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

Introduction

We report on the historical financial information of Shanghai Huadian Fuxin Energy Company Limited* 上海華電福新能源有限公司 (“Shanghai Fuxin”) set out on pages 4 to 38, which comprises the statements of financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the 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 II-85 to II-119 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 Shanghai Fuxin 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 Shanghai Fuxin determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibility

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

* For identification purpose only

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

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

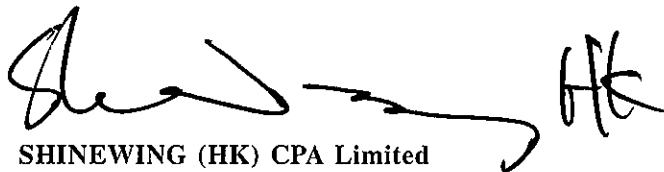
Report on Matters Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 27(a) to the Historical Financial Information which contains information about dividend declared or paid by Shanghai Fuxin 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 SHANGHAI FUXIN

Preparation of Historical Financial Information

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended				
		Year ended 31 December			30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>						
Turnover	6	<u>108,260</u>	<u>90,947</u>	<u>146,859</u>	<u>62,765</u>	<u>62,514</u>
Operating expenses						
Fuel costs		(44,506)	(32,367)	(69,551)	(25,757)	(28,785)
Depreciation and amortisation		(24,021)	(23,524)	(23,614)	(11,813)	(11,657)
Repairs, maintenance and inspection		(7,766)	(7,859)	(10,852)	(1,210)	(3,661)
Personnel costs	7	(10,843)	(10,752)	(11,072)	(4,195)	(4,262)
Impairment loss on construction in progress		–	–	–	–	(192)
Taxes and surcharges	8	(3,645)	(1,300)	(2,620)	(806)	(888)
Other operating expenses	11(b)	(3,225)	(3,314)	(3,894)	(1,888)	(811)
		<u>(94,006)</u>	<u>(79,116)</u>	<u>(121,603)</u>	<u>(45,669)</u>	<u>(50,256)</u>
Operating profit		14,254	11,831	25,256	17,096	12,258
Other revenue	9	11,934	8,647	13,220	660	3,698
Other net (loss)/income	9	(905)	167	82	(1)	48
Interest income from bank deposits		238	142	34	14	13
Finance costs	10	(10,206)	(8,434)	(5,661)	(3,179)	(1,829)
Profit before taxation	11(a)	15,315	12,353	32,931	14,590	14,188
Income tax expenses	14	(2,863)	(3,445)	(8,210)	(3,808)	(3,693)
Profit and total comprehensive income for the year/period		<u><u>12,452</u></u>	<u><u>8,908</u></u>	<u><u>24,721</u></u>	<u><u>10,782</u></u>	<u><u>10,495</u></u>

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Non-current assets					
Property, plant and equipment	16	401,198	379,075	356,087	344,447
Construction in progress	17	199	192	192	–
Intangible assets	18	121	102	82	72
Deferred tax assets	26	594	556	518	500
		<u>402,112</u>	<u>379,925</u>	<u>356,879</u>	<u>345,019</u>
Current assets					
Inventories	19	–	110	215	215
Trade receivables	20	17,669	14,392	22,009	17,274
Other receivables and prepayments	21	6,033	2,060	655	185
Cash and cash equivalents	22	7,563	6,966	6,546	26,853
		<u>31,265</u>	<u>23,528</u>	<u>29,425</u>	<u>44,527</u>
Current liabilities					
Bank loans	23	276	211	9,673	15,092
Trade payables	24	5,595	10,880	10,165	10,644
Other payables	25	3,047	2,121	1,653	2,970
Tax payable		1,544	1,638	1,740	2,965
		<u>10,462</u>	<u>14,850</u>	<u>23,231</u>	<u>31,671</u>
Net current assets		<u>20,803</u>	<u>8,678</u>	<u>6,194</u>	<u>12,856</u>
Total assets less current liabilities		<u>422,915</u>	<u>388,603</u>	<u>363,073</u>	<u>357,875</u>
Non-current liabilities					
Bank loans	23	224,000	189,422	154,000	139,000
Deferred government grant		38,224	29,582	16,753	16,060
		<u>262,224</u>	<u>219,004</u>	<u>170,753</u>	<u>155,060</u>
Net assets		<u>160,691</u>	<u>169,599</u>	<u>192,320</u>	<u>202,815</u>
Capital and reserves					
Share capital	27(b)	140,646	140,646	140,646	140,646
Reserves	27(c)	20,045	28,953	51,674	62,169
Total equity		<u>160,691</u>	<u>169,599</u>	<u>192,320</u>	<u>202,815</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000 (note 27(b))	Statutory reserves RMB'000 (note 27(c))	Retained earnings RMB'000	Total RMB'000
At 1 January 2021	140,646	759	6,834	148,239
Profit and total comprehensive income for the year	–	–	12,452	12,452
Appropriation of general reserve	–	1,245	(1,245)	–
At 31 December 2021 and 1 January 2022	140,646	2,004	18,041	160,691
Profit and total comprehensive income for the year	–	–	8,908	8,908
Appropriation of specific reserve	–	125	(125)	–
Appropriation of general reserve	–	912	(912)	–
At 31 December 2022 and 1 January 2023	140,646	3,041	25,912	169,599
Profit and total comprehensive income for the year	–	–	24,721	24,721
Dividends recognised as distribution	–	–	(2,000)	(2,000)
Appropriation of specific reserve	–	1,519	(1,519)	–
Utilisation of specific reserve	–	(1,147)	1,147	–
Appropriation of general reserve	–	2,367	(2,367)	–
At 31 December 2023 and 1 January 2024	140,646	5,780	45,894	192,320
Profit and total comprehensive income for the period	–	–	10,495	10,495
Appropriation of general reserve	–	1,321	(1,321)	–
Appropriation of specific reserve	–	1,061	(1,061)	–
Utilisation of specific reserve	–	(85)	85	–
At 30 June 2024	<u>140,646</u>	<u>8,077</u>	<u>54,092</u>	<u>202,815</u>
At 1 January 2023	140,646	3,041	25,912	169,599
Profit and total comprehensive income for the period (Unaudited)	–	–	10,782	10,782
Appropriation of general reserve (Unaudited)	–	1,078	(1,078)	–
Appropriation of specific reserve (Unaudited)	–	759	(759)	–
At 30 June 2023 (Unaudited)	<u>140,646</u>	<u>4,878</u>	<u>34,857</u>	<u>180,381</u>

STATEMENTS OF CASH FLOWS

	Six months ended				
	Year ended 31 December			30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(Unaudited)</i>				
Cash flows from operating activities					
Cash received from customers and others	125,998	104,972	154,159	24,176	76,951
Cash paid to suppliers, employees and others	<u>(83,316)</u>	<u>(63,786)</u>	<u>(111,002)</u>	<u>(38,028)</u>	<u>(42,681)</u>
Cash generated from/(used in) operations	42,682	41,186	43,157	(13,852)	34,270
Interest paid	(10,240)	(8,496)	(5,748)	(3,222)	(1,856)
PRC enterprise income tax paid	<u>(1,281)</u>	<u>(3,313)</u>	<u>(8,071)</u>	<u>(2,707)</u>	<u>(2,450)</u>
Net cash generated from/(used in) operating activities	31,161	29,377	29,338	(19,781)	29,964
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(1,085)	(657)	(1,926)	(1,276)	(117)
Proceeds from disposal of property, plant and equipment	–	–	2	2	–
Interest received	238	142	34	14	13
Other investing activities	<u>–</u>	<u>5,119</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net cash (used in)/generated from investing activities	(847)	4,604	(1,890)	(1,260)	(104)
Cash flows from financing activities					
Loans					
– Proceeds from loans	–	5,422	214,105	15,551	–
– Repayment of loans	(28,000)	(40,000)	(239,973)	–	(9,553)
Dividends distribution	<u>–</u>	<u>–</u>	<u>(2,000)</u>	<u>–</u>	<u>–</u>
Net cash (used in)/generated from financing activities	<u>(28,000)</u>	<u>(34,578)</u>	<u>(27,868)</u>	<u>15,551</u>	<u>(9,553)</u>
Net increase/(decrease) in cash and cash equivalents	2,314	(597)	(420)	(5,490)	20,307
Cash and cash equivalents at beginning of the year/period	<u>5,249</u>	<u>7,563</u>	<u>6,966</u>	<u>6,966</u>	<u>6,546</u>
Cash and cash equivalents at end of the year/period	<u><u>7,563</u></u>	<u><u>6,966</u></u>	<u><u>6,546</u></u>	<u><u>1,476</u></u>	<u><u>26,853</u></u>

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF SHANGHAI FUXIN

1. GENERAL INFORMATION

Shanghai Huadian Fuxin Energy Company Limited (“Shanghai Fuxin”) was established in Shanghai of the People’s Republic of China (the “PRC”) on 27 March 2014 as a limited company and the office address is Room 1176, 11/F, Block 1, No. 158 Shuanglian Road, Qingpu District, Shanghai, the PRC.

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

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

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

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

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

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

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

New and amendments to IFRSs issued but not yet effective

Shanghai Fuxin 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.

* For identification purpose only

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

(a) Property, plant and equipment

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

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

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

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

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

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

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

(b) Construction in progress

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

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

(c) Intangible assets

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

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

Office software	5 – 10 years
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The estimated useful lives and method for amortisation are reviewed annually.

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

(d) Impairment of assets

(i) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(ii) Impairment of other assets

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

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

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

- *Calculation of recoverable amount*

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

- *Recognition of impairment losses*

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

– *Reversals of impairment losses*

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

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

(e) Inventories

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

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

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

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

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

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

(g) Cash and cash equivalents

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

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

(h) Financial liabilities

Other financial liabilities

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

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

(i) Derecognition of financial assets or financial liabilities

Shanghai Fuxin derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Shanghai Fuxin retains substantially all the risks and rewards of ownership of a transferred financial asset, Shanghai Fuxin 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 recognised in profit or loss.

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

(j) Revenue recognition

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

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

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as Shanghai Fuxin performs; or
- does not create an asset with an alternative use to Shanghai Fuxin and Shanghai Fuxin 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.

(iv) Government grants

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

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

(k) Income tax

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

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

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

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

Current and deferred tax are recognised in profit or loss.

(l) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(m) Employee benefits

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

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

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

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

(n) Related parties

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

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

(o) Dividends

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

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

(a) Estimated impairment of property, plant and equipment

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

(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 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. The Shanghai Fuxin's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Shanghai Fuxin's trade and other receivables are disclosed in notes 20, 21 and 30(b).

(c) Depreciation

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

6. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

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

Turnover represents the sale of electricity and heat. Major components of Shanghai Fuxin'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	42,372	30,747	61,743	23,309	27,447
Sale of heat	65,888	60,200	85,116	39,456	35,067
	<u>108,260</u>	<u>90,947</u>	<u>146,859</u>	<u>62,765</u>	<u>62,514</u>

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

(b) Segment information

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

Geographical information

The Shanghai Fuxin's non-current assets are mainly located in the PRC. The Shanghai Fuxin's major 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 Shanghai Fuxin 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*	65,888	60,200	85,116	39,456	35,067
Customer B*	42,372	30,747	61,743	23,309	27,447

* Revenue from sale of electricity and heat.

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
				<i>(Unaudited)</i>	
Wages, welfare and other benefits (<i>note 12</i>)	7,208	7,011	7,248	2,415	2,316
Retirement benefits (<i>note 12 and note 29</i>)	2,167	2,248	2,237	828	952
Other staff costs	1,468	1,493	1,587	952	994
	<u>10,843</u>	<u>10,752</u>	<u>11,072</u>	<u>4,195</u>	<u>4,262</u>

8. TAXES AND SURCHARGES

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

9. OTHER REVENUE AND NET INCOME AND LOSS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Other revenue					
Government grants (<i>Note</i>)	11,873	8,647	13,220	660	3,698
Others	61	–	–	–	–
	<u>11,934</u>	<u>8,647</u>	<u>13,220</u>	<u>660</u>	<u>3,698</u>
Other net (loss)/income					
(Loss)/gain on disposal of property, plant and equipment	(325)	–	1	1	–
Net income/(loss) from sale of materials	231	167	81	(2)	48
Others	(811)	–	–	–	–
	<u>(905)</u>	<u>167</u>	<u>82</u>	<u>(1)</u>	<u>48</u>

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

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
Interests on loans	10,204	8,431	5,657	3,178	1,828
Other finance costs	2	3	4	1	1
	<u>10,206</u>	<u>8,434</u>	<u>5,661</u>	<u>3,179</u>	<u>1,829</u>

11. PROFIT BEFORE TAXATION

(a) 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	2024 RMB'000
Depreciation					
– Property, plant and equipment	24,003	23,505	23,594	11,803	11,647
Amortisation					
– Intangible assets	18	19	20	10	10
Total depreciation and amortisation	24,021	23,524	23,614	11,813	11,657
Auditor's remuneration					
– Audit services	38	47	28	–	–
Impairment losses on non-financial assets					
– Construction in progress	–	–	–	–	192
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>192</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	2024 RMB'000
Heating	401	822	682	149	8
Power charges	466	666	928	191	171
Water charges	403	222	746	20	75
Others	1,955	1,604	1,538	1,528	557
Total other operating expenses	<u>3,225</u>	<u>3,314</u>	<u>3,894</u>	<u>1,888</u>	<u>811</u>

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

For the six months ended 30 June 2024

	Salaries, allowance and benefit in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Jing Peijun (<i>note (i)</i>)	–	–	–
Wu Kunlin (<i>note (ii)</i>)	36	1	37
Wang Zhenyu (<i>note (v)</i>)	–	–	–
Pan Wengge (<i>note (vi)</i>)	–	–	–
Wu Xuan (<i>note (vii)</i>)	–	–	–
Hong Yun (<i>note (iv)</i>)	–	–	–
Wang Xiaoyan (<i>note (viii)</i>)	–	–	–
Jiao Yawei (<i>note (ix)</i>)	–	–	–
Supervisors			
Ji Changlong (<i>note (x)</i>)	–	–	–
Gao Yan (<i>note (xi)</i>)	–	–	–
Lin Xiu'e (<i>note (iii)</i>)	–	–	–
Lu Wenglong (<i>note (xii)</i>)	–	–	–
	<u>36</u>	<u>1</u>	<u>37</u>

For the six months ended 30 June 2023 (Unaudited)

	Salaries, allowance and benefit in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Wu Kunlin (<i>note (ii)</i>)	217	27	244
Wang Zhenyu (<i>note (v)</i>)	–	–	–
Pan Wengge (<i>note (vi)</i>)	–	–	–
Wu Xuan (<i>note (vii)</i>)	–	–	–
Hong Yun (<i>note (iv)</i>)	–	–	–
Wang Xiaoyan (<i>note (viii)</i>)	–	–	–
Jiao Yawei (<i>note (ix)</i>)	–	–	–
Supervisors			
Ji Changlong (<i>note (x)</i>)	–	–	–
Gao Yan (<i>note (xi)</i>)	–	–	–
Lin Xiu'e (<i>note (iii)</i>)	–	–	–
Lu Wenglong (<i>note (xii)</i>)	–	–	–
	<u>217</u>	<u>27</u>	<u>244</u>

For the year ended 31 December 2023

	Salaries, allowance and benefit in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Wu Kunlin <i>(note (ii))</i>	636	54	690
Wang Zhenyu <i>(note (v))</i>	-	-	-
Pan Wengge <i>(note (vi))</i>	-	-	-
Wu Xuan <i>(note (vii))</i>	-	-	-
Hong Yun <i>(note (iv))</i>	-	-	-
Wang Xiaoyan <i>(note (viii))</i>	-	-	-
Jiao Yawei <i>(note (ix))</i>	-	-	-
Supervisors			
Ji Changlong <i>(note (x))</i>	-	-	-
Gao Yan <i>(note (xi))</i>	-	-	-
Lin Xiu'e <i>(note (iii))</i>	-	-	-
Lu Wenglong <i>(note (xii))</i>	-	-	-
	<u>636</u>	<u>54</u>	<u>690</u>

For the year ended 31 December 2022

	Salaries, allowance and benefit in kind <i>RMB'000</i>	Retirement benefits <i>RMB'000</i>	Total <i>RMB'000</i>
Directors			
Wu Kunlin <i>(note (ii))</i>	727	49	776
Wang Zhenyu <i>(note (v))</i>	-	-	-
Pan Wengge <i>(note (vi))</i>	-	-	-
Wu Xuan <i>(note (vii))</i>	-	-	-
Wang Xiaoyan <i>(note (viii))</i>	-	-	-
Jiao Yawei <i>(note (ix))</i>	-	-	-
Li Fubi <i>(note (xiv))</i>	-	-	-
Jia Lifang <i>(note (xii))</i>	-	-	-
Supervisors			
Ji Changlong <i>(note (x))</i>	-	-	-
Gao Yan <i>(note (xi))</i>	-	-	-
Lu Wenglong <i>(note (xii))</i>	-	-	-
	<u>727</u>	<u>49</u>	<u>776</u>

For the year ended 31 December 2021

	Salaries, allowance and benefit in kind RMB'000	Retirement benefits RMB'000	Total RMB'000
Directors			
Wu Kunlin (<i>note (ii)</i>)	658	45	703
Wang Zhenyu (<i>note (v)</i>)	–	–	–
Pan Wengge (<i>note (vi)</i>)	–	–	–
Wu Xuan (<i>note (vii)</i>)	–	–	–
Wang Xiaoyan (<i>note (viii)</i>)	–	–	–
Jiao Yawei (<i>note (ix)</i>)	–	–	–
Li Fubi (<i>note (xiv)</i>)	–	–	–
Jia Lifang (<i>note (xii)</i>)	–	–	–
Supervisors			
Ji Changlong (<i>note (x)</i>)	–	–	–
Gao Yan (<i>note (xi)</i>)	–	–	–
Lu Wenglong (<i>note (xii)</i>)	–	–	–
	<u>658</u>	<u>45</u>	<u>703</u>

Notes:

- (i) Jing Peijun was appointed as executive director in June 2024.
- (ii) Wu Kunlin was appointed as executive director in June 2018 and resigned in June 2024.
- (iii) Lin Xiu'e was appointed as supervisor in May 2023.
- (iv) Hong Yun was appointed as director in March 2023.
- (v) Wang Zhenyu was appointed as director in March 2022.
- (vi) Pan Wengge was appointed as director in March 2022.
- (vii) Wu Xuan was appointed as supervisor in November 2021.
- (viii) Wang Xiaoyan was appointed as director in March 2020 and resigned in June 2024.
- (ix) Jiao Yawei was appointed as director in March 2020 and resigned in June 2024.
- (x) Ji Changlong was appointed as supervisor in March 2020.
- (xi) Gao Yan was appointed as supervisor in March 2020.
- (xii) Lu Wenglong was appointed as director in March 2020 and resigned in May 2023.
- (xiii) Jia Lifang was appointed as director in March 2020 and resigned in November 2021.
- (xiv) Li Fubin was appointed as director in March 2020 and resigned in May 2023.
- (xv) Jiao Yawei was appointed as director in March 2020 and resigned in May 2023.
- (xvi) The directors and supervisors who have no emoluments because the directors' and supervisors' emoluments are borne by the parent company of Shanghai Fuxin.
- (xvii) No performance related incentive payment is made during the reporting periods.

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of Shanghai Fuxin during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 included one, one, one, one (unaudited) and one director respectively, details of whose remuneration are set out in note 12 above. Details of the remuneration for the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 of the remaining four, four, four, four (unaudited) and four highest paid employees who are neither directors nor supervisors of Shanghai Fuxin 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	1,500	1,403	1,416	480	482
Retirement benefits	37	37	35	18	17
	<u>1,537</u>	<u>1,440</u>	<u>1,451</u>	<u>498</u>	<u>499</u>

The number of the highest paid employees who are not the directors or supervisors of Shanghai Fuxin 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-Hong Kong Dollars ("HK\$") 1,000,000	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

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

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax – PRC					
Enterprise Income Tax					
Charge for the year	2,825	3,407	8,172	3,808	3,675
Deferred tax (note 26)					
Origination and reversal of temporary differences	<u>38</u>	<u>38</u>	<u>38</u>	<u>–</u>	<u>18</u>
Income tax expenses for the year/period	<u>2,863</u>	<u>3,445</u>	<u>8,210</u>	<u>3,808</u>	<u>3,693</u>

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before taxation	15,315	12,353	32,931	14,590	14,188
Notional PRC enterprise income tax at statutory tax rate of 25%	3,829	3,088	8,233	3,648	3,547
Tax effect of non-deductible expenses	402	357	164	160	146
Tax effect of non-taxable income	(767)	–	(187)	–	–
Utilisation of tax losses and deductible temporary differences previously not recognised	(601)	–	–	–	–
	<u>2,863</u>	<u>3,445</u>	<u>8,210</u>	<u>3,808</u>	<u>3,693</u>

Notes:

- (i) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 on the estimated assessable profit for the year/period determined in accordance with relevant enterprise income tax rules and regulations.
- (ii) 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	Generators, machinery and equipment	Motor vehicles furniture, fixtures, equipment and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At 1 January 2021	199,155	323,504	3,498	526,157
Additions	–	91	19	110
Disposals	–	(724)	–	(724)
	<u>199,155</u>	<u>322,871</u>	<u>3,517</u>	<u>525,543</u>
At 31 December 2021 and 1 January 2022	199,155	322,871	3,517	525,543
Additions	–	–	6	6
Transferred from construction in progress (note 17)	–	1,376	–	1,376
	<u>199,155</u>	<u>324,247</u>	<u>3,523</u>	<u>527,125</u>

	Buildings RMB'000	Generators, machinery and equipment RMB'000	Motor vehicles furniture, fixtures, equipment and others RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	199,155	324,247	3,523	526,925
Transferred from construction in progress (note 17)	–	607	–	607
Disposals	–	–	(5)	(5)
At 31 December 2023 and 1 January 2024	199,155	324,854	3,518	527,527
Additions	–	–	9	9
Disposals	–	–	(3)	(3)
At 30 June 2024	<u>199,155</u>	<u>324,854</u>	<u>3,524</u>	<u>527,533</u>
Accumulated depreciation and impairment				
At 1 January 2021	34,505	64,063	2,173	100,741
Charge for the year	5,107	18,255	641	24,003
Written back on disposals	–	(399)	–	(399)
At 31 December 2021 and 1 January 2022	39,612	81,919	2,814	124,345
Charge for the year	7,326	15,870	309	23,505
At 31 December 2022 and 1 January 2023	46,938	97,789	3,123	147,850
Charge for the year	7,327	16,267	–	23,594
Written back on disposals	–	–	(4)	(4)
At 31 December 2023 and 1 January 2024	54,265	114,056	3,119	171,440
Charge for the year	3,600	8,047	–	11,647
Written back on disposals	–	–	(1)	(1)
At 30 June 2024	<u>57,865</u>	<u>122,103</u>	<u>3,118</u>	<u>183,086</u>
Net book value				
At 30 June 2024	<u>141,290</u>	<u>202,751</u>	<u>406</u>	<u>344,447</u>
At 31 December 2023	<u>144,890</u>	<u>210,798</u>	<u>399</u>	<u>356,087</u>
At 31 December 2022	<u>152,217</u>	<u>226,458</u>	<u>400</u>	<u>379,075</u>
At 31 December 2021	<u>159,543</u>	<u>240,952</u>	<u>703</u>	<u>401,198</u>

Note: As at 31 December 2021, 2022 and 2023 and 30 June 2024, Shanghai Fuxin was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB95,910,000, RMB92,067,000 RMB53,498,000 and RMB52,304,000 respectively from the relevant PRC government authorities.

17. CONSTRUCTION IN PROGRESS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
At the beginning of the reporting period	–	199	192	192
Additions	199	1,369	607	–
Transferred to property, plant and equipment (<i>note 16</i>)	–	(1,376)	(607)	–
Impairment loss (<i>Note</i>)	–	–	–	(192)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At the end of the reporting period	<u>199</u>	<u>192</u>	<u>192</u>	<u>–</u>

Note:

Impairment loss

During the six months ended 30 June 2024, it was identified that a certain preliminary project of Shanghai Fuxin has no economic value for further development. As a result, the gross carrying amount of the project of approximately RMB192,000 was written down to nil as of 30 June 2024. As at 30 June 2024, the accumulated impairment loss of construction in progress was approximately RMB192,000.

18. INTANGIBLE ASSETS

	Office software
	RMB'000
Cost	
At 1 January 2021	170
Additions	<u>15</u>
At 31 December 2021 and 1 January 2022	185
At 31 December 2022 and 1 January 2023	185
At 31 December 2023 and 1 January 2024	185
At 30 June 2024	<u>185</u>
Accumulated amortisation	
At 1 January 2021	46
Charge for the year	<u>18</u>

	Office software <i>RMB'000</i>
At 31 December 2021 and 1 January 2022	64
Charge for the year	<u>19</u>
At 31 December 2022 and 1 January 2023	83
Charge for the year	<u>20</u>
At 31 December 2023 and 1 January 2024	103
Charge for the year	<u>10</u>
At 30 June 2024	<u><u>113</u></u>
Net book value	
At 30 June 2024	<u><u>72</u></u>
At 31 December 2023	<u><u>82</u></u>
At 31 December 2022	<u><u>102</u></u>
At 31 December 2021	<u><u>121</u></u>

Notes: Intangible assets represent office software which is amortised on a straight-line basis over five to ten years.

The amortisation recognised for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 amounting to approximately RMB18,000, RMB19,000, RMB20,000, RMB10,000 (unaudited) and RMB10,000 respectively is included in "Depreciation and amortisation" in the statement of profit or loss and other comprehensive income.

19. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Materials, components and spare parts	<u>–</u>	<u>110</u>	<u>215</u>	<u>215</u>

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

20. TRADE RECEIVABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables for the sale of electricity	4,986	5,236	8,625	7,771
Trade receivables for the sale of heat	<u>12,683</u>	<u>9,156</u>	<u>13,384</u>	<u>9,503</u>
	<u>17,669</u>	<u>14,392</u>	<u>22,009</u>	<u>17,274</u>

(a) Ageing analysis

Shanghai Fuxin allows a general credit period of 30 to 90 days to its customers. Shanghai Fuxin does not hold any collateral over these balances.

As at the end of each reporting periods, the ageing analysis of trade receivables, presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	<u>17,669</u>	<u>14,392</u>	<u>22,009</u>	<u>17,274</u>

(b) Impairment of trade receivables

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

The information about the ECLs on Shanghai Fuxin's trade receivables are disclosed in note 30(b). For the Relevant Periods, no ECL was recognised as the directors of Shanghai Fuxin considered that the amount involved was immaterial.

21. 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				
– Other receivables	5,140	256	–	–
Deductible Value Added Tax	199	969	625	–
Prepayments	<u>694</u>	<u>835</u>	<u>30</u>	<u>185</u>
	<u>6,033</u>	<u>2,060</u>	<u>655</u>	<u>185</u>

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

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

22. 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	331	1	2	3
Cash at other financial institution	7,232	6,965	6,544	26,850
	<u>7,563</u>	<u>6,966</u>	<u>6,546</u>	<u>26,853</u>

23. 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	–	–	9,560	–
– current portion of long-term bank loans	276	211	113	15,092
	<u>276</u>	<u>211</u>	<u>9,673</u>	<u>15,092</u>
After 1 year but within 2 years	9,000	6,422	25,000	30,000
After 2 years but within 5 years	101,000	105,000	105,000	109,000
After 5 years	114,000	78,000	24,000	–
	<u>224,000</u>	<u>189,422</u>	<u>154,000</u>	<u>139,000</u>
	<u>224,276</u>	<u>189,633</u>	<u>163,673</u>	<u>154,092</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB. In each of the reporting period, Shanghai Fuxin negotiated with banks and revised the repayment schedule.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Floating interest rate(s):				
2021: of 3.9% per annum with maturities up to 2029				
2022: of 3.6% per annum with maturities up to 2029				
2023: ranging from 2.3% to 2.4% per annum with maturities up to 2029				
2024: of 2.15% per annum with maturities up to 2029				
	<u>224,276</u>	<u>189,633</u>	<u>163,673</u>	<u>154,092</u>

24. TRADE PAYABLES

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	5,595	10,880	9,926	10,471
1 to 2 years	–	–	102	143
Over 2 years	–	–	137	30
	<u>5,595</u>	<u>10,880</u>	<u>10,165</u>	<u>10,644</u>

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

25. OTHER PAYABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Financial liabilities				
– Construction deposits	15	–	–	–
– Others (Note (i))	722	1,772	1,452	1,653
	<u>737</u>	<u>1,772</u>	<u>1,452</u>	<u>1,653</u>
Other tax payables	2,310	349	201	1,317
	<u>3,047</u>	<u>2,121</u>	<u>1,653</u>	<u>2,970</u>

Notes:

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

26. DEFERRED TAXATION

Deferred tax assets recognised:

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

	At		At		At		Credited	At
	1 January	31 December	1 January	31 December	1 January	31 December		
	2021	2021 and	2022	2022 and	2023	2023 and	to profit	30 June
	2021	2022	2023	2023	2024	2024	or loss	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accelerated tax depreciation	(632)	38	(594)	38	(556)	38	(518)	18
	<u>(632)</u>	<u>38</u>	<u>(594)</u>	<u>38</u>	<u>(556)</u>	<u>38</u>	<u>(518)</u>	<u>18</u>
								<u>(500)</u>

27. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Pursuant to a resolution passed at the directors' meeting held on 10 May 2023, a final dividend of RMB2,000,000 was declared and paid payable to shareholders for 2022. No dividend was paid or proposed during the years ended 31 December 2021, 2023 and the six months ended 30 June 2024, nor has any dividend been proposed since 30 June 2024.

(b) Share capital

Movement of Shanghai Fuxin's registered and fully paid up capital is tabled below:

	Registered and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning and the end of reporting period	140,646	140,646	140,646	140,646

(c) Statutory surplus reserve

General reserve

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

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

Specific reserve

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

(d) Distributability of reserve

According to Shanghai Fuxin'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

Shanghai Fuxin's capital management objectives are:

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

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

28. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders and fellow subsidiaries

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

Name of related parties	Nature of relationship
China Huadian Corporation Limited ("China Huadian")	Ultimate shareholder of the Company
Luenmei Quantum Company Limited	A shareholder of the Company
China Huadian Finance Company Limited	A fellow subsidiary of the Company
Huadian Jiangsu Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Advanced Training Center Company Limited	A fellow subsidiary of the Company
Huadian Xizang Energy Company Limited	A fellow subsidiary of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company

Note: Shanghai Fuxin had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000	2024 RMB'000
				<i>(Unaudited)</i>	
Interest income from A fellow subsidiary	236	141	33	14	13
Other service expenses paid to Fellow subsidiaries	2,616	2,755	4,389	109	1,417
					As at
					30 June
					2024
					RMB'000
Cash and cash equivalents A fellow subsidiary	7,232	6,965	6,544		26,850
Trade payables Fellow subsidiaries	(164)	(3,137)	(289)		(1,490)
Other payables Luenmei Quantum Company Limited A fellow subsidiary	(367)	(1,419)	(1,145)	(5)	(1,511)
	-	-	-		-

(b) Transactions with key management personnel

Remuneration for key management personnel of Shanghai Fuxin, including amounts paid to Shanghai Fuxin'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
Salaries and other emoluments	2,158	2,130	2,052	697	518
Retirement benefits	82	86	89	45	18
	<u>2,240</u>	<u>2,216</u>	<u>2,141</u>	<u>742</u>	<u>536</u>

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

(c) Contributions to defined contribution retirement plans

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

29. RETIREMENT PLANS

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

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

The Shanghai Fuxin's contribution to these plans amounted to approximately RMB2,167,000, RMB3,741,000, RMB2,237,000, RMB828,000 (unaudited) and RMB952,000 during the years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2023 and 2024 which was charged to the statement of profit or loss and other comprehensive income (note 7).

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Categories of financial instruments

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Financial assets				RMB'000
At amortised cost				
– Trade receivables	17,669	14,392	22,009	17,274
– Other receivables	5,140	256	–	–
– Cash and cash equivalents	7,563	6,966	6,546	26,853
	<u>30,372</u>	<u>21,614</u>	<u>28,555</u>	<u>44,127</u>
Financial liabilities				
At amortised cost	230,608	202,285	175,290	166,389

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

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

(a) Interest rate risk

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

Sensitivity analysis

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Shanghai Fuxin's profit after tax and decreased Shanghai Fuxin's total equity by approximately RMB1,682,000, RMB1,442,000, RMB1,228,000 and RMB1,156,000 respectively.

(b) Credit risk

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

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

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

Shanghai Fuxin's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Shanghai Fuxin has significant exposure to individual customers. As at 31 December 2021, 2022 and 2023 and 30 June 2024, 55%, 61%, 64% and 72% of the total trade receivables respectively were due from Shanghai Fuxin's largest customer and 100%, 100%, 100% and 100% of the total trade receivables respectively were due from Shanghai Fuxin's five largest customers. The credit risk on the customers is limited because they are government owned companies.

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

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

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

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

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

(c) **Liquidity risk**

In the management of liquidity risk, Shanghai Fuxin monitors and maintained short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by Shanghai Fuxin's board when the borrowings exceed certain predetermined levels of authority. Shanghai Fuxin'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 institution to meet its liquidity requirements in the short and long-term.

At 31 December 2021, 2022 and 2023 and the six months ended 2024, Shanghai Fuxin had net current assets of approximately RMB20,803,000, RMB8,678,000, RMB6,194,000 and RMB12,856,000. With regards to its future capital commitments and other financing requirements, Shanghai Fuxin has unutilised banking facilities of approximately RMB28,000,000, RMB54,578,000, RMB85,447,000 and RMB95,000,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of each reporting period of Shanghai Fuxin'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 Shanghai Fuxin can be required to pay:

At 30 June 2024

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Bank loans	18,403	32,989	113,750	–	165,142	154,092
Trade payables	10,644	–	–	–	10,644	10,644
Other payables	1,653	–	–	–	1,653	1,653
	<u>30,700</u>	<u>32,989</u>	<u>113,750</u>	<u>–</u>	<u>177,439</u>	<u>166,389</u>

At 31 December 2023

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Bank loans	13,479	28,696	111,768	24,271	178,214	163,673
Trade payables	10,165	–	–	–	10,165	10,165
Other payables	1,452	–	–	–	1,452	1,452
	<u>25,096</u>	<u>28,696</u>	<u>111,768</u>	<u>24,271</u>	<u>189,831</u>	<u>175,290</u>

At 31 December 2022

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Bank loans	7,030	13,241	121,056	83,124	224,451	189,633
Trade payables	10,880	–	–	–	10,880	10,880
Other payables	1,772	–	–	–	1,772	1,772
	<u>19,682</u>	<u>13,241</u>	<u>121,056</u>	<u>83,124</u>	<u>237,103</u>	<u>202,285</u>

At 31 December 2021

	Contractual undiscounted cash outflow				Total RMB'000	Carrying Amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000		
Bank loans	9,012	17,736	122,333	126,571	275,652	224,276
Trade payables	5,595	–	–	–	5,595	5,595
Other payables	737	–	–	–	737	737
	<u>15,344</u>	<u>17,736</u>	<u>122,333</u>	<u>126,571</u>	<u>281,984</u>	<u>230,608</u>

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Shanghai Fuxin'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 payables RMB'000	Total RMB'000
As at 1 January 2021	252,312	–	252,312
Financing cash flows	(28,000)	–	(28,000)
Interest paid	(10,240)	–	(10,240)
Interest expense	<u>10,204</u>	<u>–</u>	<u>10,204</u>
As at 31 December 2021	224,276	–	224,276
Financing cash flows	(34,578)	–	(34,578)
Interest paid	(8,496)	–	(8,496)
Interest expense	<u>8,431</u>	<u>–</u>	<u>8,431</u>
As at 31 December 2022	189,633	–	189,633
Financing cash flows	(25,868)	(2,000)	(27,868)
Dividends recognised as distribution	–	2,000	2,000
Interest paid	(5,749)	–	(5,749)
Interest expense	<u>5,657</u>	<u>–</u>	<u>5,657</u>

	Loans <i>RMB'000</i>	Dividend payables <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2023	163,673	–	163,673
Financing cash flows	(9,553)	–	(9,553)
Interest paid	(1,856)	–	(1,856)
Interest expense	1,828	–	1,828
	<hr/>	<hr/>	<hr/>
As at 30 June 2024	154,092	–	154,092
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

C. EVENTS AFTER THE REPORTING PERIOD

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

D. SUBSEQUENT FINANCIAL STATEMENTS

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