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

Introduction

We report on the historical financial information of Huadian Fuxin Qingyuan Energy Company Limited* 華電福新清遠能源有限公司 (“Fuxin Qingyuan”) set out on pages 4 to 35, 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 4 to 35 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 major transaction and connected transaction.

Directors' Responsibility for the Historical Financial Information

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

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

Reporting Accountants' Responsibility

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

* *For identification purpose only*

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

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

Opinion

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

Review of Relevant Period Comparative Financial Information

We have reviewed the relevant period comparative financial information of Fuxin Qingyuan which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Relevant Period Comparative Financial Information"). The directors of Fuxin Qingyuan 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 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 24(a) to the Historical Financial Information which states that no dividends have been paid or declared by Fuxin Qingyuan in respect of the Relevant Periods.

Handwritten signature of Wong Hon Kei, Anthony, consisting of a large, stylized cursive signature.Handwritten initials 'HK' in a cursive style.

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

Hong Kong
8 November 2024

A. HISTORICAL FINANCIAL INFORMATION OF FUXIN QINGYUAN

Preparation of Historical Financial Information

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

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Six months ended	
		2021	2022	2023	30 June	
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2023	2024
				<i>RMB'000</i>	<i>RMB'000</i>	
				<i>(Unaudited)</i>		
Turnover	6	<u>–</u>	<u>–</u>	<u>6,562</u>	<u>4,545</u>	<u>30,902</u>
Operating expenses						
Fuel costs		–	–	(16,869)	(13,796)	(33,306)
Depreciation		–	–	(12,912)	(4,785)	(8,678)
Repairs, maintenance and inspection		–	–	(3,777)	–	(4,042)
Taxes and surcharges	7	–	–	(527)	–	(338)
Other operating expenses	9(b)	<u>–</u>	<u>–</u>	<u>(3,063)</u>	<u>(1,530)</u>	<u>(1,721)</u>
		<u>–</u>	<u>–</u>	<u>(37,148)</u>	<u>(20,111)</u>	<u>(48,085)</u>
Operating loss		–	–	(30,586)	(15,566)	(17,183)
Interest income from bank deposits		–	88	8	–	10
Finance costs	8	<u>–</u>	<u>(289)</u>	<u>(4,947)</u>	<u>(2,293)</u>	<u>(3,270)</u>
Loss and total comprehensive expense for the year/period	9(a)	<u>–</u>	<u>(201)</u>	<u>(35,525)</u>	<u>(17,859)</u>	<u>(20,443)</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	13	23	209	346,137	337,587
Construction in progress	14	63,382	430,165	170,086	176,393
Right-of-use assets	15	9,265	12,289	12,005	12,172
Other non-current assets	16	145	30,260	58,336	58,534
		<u>72,815</u>	<u>472,923</u>	<u>586,564</u>	<u>584,686</u>
Current assets					
Inventories	17	–	–	80	22
Trade receivables	18	–	–	2,159	1,546
Deposits, other receivables and prepayments	19	48	1,150	16,065	35,074
Cash and cash equivalents	20	9,518	6,253	894	2,645
		<u>9,566</u>	<u>7,403</u>	<u>19,198</u>	<u>39,287</u>
Current liabilities					
Bank loans	21(a)	–	246	21,053	22,164
Other loans	21(b)	–	84	5,073	57
Trade payables	22	31,352	77,806	97,803	87,617
Other payables	23	16,599	2,241	3,888	4,279
		<u>47,951</u>	<u>80,377</u>	<u>127,817</u>	<u>114,117</u>
Net current liabilities		<u>(38,385)</u>	<u>(72,974)</u>	<u>(108,619)</u>	<u>(74,830)</u>
Total assets less current liabilities		<u>34,430</u>	<u>399,949</u>	<u>477,945</u>	<u>509,856</u>
Non-current liabilities					
Bank loans	21(a)	–	193,510	285,031	334,885
Other loans	21(b)	–	80,000	75,000	77,500
		<u>–</u>	<u>273,510</u>	<u>360,031</u>	<u>412,385</u>
Net assets		<u>34,430</u>	<u>126,439</u>	<u>117,914</u>	<u>97,471</u>
Capital and reserves					
Share capital	24(b)	34,450	126,660	153,660	153,660
Reserves	24(c)	(20)	(221)	(35,746)	(56,189)
Total equity		<u>34,430</u>	<u>126,439</u>	<u>117,914</u>	<u>97,471</u>

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i> <i>(note 24(b))</i>	Statutory reserves <i>RMB'000</i> <i>(note 24(c))</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	25,000	–	(20)	24,980
Capital injection	9,450	–	–	9,450
At 31 December 2021 and 1 January 2022	<u>34,450</u>	<u>–</u>	<u>(20)</u>	<u>34,430</u>
Loss and total comprehensive income for the year	–	–	(201)	(201)
Capital injection	92,210	–	–	92,210
At 31 December 2022 and 1 January 2023	<u>126,660</u>	<u>–</u>	<u>(221)</u>	<u>126,439</u>
Loss and total comprehensive income for the year	–	–	(35,525)	(35,525)
Appropriation of specific reserve	–	204	(204)	–
Utilisation of specific reserve	–	(204)	204	–
Capital injection	27,000	–	–	27,000
At 31 December 2023 and 1 January 2024	<u>153,660</u>	<u>–</u>	<u>(35,746)</u>	<u>117,914</u>
Loss and total comprehensive income for the period	–	–	(20,443)	(20,443)
Appropriation of specific reserve	–	97	(97)	–
Utilisation of specific reserve	–	(61)	61	–
At 30 June 2024	<u>153,660</u>	<u>36</u>	<u>(56,225)</u>	<u>97,471</u>
	Share capital <i>RMB'000</i> <i>(note 24(b))</i>	Retained earnings <i>RMB'000</i> <i>(note 24(c))</i>	Total <i>RMB'000</i>	
At 1 January 2023	126,660	(221)	126,439	
Loss and total comprehensive income for the period (Unaudited)	–	(17,859)	(17,859)	
Capital injection	27,000	–	27,000	
At 30 June 2023 (Unaudited)	<u>153,660</u>	<u>(18,080)</u>	<u>135,580</u>	

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended	
	2021	2022	2023	30 June 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	-	-	5,255	-	35,680
Cash paid to suppliers, employees and others	-	-	(15,990)	(4)	(61,511)
Cash used in operations	-	-	(10,735)	(4)	(25,831)
Interest paid	-	(4,374)	(11,067)	(5,351)	(6,030)
Prepaid PRC enterprise income tax	-	-	(17)	-	-
Net cash used in operating activities	-	(4,374)	(21,819)	(5,355)	(31,861)
Cash flows from investing activities					
Payment for the purchase of property, plant and equipment, construction in progress and right-of-use assets	(667)	(364,727)	(122,537)	(110,308)	(14,890)
Interest received	3	65	24	16	10
Net cash used in investing activities	(664)	(364,662)	(122,513)	(110,292)	(14,880)
Cash flows from financing activities					
Loans					
- Proceeds from loans	-	273,561	112,304	95,670	225,237
- Repayment of loans	-	-	(61)	(26)	(176,745)
Capital injection	9,450	92,210	27,000	27,000	-
Other financing activities	-	-	(270)	-	-
Net cash generated from financing activities	9,450	365,771	138,973	122,644	48,492
Net increase (decrease) in cash and cash equivalents	8,786	(3,265)	(5,359)	6,997	1,751
Cash and cash equivalents at beginning of the year/period	732	9,518	6,253	6,253	894
Cash and cash equivalents at end of the year/period	<u>9,518</u>	<u>6,253</u>	<u>894</u>	<u>13,250</u>	<u>2,645</u>

B. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF FUXIN QINGYUAN

1. GENERAL INFORMATION

Huadian Fuxin Qingyuan Energy Company Limited (“Fuxin Qingyuan”) was established in Guangdong province of the People’s Republic of China (the “PRC”) on 15 July 2013 as a limited company and the office address is the north side of the Dongsheng Village Section of Line S347 in Qingyuan Overseas Chinese Industrial Park, Donghua Town, Yingde City Guangdong, the PRC.

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

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

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

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

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Going concern assumption

At 30 June 2024, Fuxin Qingyuan had net current liabilities and loss for the period of approximately RMB74,830,000 and RMB20,443,000 respectively. The directors of Fuxin Qingyuan are of the opinion that, taking into account the current operation of the Fuxin Qingyuan and the unutilised banking facilities available to Fuxin Qingyuan, the Fuxin Qingyuan has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, the Historical Financial Information has been prepared on a going concern basis.

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

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

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

New and amendments to IFRSs issued but not yet effective

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

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

* For identification purpose only

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

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

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

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

(a) Property, plant and equipment

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

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to Fuxin Qingyuan 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 foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 4(d)(ii)).

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

(c) Leases

As a lessee

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

Right-of-use asset

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

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

Land use rights	50 years
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The estimated useful lives and method for amortisation are reviewed annually.

(d) Impairment of assets

(i) Impairment of financial assets

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

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to Fuxin Qingyuan in accordance with the contract and all the cash flows that Fuxin Qingyuan 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, Fuxin Qingyuan applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. Fuxin Qingyuan performs impairment assessment based on Fuxin Qingyuan’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

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

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

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

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

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

(ii) Impairment of other assets

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

- property, plant and equipment;
- right-of-use assets;
- construction in progress; 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 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, deposits and other receivables ("Trade and other receivables")

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

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

(g) Cash and cash equivalents

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

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

(h) Financial liabilities

Other financial liabilities

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

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

(i) Derecognition of financial assets or financial liabilities

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

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

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

(j) Revenue recognition

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

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

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

Interest income

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

(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 Fuxin Qingyuan'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.

Current tax is recognised in profit or loss. No deferred tax assets and liabilities recognise during the Relevant Periods.

(l) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

(m) Employee benefits

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

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

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

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

(n) Related parties

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

- (b) An entity is related to Fuxin Qingyuan if any of the following conditions applies:
- (i) The entity and Fuxin Qingyuan are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either Fuxin Qingyuan or an entity related to Fuxin Qingyuan.
 - (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 Company of which it is part, provides key management personnel services to Fuxin Qingyuan or to Fuxin Qingyuan's parent.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgement

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

Going concern basis

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

Key sources of estimation uncertainty

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

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

In determining whether an asset is impaired, Fuxin Qingyuan 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) adoption of key assumptions and input data to assess the recoverable amounts. Changing the assumptions selected by management to determine the level of impairment could materially affect net present value used in the impairment test. No impairment loss of property, plant and equipment, right-of-use assets and construction in progress were recognised in the Historical Financial Information during the Relevant Periods.

(b) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At 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 Fuxin Qingyuan's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on Fuxin Qingyuan's trade and other receivables are disclosed in notes 18, 19 and 27(b).

(c) Depreciation

Property, plant and equipment and right-of-use assets are depreciated over their estimated useful lives, after taking into account the estimated residual value. Fuxin Qingyuan reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on Fuxin Qingyuan'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.

	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	<u>–</u>	<u>–</u>	<u>6,562</u>	<u>4,545</u>	<u>30,902</u>

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

(b) Segment information

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

Geographical information

The Fuxin Qingyuan's non-current assets are mainly located in the PRC. The Fuxin Qingyuan's major customer is based in the PRC.

Information about major customers

During the years ended 31 December 2023 and six months ended 30 June 2023 and 2024, the revenue is arising from one regional and provincial power grid operator which accounted for 100% of external revenue.

7. TAXES AND SURCHARGES

During the year ended 31 December 2023 and six months ended 30 June 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.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Interest on loans	-	4,938	11,140	5,518	5,989
Other finance costs	-	8	257	-	-
Less: interest capitalised	-	(4,657)	(6,450)	(3,225)	(2,719)
	<u>-</u>	<u>289</u>	<u>4,947</u>	<u>2,293</u>	<u>3,270</u>

The borrowing costs have been capitalised at an average rate of 1%, 1%, 2% (unaudited) and 1% per annum for construction in progress during the years ended 31 December 2022 and 2023 and six months ended 30 June 2023 and 2024 respectively.

9. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD

(a) Loss and total comprehensive expenses for the years/periods are arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Depreciation					
- Property, plant and equipment	-	-	12,629	4,643	8,535
- Right-of-use assets	-	-	283	142	143
Total depreciation	-	-	12,912	4,785	8,678
Auditor's remuneration					
- Audit services	9	164	398	217	-
	<u>9</u>	<u>164</u>	<u>398</u>	<u>217</u>	<u>-</u>

(b) Other operating expenses:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Power charges	-	-	1,773	885	893
Others	-	-	1,290	645	828
Total other operating expenses	-	-	3,063	1,530	1,721
	<u>-</u>	<u>-</u>	<u>3,063</u>	<u>1,530</u>	<u>1,721</u>

10. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

During the Relevant Periods, the directors' and supervisors' salary and retirement benefits are borne by the parent company of Fuxin Qingyuan.

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

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

No provision for PRC Profits Tax has been made for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 as there are no assessable profits generated.

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

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss before taxation	<u>-</u>	<u>(201)</u>	<u>(35,525)</u>	<u>(17,859)</u>	<u>(20,443)</u>
Notional PRC enterprise income tax at statutory tax rate of 25%	-	(50)	(8,881)	(4,465)	(5,111)
Tax effect of tax losses and deductible temporary differences not recognised	<u>-</u>	<u>50</u>	<u>8,881</u>	<u>4,465</u>	<u>5,111</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 years/periods determined in accordance with relevant enterprise income tax rules and regulations.
- (ii) At the end of the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, Fuxin Qingyuan has unused tax losses of RMB201,000, RMB35,726,000, RMB18,060,000 (unaudited) and RMB56,169,000. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

12. EARNINGS PER SHARE

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

13. 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	–	–	556	556
At 31 December 2021 and 1 January 2022	–	–	556	556
Transferred from construction in progress (<i>note 14</i>)	–	–	201	201
At 31 December 2022 and 1 January 2023	–	–	757	757
Additions	–	–	129	129
Transferred from construction in progress (<i>note 14</i>)	145,766	212,867	–	358,633
At 31 December 2023 and 1 January 2024 and 30 June 2024	<u>145,766</u>	<u>212,867</u>	<u>886</u>	<u>359,519</u>
Accumulated depreciation				
At 1 January 2021	–	–	530	530
Charge for the year	–	–	3	3
At 31 December 2021 and 1 January 2022	–	–	533	533
Charge for the year	–	–	15	15
At 31 December 2022 and 1 January 2023	–	–	548	548
Charge for the year	5,193	7,585	56	12,834
At 31 December 2023 and 1 January 2024	5,193	7,585	604	13,382
Charge for the year	3,462	5,056	32	8,550
At 30 June 2024	<u>8,655</u>	<u>12,641</u>	<u>636</u>	<u>21,932</u>

	Buildings <i>RMB'000</i>	Generators, machinery and equipment <i>RMB'000</i>	Motor vehicles furniture, fixtures, equipment and others <i>RMB'000</i>	Total <i>RMB'000</i>
Net book value				
At 30 June 2024	137,111	200,226	250	337,587
At 31 December 2023	140,573	205,282	282	346,137
At 31 December 2022	–	–	209	209
At 31 December 2021	–	–	23	23

Note: As at 31 December 2023 and 30 June 2024, Fuxin Qingyuan was in the process of obtaining the certificates of ownership for buildings which carrying values of approximately RMB57,736,000 and RMB59,193,000 respectively from the relevant PRC government authorities. Subsequent to 30 June 2024, the relevant property certificates have been obtained.

14. CONSTRUCTION IN PROGRESS

	As at 31 December			As at
	2021	2022	2023	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	30,048	63,382	430,165	170,086
Additions	33,334	366,984	98,554	6,307
Transferred to property, plant and equipment (<i>note 13</i>)	–	(201)	(358,633)	–
At the end of the reporting period	63,382	430,165	170,086	176,393

15. LEASE

Fuxin Qingyuan as a lessee

Fuxin Qingyuan has lease contracts for land use rights that were used in its operations. Leases of land use rights generally have lease terms 50 years. Generally, Fuxin Qingyuan is restricted from assigning and subleasing the leased assets outside Fuxin Qingyuan.

Right-of-use assets

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Land use rights	9,265	12,289	12,005	12,172

During the year ended 31 December 2022 and six months ended 30 June 2024, additions to new land use rights are amounted to RMB3,296,000 and RMB309,000 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
Land use rights	-	-	283	142	143

As at 30 June 2024, Fuxin Qingyuan was in the process of obtaining the certificates of ownership for land use right which carrying values of approximately RMB308,000 from the relevant PRC government authorities.

16. OTHER NON-CURRENT ASSETS

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Deductible Value Added Tax and other tax	145	30,260	444,46	44,629
Others	-	-	13,890	13,905
	145	30,260	58,336	58,534

17. INVENTORIES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Materials, components and spare parts	<u>–</u>	<u>–</u>	<u>80</u>	<u>22</u>

Inventories represented materials, components and spare parts and are expected to be utilised within one year.

18. TRADE RECEIVABLES

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Trade receivables for the sale of electricity	<u>–</u>	<u>–</u>	<u>2,159</u>	<u>1,546</u>

(a) Ageing analysis

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	<u>–</u>	<u>–</u>	<u>2,159</u>	<u>1,546</u>

(b) Impairment of trade receivables

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

The information about the ECLs on Fuxin Qingyuan's trade receivables are disclosed in note 27(b). For the Relevant Periods, no ECL was recognised as the directors of Fuxin Qingyuan considered that the amount involved was immaterial.

19. 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	8	8	8	8
– Other receivables	–	–	680	637
	<u>8</u>	<u>8</u>	<u>688</u>	<u>645</u>
Deductible Value Added Tax	–	844	8,015	8,015
Prepayments	40	298	7,362	26,414
	<u>48</u>	<u>1,150</u>	<u>16,065</u>	<u>35,074</u>

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

As at 31 December 2021, 2022 and 2023 and 30 June 2024, no ECLs was recognised as the directors of Fuxin Qingyuan considered that the amount involved was immaterial. The information about the ECLs on Fuxin Qingyuan's deposits and other receivables are disclosed in note 27(b).

20. 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 other financial institution	9,518	6,253	894	2,645
	<u>9,518</u>	<u>6,253</u>	<u>894</u>	<u>2,645</u>

21. 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				
– current portion of long-term bank loans	–	246	21,053	22,164
	<u>–</u>	<u>246</u>	<u>21,053</u>	<u>22,164</u>
After 1 year but within 2 years	–	–	8,749	46,887
After 5 years	–	193,510	276,282	287,998
	<u>–</u>	<u>193,510</u>	<u>285,031</u>	<u>334,885</u>
	<u>–</u>	<u>193,756</u>	<u>306,084</u>	<u>357,049</u>

As at 31 December 2022, 2023 and 30 June 2024, all of the bank loans are unsecured. None of the bank loans contain financial covenants. All bank loans are denominated in RMB. In each of the reporting period, Fuxin Qingyuan 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 rates:				
2022: ranging from 3.25% to 3.45% per annum with maturities up to 2038				
2023: ranging from 2.60% to 3.15% per annum with maturities up to 2038				
2024: ranging from 2.55% to 2.60% per annum with maturities up to 2038				
	–	193,756	306,084	357,049
	<u>–</u>	<u>193,756</u>	<u>306,084</u>	<u>357,049</u>

(b) Other loans

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Due:				
Within 1 year				
– current portion of long-term other loans	–	84	5,073	57
After 5 years	–	80,000	75,000	77,500
	<u>–</u>	<u>80,084</u>	<u>80,073</u>	<u>77,557</u>

Other loans are mainly borrowed from China Huadian Finance Corporation Limited (“China Huadian Finance”), a fellow subsidiary of Fuxin Qingyuan and denominated in RMB. Other loans bear interest rates 3.7%, 3.0% and 2.65% as at 31 December 2022, 2023 and 30 June 2024 respectively, with maturities year in 2032 for all.

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Loans from China Huadian Finance				
Floating interest rate of:				
2022: 3.70% per annum with maturities up to 2032				
2023: 3.00% per annum with maturities up to 2032				
2024: 2.65% per annum with maturities up to 2032				
	–	80,084	80,073	77,557
	<u>–</u>	<u>80,084</u>	<u>80,073</u>	<u>77,557</u>

22. TRADE PAYABLE

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

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	31,122	77,806	97,767	14,829
1 to 2 years	30	–	36	72,788
Over 2 years	200	–	–	–
	<u>31,352</u>	<u>77,806</u>	<u>97,803</u>	<u>87,617</u>

23. 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	–	–	1,649	1,711
– Others (Note (i))	<u>16,571</u>	<u>2,213</u>	<u>2,211</u>	<u>2,211</u>
	16,571	2,213	3,860	3,922
Other tax payables	<u>28</u>	<u>28</u>	<u>28</u>	<u>357</u>
	<u>16,599</u>	<u>2,241</u>	<u>3,888</u>	<u>4,279</u>

Notes:

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

24. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was paid or proposed during the Relevant Periods, nor has any dividend been proposed since the 30 June 2024.

(b) Share capital

Movement of Fuxin Qingyuan's registered, issued and fully paid up capital is tabled below:

	Registered, issued and fully paid up capital			
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	25,000	34,450	126,660	153,660
Issues of shares	9,450	92,210	27,000	–
	<u>34,450</u>	<u>126,660</u>	<u>153,660</u>	<u>153,660</u>
At end of the year/period	<u>34,450</u>	<u>126,660</u>	<u>153,660</u>	<u>153,660</u>

(c) Statutory surplus reserve

Specific reserve

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

(d) Distributability of reserve

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

(e) Capital management

Fuxin Qingyuan's capital management objectives are:

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

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

25. MATERIAL RELATED PARTY TRANSACTIONS

Transactions with shareholders and fellow subsidiaries

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

Name of related parties	Nature of relationship
China Huadian Corporation Limited (“China Huadian”)	Ultimate shareholder of the Company
Huadian power International Corporation Limited and its subsidiaries	Fellow subsidiaries of the Company
Fujian Huadian Furui Energy Development Company Limited (“Fujian Huadian Furui”) and its subsidiaries	Shareholder of the Company and fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Property Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Finance Corporation Limited	A fellow subsidiary of the Company
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company

Note:

Fuxin Qingyuan 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 (Unaudited)	2024 RMB'000
Purchase of construction service and equipment from					
China Huadian	-	-	283	-	-
Fellow subsidiaries	-	1,041	351	238	-
	<u>-</u>	<u>1,041</u>	<u>351</u>	<u>238</u>	<u>-</u>
Loans obtained from					
A fellow subsidiary	-	80,000	-	-	-
	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loans repaid to					
A fellow subsidiary	10,000	-	-	-	2,500
	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Interest paid to					
A fellow subsidiary	-	1,844	252	112	1,161
	<u>-</u>	<u>1,844</u>	<u>252</u>	<u>112</u>	<u>1,161</u>
Interest income from					
A fellow subsidiary	-	9	-	-	8
	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>8</u>

	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>	
Rental and property management service expenses paid to A fellow subsidiary	<u>–</u>	<u>679</u>	<u>599</u>	<u>135</u>	<u>243</u>
Other service expenses paid to Fellow subsidiaries	<u>–</u>	<u>1,378</u>	<u>4,611</u>	<u>1,075</u>	<u>2,150</u>
	As at 31 December			As at 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deposits, other receivables and prepayments A fellow subsidiary	<u>–</u>	<u>–</u>	<u>663</u>	<u>620</u>	
Cash and cash equivalents A fellow subsidiary	<u>9,518</u>	<u>6,253</u>	<u>894</u>	<u>2,645</u>	
Other loans A fellow subsidiary	<u>–</u>	<u>(80,084)</u>	<u>(80,073)</u>	<u>(77,557)</u>	
Trade payable Fellow subsidiaries	<u>(200)</u>	<u>(512)</u>	<u>(583)</u>	<u>(660)</u>	
Other payables Fujian Huadian Furui Fellow subsidiaries	<u>(2,010)</u>	<u>(2,010)</u>	<u>(2,010)</u>	<u>(2,010)</u>	
	<u>(14,360)</u>	<u>–</u>	<u>(156)</u>	<u>–</u>	

26. COMMITMENTS

Capital commitments

The Target Company had capital commitments as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contracted for but not provided in the financial statements				
– Development of power plants	18,900	18,900	82,500	82,500

27. 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	–	–	2,159	1,546
– Other receivables	8	8	688	645
– Cash and cash equivalents	9,518	6,253	894	2,645
	<u>9,526</u>	<u>6,261</u>	<u>3,741</u>	<u>4,836</u>
Financial liabilities				
At amortised cost	47,923	353,859	487,820	526,145

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

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

(a) Interest rate risk

Fuxin Qingyuan is exposed to cash flow interest rate risk in relation to floating-rate borrowings and cash and cash equivalent (see note 20 and 21 for details).

Sensitivity analysis

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

As at 31 December 2022 and 2023 and 30 June 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased Fuxin Qingyuan's loss after tax and decreased Fuxin Qingyuan's total equity by approximately RMB2 million, RMB3 million and RMB2 million respectively.

(b) Credit risk

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

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

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

Fuxin Qingyuan's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when Fuxin Qingyuan has significant exposure to individual customers. As at 31 December 2023 and 30 June 2024, all trade receivables were due from Fuxin Qingyuan's largest customer. The credit risk on the customer is limited because it is a government owned company.

Fuxin Qingyuan measures loss allowances for trade receivables at an amount equal to lifetime ECLs. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the Relevant Periods over which the historic data has been collected, current conditions and Fuxin Qingyuan'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, Fuxin Qingyuan adopts individual credit evaluations continuously assessing the credit risk and financial condition of the counterparties. No impairment for other receivables is provided as the amount of impairment measured under the ECLs model is immaterial.

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

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

Further quantitative disclosures in respect of Fuxin Qingyuan's exposure to credit risk arising from trade receivables are set out in note 18.

(c) Liquidity risk

The Fuxin Qingyuan's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

At 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, Fuxin Qingyuan had net current liabilities of approximately RMB38,385,000, RMB72,974,000, RMB108,619,000 and RMB74,830,000. With regards to its future capital commitments and other financing requirements, Fuxin Qingyuan has unutilised banking facilities of approximately: RMB780,000,000, RMB1,204,439,000 and RMB710,699,000 and RMB493,204,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024.

The following tables show the remaining contractual maturities at the end of the reporting period of Fuxin Qingyuan's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date Fuxin Qingyuan 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	31,290	54,788	22,032	351,278	459,388	357,049
Other loans	2,111	2,054	6,161	83,331	93,657	77,557
Trade payable	87,617	–	–	–	87,617	87,617
Other payables	3,922	–	–	–	3,922	3,922
	<u>124,940</u>	<u>56,842</u>	<u>28,193</u>	<u>434,609</u>	<u>644,584</u>	<u>526,145</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	183,652	12,355	10,320	154,216	360,543	306,084
Other loans	4,973	2,325	6,975	85,261	99,534	80,073
Trade payable	97,803	–	–	–	97,803	97,803
Other payables	3,860	–	–	–	3,860	3,860
	<u>290,288</u>	<u>14,680</u>	<u>17,295</u>	<u>239,477</u>	<u>561,740</u>	<u>487,820</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	6,626	6,378	19,133	255,129	287,266	193,756
Other loans	3,044	2,960	8,880	92,850	107,734	80,084
Trade payable	77,806	-	-	-	77,806	77,806
Other payables	2,213	-	-	-	2,213	2,213
	<u>89,689</u>	<u>9,338</u>	<u>28,013</u>	<u>347,979</u>	<u>475,019</u>	<u>353,859</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		
Trade payable	31,352	-	-	-	31,352	31,352
Other payables	16,571	-	-	-	16,571	16,571
	<u>47,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,923</u>	<u>47,923</u>

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Fuxin Qingyuan'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
As at 1 January 2021 and 31 December 2021	-
Financing cash flows	273,561
Other non-cash adjustments	(285)
Interest paid	(4,374)
Interest expense	<u>4,938</u>

	Loans <i>RMB'000</i>
As at 31 December 2022	273,840
Financing cash flows	112,243
Interest paid	(11,066)
Interest expense	<u>11,140</u>
As at 31 December 2023	386,157
Financing cash flows	48,492
Interest paid	(6,032)
Interest expense	<u>5,989</u>
As at 30 June 2024	<u><u>434,606</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 statements have been prepared by Fuxin Qingyuan in respect of any period subsequent to 30 June 2024.