taxable income	–	(22)	(429)	(215)	(171)
Tax effect of tax losses and deductible temporary differences not recognised	11,987	14,885	14,303	3,865	8,343
Utilisation of tax losses previously not recognised	(859)	(647)	(323)	–	(778)
Over-provision in prior year	–	–	–	–	(15)
	<u>(33,318)</u>	<u>(58,462)</u>	<u>25,265</u>	<u>(3,290)</u>	<u>9,703</u>

Notes:

- (a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the Relevant Periods and the six months ended 30 June 2023 on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations. However, Guigang Electric Power and Nanning New Energy are eligible for tax concessions of “High and New Technology Enterprise” and are eligible to a preferential tax rate of 15% for the Relevant Period and the six months ended 30 June 2023.
- (b) No material unrecognised temporary difference at the end of each reporting period.

15. EARNINGS PER SHARE

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

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Generators, machinery and equipment <i>RMB'000</i>	Motor vehicles, furniture, fixtures, equipment and others <i>RMB'000</i>	Total <i>RMB'000</i>
Cost				
At 1 January 2021	1,016,393	4,243,863	39,542	5,299,798
Additions	–	–	1,484	1,484
Transferred from construction in progress (<i>note 18</i>)	76,058	3,731	–	79,789
Disposals/write-offs	(883)	(8,835)	(3,676)	(13,394)
At 31 December 2021 and 1 January 2022	1,091,568	4,238,759	37,350	5,367,677
Additions	–	–	1,168	1,168
Transferred from construction in progress (<i>note 18</i>)	–	7,814	–	7,814
Disposals/write-offs	–	(2,925)	(1,352)	(4,277)
At 31 December 2022 and 1 January 2023	1,091,568	4,243,648	37,166	5,372,382
Additions	–	–	1,245	1,245
Transferred from construction in progress (<i>note 18</i>)	–	18,037	–	18,037
Disposals/write-offs	–	(11,091)	(817)	(11,908)
At 31 December 2023 and 1 January 2024	1,091,568	4,250,594	37,594	5,379,756
Additions	–	69	1,683	1,752
Disposals/write-offs	–	(894)	–	(894)
At 30 June 2024	1,091,568	4,249,769	39,277	5,380,614

	Buildings RMB'000	Generators, machinery and equipment RMB'000	Motor vehicles, furniture, fixtures, equipment and others RMB'000	Total RMB'000
Accumulated depreciation and impairment				
At 1 January 2021	406,433	2,380,899	32,802	2,820,134
Charge for the year	35,378	196,853	912	233,143
Written back on disposals/write-off	(778)	(249)	(1,582)	(2,609)
At 31 December 2021 and 1 January 2022	441,033	2,577,503	32,132	3,050,668
Charge for the year	38,938	194,704	2,181	235,823
Written back on disposals/write-off	–	(1,123)	(1,330)	(2,453)
At 31 December 2022 and 1 January 2023	479,971	2,771,084	32,983	3,284,038
Charge for the year	38,938	188,614	1,612	229,164
Written back on disposals/write-off	–	(3,783)	(704)	(4,487)
At 31 December 2023 and 1 January 2024	518,909	2,955,915	33,891	3,508,715
Charge for the year	19,476	98,365	96	117,937
Written back on disposals/write-off	–	(417)	–	(417)
At 30 June 2024	538,385	3,053,863	33,987	3,626,235
Net book value				
At 30 June 2024	553,183	1,195,906	5,290	1,754,379
At 31 December 2023	572,659	1,294,679	3,703	1,871,041
At 31 December 2022	611,597	1,472,564	4,183	2,088,344
At 31 December 2021	650,535	1,661,256	5,218	2,317,009

Notes:

- (i) As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying values of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by Guigang Electric Power Group for financing purposes (note 25(c)) were approximately RMB1,178,720,000, RMB1,207,633,000, RMB538,345,000 and RMB507,731,000 respectively.
- (ii) As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power Group was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB246,647,000, RMB237,274,000, RMB227,901,000 and RMB223,481,000 respectively from the relevant PRC government authorities. In the opinion of the directors, based on the advice from Guigang Electric Power Group's external legal advisor, the absence of formal title to these properties does not impair their values to Guigang Electric Power Group as Guigang Electric Power Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

17. LEASE

Guigang Electric Power Group as a lessee

Guigang Electric Power Group has lease contracts for various items of buildings and land use rights that were used in its operations. During the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, leases of buildings generally have lease terms of 20 years, while land use rights generally have lease terms of 50 years. Generally, Guigang Electric Power Group is restricted from assigning and subleasing the leased assets.

(a) Right-of-use assets

(i) The carrying amounts of Guigang Electric Power Group's right-of-use assets are as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Buildings	19,230	18,557	17,884	17,548
Land use rights	97,993	98,560	95,838	94,477
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	117,223	117,117	113,722	112,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the years ended 31 December 2021 and 2022, additions to right-of-use assets due to new leases of buildings amounted to approximately RMB4,097,000 and RMB3,152,000 respectively.

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Buildings	556	673	673	335	335
Land use rights	2,658	2,585	2,722	1,363	1,362
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	3,214	3,258	3,395	1,698	1,697
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18. CONSTRUCTION IN PROGRESS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
At the beginning of the reporting period	48,502	9,701	24,048	55,390
Additions	40,988	22,161	49,379	3,863
Transferred to property, plant and equipment (note 16)	(79,789)	(7,814)	(18,037)	–
Written-off	–	–	–	(5,468)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At the end of the reporting period	9,701	24,048	55,390	53,785
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

19. INTANGIBLE ASSETS

	Concession assets RMB'000	Software RMB'000	Total RMB'000
Cost			
At 1 January 2021	13,469	12,013	25,482
Additions	–	61	61
At 31 December 2021 and 1 January 2022	13,469	12,074	25,543
Additions	–	204	204
At 31 December 2022 and 1 January 2023	13,469	12,278	25,747
Additions	–	2,209	2,209
At 31 December 2023, 1 January 2024 and 30 June 2024	<u>13,469</u>	<u>14,487</u>	<u>27,956</u>
Accumulated amortisation			
At 1 January 2021	3,747	10,070	13,817
Charge for the year	374	1,540	1,914
At 31 December 2021 and 1 January 2022	4,121	11,610	15,731
Charge for the year	374	398	772
At 31 December 2022 and 1 January 2023	4,495	12,008	16,503
Charge for the year	374	392	766
At 31 December 2023 and 1 January 2024	4,869	12,400	17,269
Charge for the year	187	495	682
At 30 June 2024	<u>5,056</u>	<u>12,895</u>	<u>17,951</u>
Net book value			
At 30 June 2024	<u>8,413</u>	<u>1,592</u>	<u>10,005</u>
At 31 December 2023	<u>8,600</u>	<u>2,087</u>	<u>10,687</u>
At 31 December 2022	<u>8,974</u>	<u>270</u>	<u>9,244</u>
At 31 December 2021	<u>9,348</u>	<u>464</u>	<u>9,812</u>

Intangible assets mainly represent concession assets to operate power plants granted by the government under service concession arrangements.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB1,914,000, RMB772,000, RMB766,000, RMB383,000 (unaudited) and RMB682,000 respectively are included in "Depreciation and amortisation" in the combined statements of profit or loss and other comprehensive income.

20. OTHER NON-CURRENT ASSET

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Prepayment for construction	1,280	–	447	2,358
	<u>1,280</u>	<u>–</u>	<u>447</u>	<u>2,358</u>

21. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Coal, gas and stalk	143,576	113,762	164,947	153,730
Fuel oil	1,245	1,477	1,540	1,975
Materials, components and spare parts	144,123	30,099	27,951	29,308
	<u>288,944</u>	<u>145,338</u>	<u>194,438</u>	<u>185,013</u>

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

22. TRADE RECEIVABLES AND BILLS RECEIVABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade receivables and bills receivables for the sale of electricity	344,191	285,305	295,979	141,015
Trade receivables and bills receivables for the sale of heat	7,178	17,343	11,481	9,386
	<u>351,369</u>	<u>302,648</u>	<u>307,460</u>	<u>150,401</u>
Less: allowance for impairment	–	–	–	–
	<u>351,369</u>	<u>302,648</u>	<u>307,460</u>	<u>150,401</u>

(a) Ageing analysis

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	<u>351,369</u>	<u>302,648</u>	<u>307,460</u>	<u>150,401</u>

(b) Impairment of trade receivables and bills receivables

Impairment loss in respect of trade receivables and bills receivables are recorded using an allowance account unless Guigang Electric Power Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivables directly.

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

The information about the ECLs on Guigang Electric Power Group's trade receivables and bills receivables are disclosed in note 34(b). For the Relevant Periods, no ECL was recognised as the directors of Guigang Electric Power Group considered that the amount involved was immaterial.

23. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
– Deposits	9	–	–	20
– Other receivables	<u>25,410</u>	<u>33,396</u>	<u>23,888</u>	<u>27,308</u>
	25,419	33,396	23,888	27,328
Less: allowance for impairment (<i>Note</i>)	<u>(41)</u>	<u>(41)</u>	<u>(41)</u>	<u>(41)</u>
	25,378	33,355	23,847	27,287
Deductible Value Added Tax	13,217	14,752	575	51
Prepayments	<u>4,227</u>	<u>29,926</u>	<u>3,195</u>	<u>118,156</u>
	<u>42,822</u>	<u>78,033</u>	<u>27,617</u>	<u>145,494</u>

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

As at the end of the Relevant Periods, ECLs of deposits and other receivables of Guigang Electric Power Group amounted to approximately RMB41,000. The information about the ECLs on Guigang Electric Power Group's deposits and other receivables are disclosed in note 34(b).

24. CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Cash at bank and in hand	124	72	201	107
Cash at other financial institutions	189,845	827,897	401,823	142,616
	<u>189,969</u>	<u>827,969</u>	<u>402,024</u>	<u>142,723</u>

25. BORROWINGS

(a) Bank loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term bank loans	910,293	830,913	392,771	65,042
– current portion of long-term bank loans	265,634	154,013	56,966	34,022
	<u>1,175,927</u>	<u>984,926</u>	<u>449,737</u>	<u>99,064</u>
After 1 year but within 2 years	295,187	134,383	81,500	369,749
After 2 years but within 5 years	148,857	135,548	60,300	228,800
After 5 years	–	–	278,000	–
	<u>444,044</u>	<u>269,931</u>	<u>419,800</u>	<u>598,549</u>
	<u>1,619,971</u>	<u>1,254,857</u>	<u>869,537</u>	<u>697,613</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured, except for amounts of approximately RMB789 million, RMB552 million, RMB450 million and RMB361 million respectively which are secured by the income stream in respect of the sale of electricity and heat and trade receivables and bills receivables for the sale of electricity and heat; and amounts of approximately RMB102 million, RMB179 million, RMB101 million and RMB82 million respectively which are secured by property, plant and equipment with an aggregate carrying amount of approximately RMB102 million, RMB94 million, RMB85 million and RMB76 million respectively. None of the bank loans contain financial covenants.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Floating interest rates ranging from 2021: 4.45% to 4.65% per annum with maturities up to 2024; 2022: 4.00% to 4.40% per annum with maturities up to 2027; 2023: 0.90% to 4.25% per annum with maturities up to 2028; 2024: 0.65% to 4.00% per annum with maturities up to 2028	147,980	188,168	167,451	632,571
Fixed interest rates 2021: from 2.35% to 5.23% per annum with maturities up to 2028; 2022: from 1.95% to 5.23% per annum with maturities up to 2026; 2023: from 2.35% to 4.65% per annum with maturities up to 2024; 2024: at 2.35% per annum with maturities up to 2024	1,471,991	1,066,689	702,086	65,042
	<u>1,619,971</u>	<u>1,254,857</u>	<u>869,537</u>	<u>697,613</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	–	66,079	49,525	–
-- current portion of long-term loans from a shareholder	6,865	4,306	7,646	129,266
	<u>6,865</u>	<u>70,385</u>	<u>57,171</u>	<u>129,266</u>
After 1 year but within 2 years	–	14,029	119,909	–
After 2 years but within 5 years	122,120	114,000	–	50,300
	<u>122,120</u>	<u>128,029</u>	<u>119,909</u>	<u>50,300</u>
	<u>128,985</u>	<u>198,414</u>	<u>177,080</u>	<u>179,566</u>

All of the loans from a shareholder are from Fujian Huadian Furui Energy Development Company Limited (“Huadian Furui”), the shareholder of Nanning New Energy and Hubei Huadian and the fellow subsidiary of Guigang Electric Power Group. All of the loans from a shareholder are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from a shareholder are as follows:

	As at 31 December			As at 30
	2021	2022	2023	June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Fixed interest rates ranging from 2021: 2.95% to 4.28% per annum with maturities up to 2025; 2022: 2.95% to 4.28% per annum with maturities up to 2025; 2023: 2.95% to 4.28% per annum with maturities up to 2025; 2024: 2.95% to 4.28% per annum with maturities up to 2027	128,985	198,414	177,080	179,566

(c) Other loans

	As at 31 December			As at 30
	2021	2022	2023	June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– short-term other loans	4,033	206,767	4,269	4,328
– current portion of long-term other loans	356,231	270,053	163,836	135,655
	<u>360,264</u>	<u>476,820</u>	<u>168,105</u>	<u>139,983</u>
After 1 year but within 2 years	282,118	181,531	215,969	134,754
After 2 years but within 5 years	406,417	295,809	18,367	10,202
After 5 years	2,221	–	–	–
	<u>690,756</u>	<u>477,340</u>	<u>234,336</u>	<u>144,956</u>
	<u>1,051,020</u>	<u>954,160</u>	<u>402,441</u>	<u>284,939</u>

Other loans are mainly borrowed from the fellow subsidiaries of Guigang Electric Power Group and third-party financial leasing companies. Other loans bear interest rates ranging from 3.33% to 6.06%, 3.33% to 6.06%, 3.33% to 4.75% and 3.33% to 4.75% per annum, as at 31 December 2021, 2022, 2023 and 30 June 2024 respectively, with maturities from 2022 to 2027, 2023 to 2027, 2024 to 2027 and 2024 to 2027 respectively.

During the year ended 31 December 2021, Guigang Electric Power Group has signed sales and leaseback agreements with fellow subsidiaries of the Guigang Electric Power Group (note 32) and third-party leasing companies with contract terms from 3 to 6 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB100 or RMB1 when the lease term expires. During the year ended 31 December 2022, Guigang Electric Power Group has signed sales and leaseback agreements with fellow subsidiaries of the Guigang Electric Power Group (note 32) with contract terms from 3 to 4 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB1 when the lease term expires. During the year ended 31 December 2023, Guigang Electric Power Group has signed sales and leaseback agreements with a fellow subsidiary of the Guigang Electric Power Group (note 32) with contract terms of 3 years. Guigang Electric Power Group sold certain property, generator and related machinery and equipment (note 16) and in the meantime, leased back those assets. According to the agreements, Guigang Electric Power Group has an option to buy back the equipment at a nominal price of RMB1 when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. (note 32).

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Floating interest rates ranging from:				
2021: 4.65% to 4.90% per annum, with maturities up to 2027;				
2022: 3.80% to 4.70% per annum, with maturities up to 2027;				
2023: 3.50% to 4.55% per annum, with maturities up to 2027;				
2024: 3.50% to 4.05% per annum, with maturities up to 2027	131,603	83,935	85,447	67,295
Fixed interest rates ranging from				
2021: 3.33% to 6.06% per annum, with maturities up to 2027;				
2022: 3.33% to 6.06% per annum, with maturities up to 2027;				
2023: 3.33% to 4.75% per annum, with maturities up to 2027;				
2024: 3.33% to 4.75% per annum, with maturities up to 2027	919,417	870,225	316,994	217,644
	<u>1,051,020</u>	<u>954,160</u>	<u>402,441</u>	<u>284,939</u>

26. AMOUNT DUE TO PARENT COMPANY

The amount is unsecured, interest-free and repayable on demand.

27. TRADE AND BILLS PAYABLES

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	164,797	244,164	50,957	47,513
1 to 2 years	3,742	14,270	943	3,784
Over 2 years	891	3,155	11,760	9,742
	<u>169,430</u>	<u>261,589</u>	<u>63,660</u>	<u>61,039</u>

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

28. OTHER PAYABLES AND CONTRACT LIABILITIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial liabilities				
– Construction deposits	10,589	16,950	11,827	18,575
– Wages payable	1,674	1,104	1,062	896
– Others (<i>Note (i)</i>)	11,675	12,432	12,058	3,483
	<u>23,938</u>	<u>30,486</u>	<u>24,947</u>	<u>22,954</u>
Other tax payables	6,697	3,348	19,073	10,767
Contract liabilities	1,703	2,681	976	1,101
	<u>32,338</u>	<u>36,515</u>	<u>44,996</u>	<u>34,822</u>

Notes:

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

Contract liabilities

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract liabilities arising from:				
Sales of heat	581	581	–	–
Sales of sub-product	1,122	2,100	976	1,101
	<u>1,703</u>	<u>2,681</u>	<u>976</u>	<u>1,101</u>

As at 1 January 2021, contract liabilities amounted to RMB1,407,000.

Contract liabilities mainly relate to the deposits received from customers for sale of heat and sub-product. Guigang Electric Power Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

Revenue recognised during the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each reporting period are approximately RMB1,407,000, RMB1,703,000, RMB2,681,000 and RMB976,000 respectively. There was no revenue recognised in each of the reporting period that related to performance obligations that were satisfied in a prior year.

29. DEFERRED TAXATION

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

	At 31 December 2021		At 31 December 2022		At 31 December 2023		At 31 December 2024		At 30 June 2024
	At 1 January 2021	Credited/ (charged) to profit or loss	At 1 January 2022	Credited/ (charged) to profit or loss	At 1 January 2023	Credited/ (charged) to profit or loss	At 1 January 2024	Credited/ (charged) to profit or loss	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impairment of assets	1,047	-	1,047	-	1,047	-	1,047	14	1,061
Accelerated tax depreciation	(2,131)	-	(2,131)	-	(2,131)	-	(2,131)	575	(1,556)
Tax losses	83,072	32,067	115,139	59,498	174,637	(24,134)	150,503	(9,719)	140,784
Others	3,213	1,251	4,464	(1,036)	3,428	(1,116)	2,312	(588)	1,724
	<u>85,201</u>	<u>33,318</u>	<u>118,519</u>	<u>58,462</u>	<u>176,981</u>	<u>(25,250)</u>	<u>151,731</u>	<u>(9,718)</u>	<u>142,013</u>

Reconciliation to the combined statements of financial position is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the combined statements of financial position	120,650	179,112	153,862	143,569
Net deferred tax liabilities recognised in the combined statements of financial position	<u>(2,131)</u>	<u>(2,131)</u>	<u>(2,131)</u>	<u>(1,556)</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, Guigang Electric Power Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB116,114,000, RMB166,151,000, RMB214,478,000 and RMB228,329,000 respectively due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
2022	8,503	-	-	-
2023	12,248	12,248	-	-
2024	15,698	15,698	15,698	-
2025	37,736	37,736	37,736	36,350
2026	41,929	41,929	41,929	41,929
2027	-	58,540	58,540	58,540
2028	-	-	60,575	60,575
2029	-	-	-	30,935
	<u>116,114</u>	<u>166,151</u>	<u>214,478</u>	<u>228,329</u>

30. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received for connecting the customers' premises to the heat network of Guigang Electric Power Group. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 amounting to approximately RMB3,474,000, RMB3,601,000, RMB3,665,000, RMB1,831,000 (unaudited) and RMB1,833,000 respectively are included in "Other revenue" in the combined statements of profit or loss and other comprehensive income (note 9).

31. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 18 December 2023, a final dividend of RMB22,420,000 are declared and paid to shareholders for 2023. No dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Guigang Electric Power Group's registered and fully paid up capital is tabled below.

	Registered and fully paid up capital			
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
At the beginning of the reporting period	912,773	981,203	2,261,203	2,588,159
Capital injection	68,430	1,280,000	326,956	–
At the end of the reporting period	<u>981,203</u>	<u>2,261,203</u>	<u>2,588,159</u>	<u>2,588,159</u>

(c) Reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial information and the nominal amount of loans received by Guigang Electric Power Group.

(ii) Statutory surplus reserve

General reserve

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

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

Specific reserve

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

(d) Distributability of reserve

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

(e) Capital management

Guigang Electric Power Group's capital management objectives are:

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

In order to maintain and improve the capital structure, Guigang Electric Power Group may adjust the amount of dividends paid to shareholders.

32. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

Shareholders and fellow subsidiaries that had material transactions with Guigang Electric Power Group are as follows:

Name of related parties	Nature of relationship
China Huadian	Ultimate holding company of Guigang Electric Power Group
Operation Company	Immediate holding company of Guigang Electric Power Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Furui	Shareholder of Hubei Huadian and Nanning New Energy
China Huadian Advanced Training Centre	Fellow subsidiary of Guigang Electric Power Group
Huadian Guangxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Finance	Fellow subsidiary of Guigang Electric Power Group
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
China Huadian Clean Energy Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group

Name of related parties	Nature of relationship
China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Coal Industry Group Company Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Power International Corporation Limited and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group
Huadian Commercial Factoring (Tianjin) Company Limited	Fellow subsidiary of Guigang Electric Power Group
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of Guigang Electric Power Group

Note: Guigang Electric Power Group had the following material transactions with related parties during the Relevant Periods and six months ended 30 June 2023:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(Unaudited)</i>				
Purchase of coal from					
China Huadian	970,402	1,363,272	622,459	219,680	204,136
Fellow subsidiaries	<u>1,115,322</u>	<u>317,544</u>	<u>1,425,316</u>	<u>812,793</u>	<u>6,474</u>
Other services income from					
Fellow subsidiaries	<u>5,270</u>	<u>573</u>	<u>119</u>	<u>–</u>	<u>2,217</u>
Other services expenses to					
China Huadian	–	189	75	–	75
Operation Company	28,102	46,260	31,782	10,144	11,443
Fellow subsidiaries	<u>8,731</u>	<u>9,414</u>	<u>18,694</u>	<u>774</u>	<u>4,918</u>
Interest expenses to					
Huadian Furui	3,639	5,986	7,541	3,765	2,074
Fellow subsidiaries	<u>8,771</u>	<u>11,363</u>	<u>17,791</u>	<u>8,847</u>	<u>4,884</u>
Interest income from					
A fellow subsidiary	<u>1,738</u>	<u>3,233</u>	<u>2,418</u>	<u>1,435</u>	<u>354</u>
Loans proceeds obtained from					
Huadian Furui	122,120	66,000	144,000	144,000	50,300
Fellow subsidiaries	<u>320,000</u>	<u>202,250</u>	<u>30,000</u>	<u>78,000</u>	<u>–</u>
Loans repaid to					
Huadian Furui	–	–	168,595	66,000	49,525
Fellow subsidiaries	<u>22,500</u>	<u>44,688</u>	<u>298,084</u>	<u>210,048</u>	<u>93,906</u>
Bills receivable discounted to					
A fellow subsidiary	<u>50,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Derecognised bills receivable					
collected by					
A fellow subsidiary	<u>–</u>	<u>50,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

Guigang Electric Power Group had the following material balances with related parties as at 31 December 2021, 2022, and 2023 and 30 June 2024:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Construction in progress-construction and construction material prepayments				
Fellow subsidiaries	571	1,843	1,142	–
Trade receivables and bills receivables				
Fellow subsidiaries	–	–	–	2,589
Deposits, other receivables and prepayments				
China Huadian	–	21,912	–	84,180
Cash and cash equivalents				
China Huadian Finance	189,845	827,897	401,823	142,456
Other loans from Fellow subsidiaries	(424,014)	(582,051)	(313,505)	(220,426)
Trade and bills payables				
China Huadian	(291,896)	(27,625)	(153,170)	–
Operation Company	(2,590)	(400)	(3,256)	(619)
Fellow subsidiaries	(52,018)	(165,062)	(8,508)	(2,789)
Other payables				
Operation Company	(74)	(3,180)	(214)	(300)
Huadian Furui	(1,231)	(1,298)	(1,040)	(1,040)
Fellow subsidiaries	(87)	(152)	(556)	(477)
Loans from a shareholder				
Huadian Furui	(128,985)	(198,414)	(177,080)	(179,566)

(b) Transactions with key management personnel

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and other emoluments	1,306	1,580	1,491	736	751
Retirement benefits	354	537	540	269	267
Bonuses	1,648	2,501	2,080	482	482
	3,308	4,618	4,111	1,487	1,500

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

(c) **Contributions to defined contribution retirement plans**

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

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

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

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

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

- *sale of electricity to the grid*

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

- *depositing and borrowing*

Guigang Electric Power Group deposits most of its cash in government-related financial institutions, and also obtains loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People’s Bank of China.

- *other transactions*

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

33. **RETIREMENT PLANS**

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

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by Guigang Electric Power Group to reduce the existing level of contribution.

The Guigang Electric Power Group’s contribution to these plans amounted to approximately RMB23 million, RMB24 million, RMB26 million, RMB13 million (unaudited) and RMB14 million during the Relevant Periods and six months ended 30 June 2023 which was charged to the combined statements of profit or loss and other comprehensive income (note 7).

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial assets				
At amortised cost				
– Trade receivables and bills receivables	351,369	302,648	307,460	150,401
– Other receivables	25,378	33,355	23,847	27,287
– Cash and cash equivalents	189,969	827,969	402,024	142,723
	<u>566,716</u>	<u>1,163,972</u>	<u>733,331</u>	<u>320,411</u>
Financial liabilities				
At amortised cost	<u>3,285,240</u>	<u>2,727,131</u>	<u>1,690,835</u>	<u>1,246,111</u>

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of Guigang Electric Power Group's business.

Guigang Electric Power Group's exposure to these risks and the financial risk management policies and practices used by Guigang Electric Power Group to manage these risks are described below.

(a) Interest rate risk

Guigang Electric Power Group is exposed to fair value interest rate risk in relation to the fixed-rate borrowings (see note 25). As at 31 December 2021, 2022 and 2023 and 30 June 2024, fixed rate borrowings comprise 90%, 89%, 82% and 40% of total borrowings of Guigang Electric Power Group respectively. Guigang Electric Power Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

Guigang Electric Power Group is also exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 24 and 25 for details). Guigang Electric Power Group's cash flow interest rate risk is mainly concentrated on the effects of fluctuations in the prevailing levels of the market interest rates on its cash flows is not deemed to be substantial in the view of management based on the nature of the assets and liabilities.

Sensitivity analysis

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

As at 31 December 2021, 2022 and 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have increased Guigang Electric Power Group's loss after tax and decreased Guigang Electric Power Group's total equity by approximately RMB2,157,000, RMB2,041,000, RMB1,917,000 respectively. As at 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Guigang Electric Power Group's profit after tax and decreased Guigang Electric Power Group's total equity by approximately RMB5,249,000.

(b) Credit risk

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

The credit risk on liquid funds is limited because the counterparties are bank and other financial institution with high credit ratings assigned by international credit-rating agencies.

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

Guigang Electric Power Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Guigang Electric Power Group has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 97%, 92%, 95% and 92% of the total trade receivables and bills receivables respectively were due from Guigang Electric Power Group's largest customer and 99%, 98%, 99% and 97% of the total trade receivables and bills receivables respectively were due from Guigang Electric Power Group's five largest customers.

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

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

	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit- impaired (Stage 3) RMB'000	Total RMB'000
At 1 January and 31 December 2021, 2022 and 2023 and 30 June 2024	-	-	41	41

Further quantitative disclosures in respect of Guigang Electric Power Group's exposure to credit risk arising from trade receivables and bills receivables are set out in note 22.

(c) Liquidity risk

Guigang Electric Power Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Guigang Electric Power's management when the borrowings exceed certain predetermined levels of authority. Guigang Electric Power Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

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

At 30 June 2024

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	113,203	381,707	233,336	–	728,246	697,613
Loans from a shareholder	131,970	15	50,312	–	182,297	179,566
Other loans	147,807	139,620	10,205	–	297,632	284,939
Trade and bills payables	61,039	–	–	–	61,039	61,039
Other payables	22,954	–	–	–	22,954	22,954
	<u>476,973</u>	<u>521,342</u>	<u>293,853</u>	<u>–</u>	<u>1,292,168</u>	<u>1,246,111</u>

At 31 December 2023

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	464,602	90,074	62,916	278,000	895,592	869,537
Loans from a shareholder	60,777	120,817	–	–	181,594	177,080
Other loans	179,984	223,142	18,375	–	421,501	402,441
Trade and bills payables	63,660	–	–	–	63,660	63,660
Other payables	24,947	–	–	–	24,947	24,947
	<u>793,970</u>	<u>434,033</u>	<u>81,291</u>	<u>278,000</u>	<u>1,587,294</u>	<u>1,537,665</u>

At 31 December 2022

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	1,015,095	145,304	142,812	–	1,303,211	1,254,857
Loans from a shareholder	76,972	17,889	114,908	–	209,769	198,414
Other loans	513,685	201,237	309,087	–	1,024,009	954,160
Trade and bills payables	261,589	–	–	–	261,589	261,589
Other payables	30,486	–	–	–	30,486	30,486
	<u>1,897,827</u>	<u>364,430</u>	<u>566,807</u>	<u>–</u>	<u>2,829,064</u>	<u>2,696,506</u>

At 31 December 2021

	Contractual undiscounted cash outflow					Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Bank loans	1,229,121	315,373	154,512	–	1,699,006	1,619,971
Loans from a shareholder	10,868	3,751	126,700	–	141,319	128,985
Other loans	410,526	310,828	421,227	2,256	1,144,837	1,051,020
Trade and bills payables	169,430	–	–	–	169,430	169,430
Other payables	23,938	–	–	–	23,938	23,938
	<u>1,843,883</u>	<u>629,952</u>	<u>702,419</u>	<u>2,256</u>	<u>3,178,530</u>	<u>2,993,344</u>

(d) Fair values

(i) Financial instruments carried at other than fair value

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

	2021		31 December 2022		2023		30 June 2024	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Fixed rate borrowings	<u>1,666,148</u>	<u>1,656,256</u>	<u>1,031,569</u>	<u>1,081,827</u>	<u>769,617</u>	<u>720,738</u>	<u>392,882</u>	<u>380,637</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 Guigang Electric Power Group.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loans RMB'000	Dividend payable RMB'000	Total RMB'000
As at 1 January 2021	2,343,371	–	2,343,371
Financing cash flows	271,090	–	271,090
Non-cash changes	183,118	–	183,118
Interest paid	(101,303)	–	(101,303)
Interest expense	<u>103,700</u>	<u>–</u>	<u>103,700</u>

	Loans <i>RMB'000</i>	Dividend payable <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2021	2,799,976	--	2,799,976
Financing cash flows	(420,730)	--	(420,730)
Non-cash changes	54,183	--	54,183
Interest paid	(114,621)	--	(114,621)
Interest expense	<u>88,623</u>	<u>--</u>	<u>88,623</u>
As at 31 December 2022	2,407,431	--	2,407,431
Financing cash flows	(834,629)	(10,089)	(844,718)
Non-cash changes	(121,221)	(12,331)	(133,552)
Dividend paid	--	22,420	22,420
Interest paid	(71,068)	--	(71,068)
Interest expense	<u>68,545</u>	<u>--</u>	<u>68,545</u>
As at 31 December 2023	1,449,058	--	1,449,058
Financing cash flows	(286,755)	--	(286,755)
Interest paid	(22,256)	--	(22,256)
Interest expense	<u>22,071</u>	<u>--</u>	<u>22,071</u>
As at 30 June 2024	<u><u>1,162,118</u></u>	<u><u>--</u></u>	<u><u>1,162,118</u></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 statement have been prepared by Guigang Electric Power Group in respect of any period subsequent to 30 June 2024.